

Maritime NW

Strategy

Final Report

July 2003



FISHER

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1 Executive Summary

1.1 Introduction

Maritime NW touches all of the NW, primarily including Merseyside, Lancashire and Cumbria, but also Cheshire and Manchester through the Manchester Ship Canal. There are many ports, a centre for maritime commerce in Liverpool, and activity in all possible maritime sectors. It includes some 18,000 direct employees and generates turnover of over £3.3 billion. It is a significant component of the economy of the North West.

This section summarises the strategy for Maritime NW, and then presents a model of where it is now and where it is going to in aggregate. We then distil the key developments and initiatives back down to the level of individual ports, and conclude with ideas for a structure for implementation.

1.2 Summary by Sector

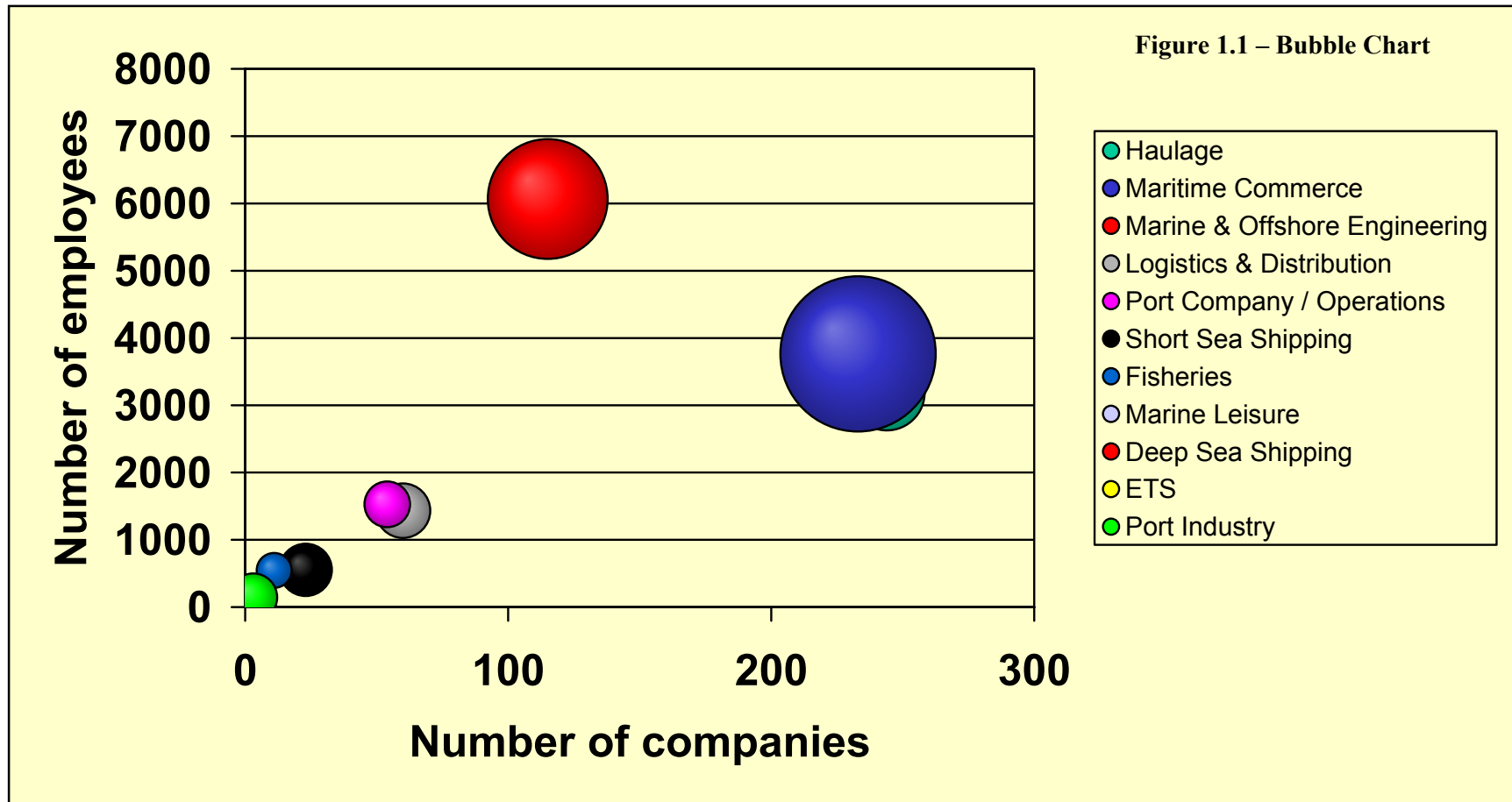
The key strategies proposed are summarised below.

| Sector | Objectives | Actions |
|--|---|--|
| Infrastructure for Sustainable Distribution | Promote and optimise the role of ports and shipping in sustainable distribution in the NW | <ul style="list-style-type: none"> ❖ Development of a vision and framework for sustainable water distribution ❖ Promote transfer of freight from road to water based distribution ❖ Monitor developments and facilitate implementation of the framework |
| Marine Engineering | Support for ship-repair and ship conversion on Merseyside | Continued support for Mersey Maritime |
| | Support with respect to the BAE shipyard in Barrow | Barrow Task Force should continue to receive maximum support |

| Sector | Objectives | Actions |
|--------------------------------|---|---|
| | Linking marine and related engineering in Merseyside, Barrow and elsewhere | A regional Marine Engineering Partnership should be formed |
| Offshore Energy | Maximise the role of the NW in the manufacture and construction of wind farms in the regional and wider Irish Sea market | <ul style="list-style-type: none"> ❖ Review the feasibility of developing a manufacturing facility in the NW ❖ Monitor developments in the renewables sector |
| Fisheries (short term) | Safeguard fish catching | Focus on existing regeneration activity |
| Fisheries (medium term) | <ul style="list-style-type: none"> ❖ Improving the investment environment ❖ Improving economic benefit from catching and processing ❖ Raising the status of the fisheries sector, recruitment and morale ❖ Re-building of fish stocks ❖ Improving the quality of products ❖ Ensuring facilities meet industry needs | <ul style="list-style-type: none"> ❖ Obtain an update of Poseidon Report ❖ Build a partnership of key stakeholders ❖ Implement the plan |
| Marine Leisure | Put the NW on the map as a place and destination for marine leisure | <ol style="list-style-type: none"> 1 Development <ul style="list-style-type: none"> ❖ Partnership building ❖ Development of a marine leisure strategy 2 Implementation <ul style="list-style-type: none"> ❖ Marine leisure facilities development ❖ Marketing |

| Sector | Objectives | Actions |
|------------------------|--|--|
| Cruise Sector | Create a new world destination for cruising | 1 Development <ul style="list-style-type: none"> ❖ Partnership building ❖ Development of a cruise market strategy 2 Implementation <ul style="list-style-type: none"> ❖ Cruise terminal development ❖ Marketing 3 Operations <ul style="list-style-type: none"> ❖ Ongoing development |
| Mersey Maritime | <ul style="list-style-type: none"> ❖ Make Mersey Maritime the UK's most successful maritime cluster ❖ Communicate Mersey Maritime as a modern growth business ❖ Grow tonnage, turnover and profitability ❖ Increase employment ❖ Build up the sub-region as a centre of excellence for logistics ❖ Become the champion of businesses for lobbying ❖ Galvanise companies into a forward-looking entity with highly skilled, motivated staff ❖ Make Mersey Maritime the destination for world-class training facilities ❖ Integrate and communicate with all local communities ❖ Fulfil and enhance environmental duties | <ul style="list-style-type: none"> ❖ Communications (Networking, Marketing, Promotion, Lobbying) ❖ Education, Training and Skills ❖ Business Support ❖ Business Development ❖ Infrastructure ❖ ICT and E-community |

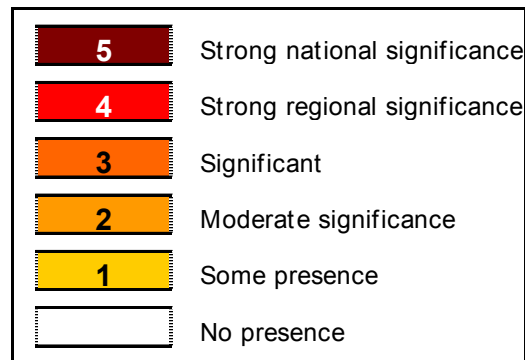
The bubble chart in Figure 1.1 gives an indication of the relative size of these sectors in the NW as they currently stand.



The larger the bubble, the greater the turnover. Haulage is virtually covered by Maritime Commerce. The importance of marine engineering is heavily influenced by BAE’s shipyard in Barrow. The distinctions between haulage and logistics & distribution are not clear-cut. The same may be said for maritime commerce, short sea and deep sea shipping.

1.3 “Cluster” Perspectives on Maritime NW

Figure 1.2 illustrates an overview of the key strengths of each locational and sectoral activity in Maritime NW.¹ This is necessarily a subjective analysis. The key is as follows:



The initiatives proposed will result in changes in this analysis as shown in Figure 1.3. This is effectively the roadmap for the strategy. The key developments it highlights are:

- ❖ Improvements in the role of small ports in sustainable distribution
- ❖ Growth in maritime commerce
- ❖ Sustaining and growing marine engineering
- ❖ Sustaining fisheries
- ❖ Significant growth in marine leisure
- ❖ Development of a new cruise market

1.4 Summary by Location

Figure 1.4 highlights the key *challenges* by location. Activities may be present in a location but not highlighted as a challenge. For example, sustainable distribution will continue at all relevant ports, and will be supported through the sustainable distribution initiative. Figure 1.4 illustrates how all locations are included in the strategy, and identifies possible priorities.

¹ Appendix A provides a more detailed analysis of the locations and sectors in terms of the key stakeholders concerned with each position in the matrix.

**Figure 1.2 -
Current Situation**

| | | Cargo Handling | Maritime Commerce | Marine Engineering | Port Industries | Fisheries | Marine Leisure | Cruise |
|------------|-------------------|----------------|-------------------|--------------------|-----------------|-----------|----------------|--------|
| Cumbria | Silloth | 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 | Seaforth / L'pool | 5 | 4 | 2 | 5 | 2 | | 1 |
| | Garston | 2 | | | | | | |
| | Tranmere | 4 | | | 5 | | | |
| | Birkenhead | 4 | | 4 | | | | |
| Other | MSC | 4 | | | 5 | | | |

**Figure 1.3 -
Future Situation**

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

| Figure 1.4 – Key Challenges | Sustainable Distribution | Maritime Commerce | Marine Engineering | Offshore | Fisheries | Marine Leisure | Cruise |
|------------------------------------|---------------------------------|--------------------------|---|--|--------------------------------------|---|---|
| Silloth | | | | | | Develop from no presence to moderate significance (0 → 2) | |
| Maryport | | | | | Sustain and improve position (2 → 3) | Improve offer to strong regional significance (3 → 4) | Possibility for cruise terminal (0 → 3) |
| Workington | Improve role (2 → 3) | | | | | | Possibility for cruise terminal (1 → 3) |
| Whitehaven | | | | | Sustain at 3 | Improve offer to strong regional significance (3 → 4) | Possibility for cruise terminal (0 → 3) |
| Barrow | Improve role (1 → 2) | | Sustain strong national significance at 5 | Develop new regional renewables capability | | | Possibility for cruise terminal (1 → 3) |

| Figure 1.4 – Key Challenges | Sustainable Distribution | Maritime Commerce | Marine Engineering | Offshore | Fisheries | Marine Leisure | Cruise |
|------------------------------------|---|--|---|-----------------|------------------|-----------------------|--|
| Glasson | | | | | | Improve offer (2 → 3) | |
| Heysham | Improve role (3 → 4) | | | | | | |
| Fleetwood | | | | | Sustain at 4 | Improve offer (2 → 3) | Possibility for cruise terminal (0 → 3) |
| Seaforth / Liverpool | Sustain at 5 by development of river berths | Sustain and improve as a reborn location (4 → 5) | | | | | Develop as a turnaround port and destination (1 → 4) |
| Garston | Improve role (2 → 3) | | | | | | |
| Birkenhead | | | Sustain and improve national presence (4 → 5) | | | | |
| MSC | Sustain at 4 | | | | | | |

1.5 Timing and Priorities

It is difficult to prioritise one against another. To illustrate some of the issues:

- ❖ The role of water in sustainable distribution is not so much an opportunity as an opportunity cost averted. Trade will grow with the economy, and goods will find their way to market. It is a question of making this as painless as possible, whilst leveraging all value added and employment opportunities.
- ❖ The maritime commerce sector located in Liverpool is possibly unique outside London. Given relatively cheap office space and labour, this sector has good growth potential, and reasonable scope for intervention.
- ❖ Marine engineering is perhaps more mature, particularly in Barrow where markets are currently limited to submarine construction. But employment contribution is high, and it is important to give due weight to this sector.
- ❖ The offshore renewables sector has potential with high possibilities for intervention, but the economic effect on employment may be limited in regional terms.
- ❖ Fisheries needs to be protected in the short term to safeguard long term potential, and ensure linkages with marine leisure and cruise are realised.
- ❖ Marine leisure has significant growth potential at relatively low risk, with good scope for intervention and very positive impact on image.
- ❖ The cruise sector is a higher risk project. It may work very well, and have a significant economic impact and effect on image, or it may prove very difficult to achieve effective intervention because of the wide partnering required.

We have summarised the priorities as detailed in Figures 1.5 and 1.6. The first shows the grading of various sectors against factors (notably risk of successful intervention), and the second scores the sectors on the basis of weightings. The exercise is very subjective, but the analysis indicates:

- ❖ Cruise sector as top priority.
- ❖ Cargo handling (shorthand for optimising water use in sustainable distribution) and marine leisure at similar second priorities.
- ❖ Maritime commerce, marine engineering, offshore and fisheries next priorities.

Through these priorities, the Strategy for Maritime NW will make significant contributions to NWDA's outputs and outcomes including (see Section 10.2):

- ❖ Jobs created / safeguarded
- ❖ New business created / attracted
- ❖ Sustainable Economic Performance
- ❖ Regeneration
- ❖ Rural
- ❖ Productivity
- ❖ Enterprise and Investment potential

Figure 1.5 - Grading

| | Cargo Handling | Maritime Commerce | Marine Engineering | Offshore | Fisheries | Marine Leisure | Cruise | Weight |
|------------------------|----------------|-------------------|--------------------|----------|-----------|----------------|--------|--------|
| Existing Position | 5 | 4 | 4 | 1 | 3 | 3 | 1 | 0.1 |
| Growth Potential | 4 | 4 | 3 | 4 | 3 | 4 | 5 | 0.15 |
| Economic Impact | 3 | 3 | 4 | 3 | 3 | 3 | 5 | 0.2 |
| Supply Chain Synergy | 4 | 2 | 4 | 4 | 3 | 2 | 4 | 0.1 |
| Impact on Image | 2 | 3 | 2 | 2 | 3 | 4 | 5 | 0.1 |
| Scope for Intervention | 2 | 3 | 2 | 4 | 3 | 4 | 3 | 0.2 |
| Risk | 5 | 3 | 3 | 2 | 3 | 4 | 2 | 0.15 |

Figure 1.6 - Scoring

| | Cargo Handling | Maritime Commerce | Marine Engineering | Offshore | Fisheries | Marine Leisure | Cruise | |
|------------------------|----------------|-------------------|--------------------|----------|-----------|----------------|--------|--|
| Existing Position | 0.5 | 0.4 | 0.4 | 0.1 | 0.3 | 0.3 | 0.1 | |
| Growth Potential | 0.6 | 0.6 | 0.45 | 0.6 | 0.45 | 0.6 | 0.75 | |
| Economic Impact | 0.6 | 0.6 | 0.8 | 0.6 | 0.6 | 0.6 | 1 | |
| Supply Chain Synergy | 0.4 | 0.2 | 0.4 | 0.4 | 0.3 | 0.2 | 0.4 | |
| Impact on Image | 0.2 | 0.3 | 0.2 | 0.2 | 0.3 | 0.4 | 0.5 | |
| Scope for Intervention | 0.4 | 0.6 | 0.4 | 0.8 | 0.6 | 0.8 | 0.6 | |
| Risk | 0.75 | 0.45 | 0.45 | 0.3 | 0.45 | 0.6 | 0.3 | |
| Totals | 3.45 | 3.15 | 3.1 | 3 | 3 | 3.5 | 3.65 | |

| Grading | |
|----------------|---|
| General | |
| Strong | 5 |
| Good | 4 |
| Moderate | 3 |
| Weak | 2 |
| Very Weak | 1 |
| Risk | |
| Low Risk | 5 |
| High Risk | 1 |

In terms of timing, impacts from adopting the strategy would be anticipated to be felt as follows:

| Short term (1 to 2 years) | Medium term (2 to 4 years) | Medium to Long term |
|---|---|---------------------|
| Marine engineering Offshore Fisheries | Cargo handling Maritime commerce Marine leisure | Cruise |

1.6 Structure for Implementation

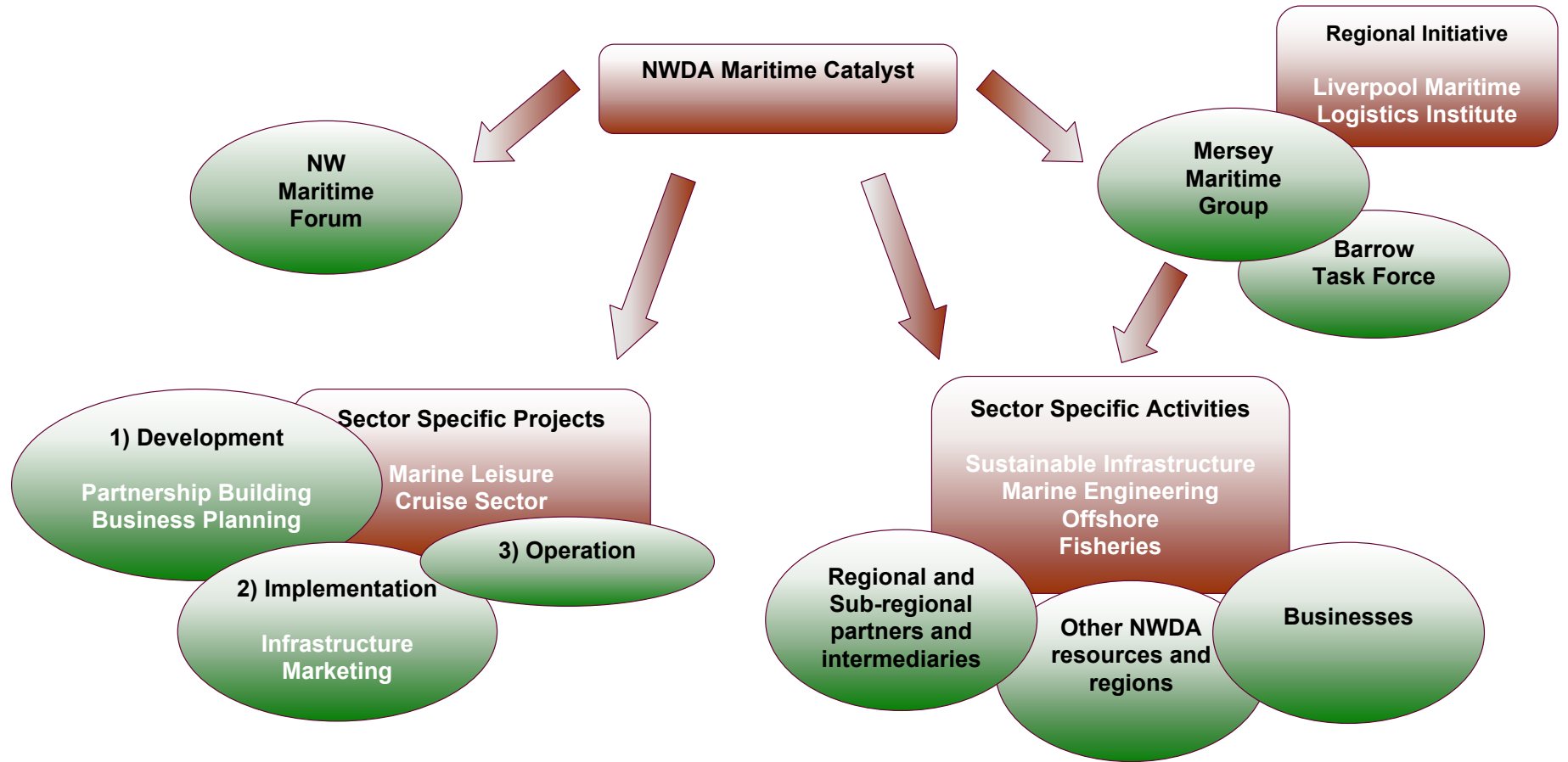
Figure 1.7 illustrates proposed implementation arrangements for the strategy.

In broad terms, it is proposed that NWDA develops capacity to act as a catalyst for the various initiatives. These will include:

- ❖ Sector specific *projects* in marine leisure and the cruise sector that will go through development, implementation and operational phases.
- ❖ Sector specific *activities* that involve facilitation, co-ordination and partnership building to achieve objectives.
- ❖ Close liaison with existing cross-sector geographically focused initiatives, particularly Mersey Maritime and Barrow Task Force.
- ❖ The setting up and catalysing of a Maritime NW Forum which would meet perhaps every 6 months to bring together various stakeholders and present networking and co-ordination opportunities.

It is important to note that the proposed Liverpool Maritime Institute, a flagship proposal for Mersey Maritime, is seen as a regional project based in Liverpool. It will provide the opportunity for upgrading education, training and skills throughout the NW.

Figure 1.7 – Implementation Structure



2 Introduction

2.1 Background

The NW of England has a considerable coastline. The amenity afforded by the coast has inherent value as a social and environmental asset for all to enjoy. It also has very significant economic utility - and *potential* economic utility.

NWDA has therefore commissioned Fisher Associates, a specialist maritime management consultancy practice, to undertake research into the maritime sector in the NW – named “Maritime NW”.

This document is the Final Report on the Strategy for Maritime NW, based upon consultation undertaken in early 2003 with key businesses. It represents the independent findings and views of Fisher Associates, and is designed to be an enabling and inclusive strategy that provides context for the many existing and potential maritime projects in the NW.

The strategy is needed to raise awareness of the maritime sector at regional level, particularly in the public sector. It identifies where opportunities for contributing to regional economic development exist, *and* suggests how intervention can promote this. Indeed this document identifies opportunities that will lie unrealised or be realised much later if there is no effective regional intervention.

This is intended to be a “doing” document. Where possible it speaks with pictures rather than numbers. It emphasises development of strategy by experience and ideas as well as by design. It aims to be adopted and enacted.

The terms of reference comprised three main tasks:

- ❖ **Mapping Study:** The objective was to make an investigation of the companies that are part of the economic landscape of Maritime NW.
- ❖ **Strategic Analysis:** The objective was to undertake a SWOT analysis of the key locations and the sectors within Maritime NW.
- ❖ **Strategy and Outline Plan:** The objective was to bring forward good ideas, regional in scale, which can help boost the value added potential of Maritime NW.

2.2 What is Maritime NW?

The Region’s maritime assets include some 15 ports ranging from Silloth to the north and Birkenhead to the south (travelling along the coast) (overleaf).



The infrastructure these provide host various sector activities within Maritime NW such as:

- ❖ Freight handling
- ❖ Passenger transportation
- ❖ Port-based industries
- ❖ Ship-repair and conversion
- ❖ Naval shipbuilding
- ❖ Offshore and renewable energy
- ❖ Fisheries
- ❖ Marine leisure
- ❖ Cruise sector

In addition to these port-based activities, there are substantial supportive or related industries such as:

- ❖ Logistics and distribution (e.g. stock control, warehousing, haulage)
- ❖ Maritime commerce (e.g. vessel owning and operation, agency, professional services)
- ❖ Marine science & technology
- ❖ Maritime education

2.3 Structure

This document has been restructured several times. It grapples with presenting coherent analysis and action with respect to some 15 port locations and perhaps 10 sectors.

Section 3 discusses points of departure, defining what we mean by strategy and the strategic lenses we have used to develop this.

Section 4 summarises the findings of the Mapping Study, which forms a separate report.

Sections 5, 6 and 7 present discussion and analysis of key locations in Maritime NW, ordered by county.

Section 8 summarises the policy framework for Maritime NW.

Section 9 presents analysis of key sectors within Maritime NW, and strategies that will contribute to maximising competitiveness of the NW.

Section 10 concerns implementing the strategy.

3 Points of Departure

3.1 Defining Strategy

What is strategy? To paraphrase a leading text², a strategy for Maritime NW means:

“... The **direction** and **scope** of Maritime NW over the **long term**, which achieves **advantage** for the Maritime sector in the NW, through the configuration of **resources** within a changing **environment** to fulfil **stakeholder** expectations”.

The strategy for NW Maritime is about achieving advantage by:

- ❖ Integrating its activities
- ❖ Acting in an uncertain world
- ❖ Managing relationships and networks (internal and external)
- ❖ Developing the resources it needs

The strategy must be stated in terms of objectives, and actions to achieve these. Where practical, we have consistently structured the strategy in the following terms:

- ❖ **Objectives:** these are statements of specific outcomes that are to be achieved in support of the mission.
- ❖ **Core competences:** these are the bases upon which Maritime NW can achieve strategic advantage, and enable it to achieve the objectives.
- ❖ **Actions:** these are the initiatives and actions to be taken at sector level to achieve objectives, based upon core competences.

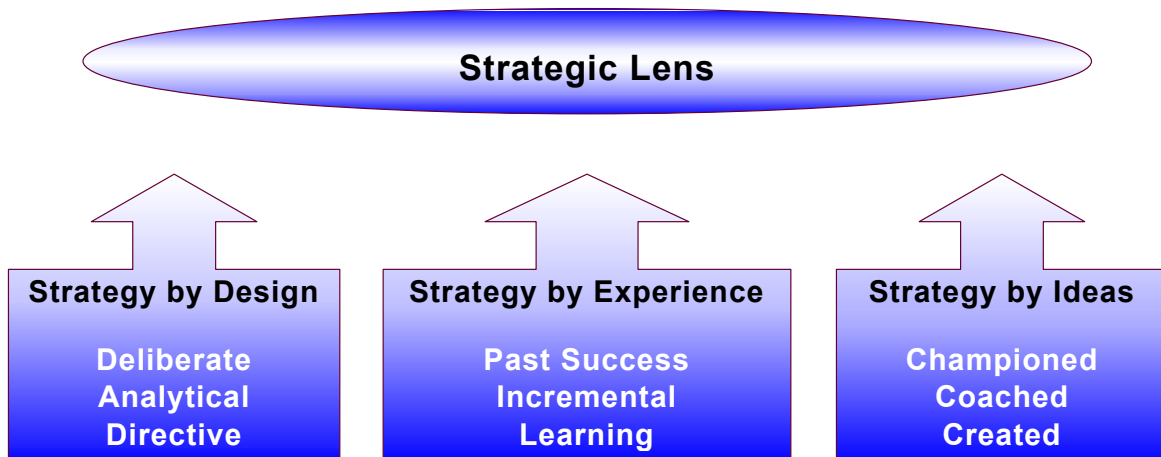
3.2 Developing Strategy

This document talks about:

- ❖ Strategy by Design
- ❖ Strategy by Experience
- ❖ Strategy by Ideas

These are known as **Strategic Lenses** (see overleaf). The UK has often been preoccupied with strategy by design, which stresses reliance on mechanistic decision making. The design lens is the orthodox approach to strategy development. It stresses deliberate positioning through rational, analytic, structured and directive processes.

² Exploring Corporate Strategy (6th Ed), Johnson and Scholes, 2002



Strategy by design relies on techniques such as:

- ❖ Statistical analysis of port throughput
- ❖ Mapping of companies and key players
- ❖ SWOT Analysis and other techniques to describe strategic position

These techniques are used in this report, but the truth is that very few of the world's major maritime successes have been based primarily on mechanistic analysis. Most investments and interventions have been based as much around experience and ideas. These stress equal reliance on incremental development as the outcome of experience, and the evolution of development around champions with ideas.

Thus the strategy should identify how the experience of others (e.g. the cruise market in Alaska) can be harnessed for the benefit of Maritime NW. It should consider how an industry recipe or paradigm for Maritime NW could be developed, and draw on successful recipes used elsewhere.

New ideas and innovation may come from anywhere within the Maritime NW stakeholder community. Experience shows that innovation comes often from the bottom (not the top), and that fragmented industries (such as maritime) have good scope for innovation. The encouragement of variety and diversity within NW Maritime, and harnessing the potential of this, is a key goal. People with ideas are highly influential in the real world.

4 Mapping Maritime NW

A Mapping Study was undertaken which provided data analysis on all the companies identified as being directly connected with Maritime NW. The key findings of this were:

- ❖ There are 753 companies in Maritime NW.
- ❖ It is estimated that direct Maritime NW turnover is £3.3 billion.
- ❖ There are approximately 18,000 employees in Maritime NW.

Figure 4.1 provides a more detailed breakdown of the structure of Maritime NW.

| Figure 4.1 – Structure of Maritime NW | | | |
|--|----------------------------|-------------------------------|---------------------------|
| | Number of Companies | Adjusted Turnover (£m) | Adjusted Employees |
| Maritime Commerce | 233 | 1,409 | 3,764 |
| Marine Engineering and Offshore | 115 | 842 | 6,066 |
| Haulage | 244 | 335 | 3,187 |
| Logistics and Distribution | 60 | 175 | 1,434 |
| Short Sea Shipping | 23 | 160 | 554 |
| Port Industry | 3 | 135 | 143 |
| Port Company Operations | 54 | 122 | 1,527 |
| Fisheries | 11 | 72 | 546 |
| Maritime Education | 3 | 3 | 58 |
| Yachting | 4 | 1 | 40 |
| Deep Sea Shipping | 3 | 1 | 92 |
| Total | 753 | 3,255 | 17,411 |

This exercise was far from simple, and many assumptions had to be made to enable us determine these figures. They are detailed in the Mapping Study Report. Notably, these figures include only Limited Companies reporting to Companies House. There will be many sole traders and partnerships in sectors such as Fisheries and Yachting. The key points arising from the analysis are:

- ❖ Maritime commerce (incorporating activities such as shipping, ship brokering, import and export etc.) is the largest component of Maritime NW in terms of sales value, and total employees.
- ❖ In terms of geographical location (see Figure 4.2), Merseyside dominates the cluster with 495 companies based there with a turnover of over £1.9 billion. Merseyside is further broken down into Merseyside East and Merseyside West (Wirral) for further analysis.
- ❖ Cheshire has 70 companies (turnover of over £303 million), and Lancashire has 90 companies (turnover of over £258 million). Cumbria has 82 companies (turnover of over £681 million), and is heavily influenced by Barrow Shipyard. A small number of companies had no match to the local authority boundaries used and these make up the total companies figure.

| Figure 4.2 – Geographical Location of Maritime NW | |
|--|---|
| Cumbria | Lancashire |
| <ul style="list-style-type: none"> ❖ 82 Companies ❖ > £681 m turnover ❖ Major activity: Haulage (34%) | <ul style="list-style-type: none"> ❖ 90 Companies ❖ > £258 m turnover ❖ Major activity: Haulage (47%) |
| Merseyside | Cheshire |
| <ul style="list-style-type: none"> ❖ 495 Companies (East 413, West 82) ❖ > £1,900 m turnover ❖ Major activity: Maritime Commerce (37%) | <ul style="list-style-type: none"> ❖ 70 Companies ❖ > £303 m turnover ❖ Major activity: Haulage (41%) |
| Balance: not covered by postcodes used for geographical assignment | |
| Major Activity: defined by number of companies | |

Figure 4.3 demonstrates the extent to which each sector contributes to the turnover for each location. Figure 4.4 presents a breakdown of turnover by location and sector.

Figure 4.3 – Maritime NW by Location and Sector

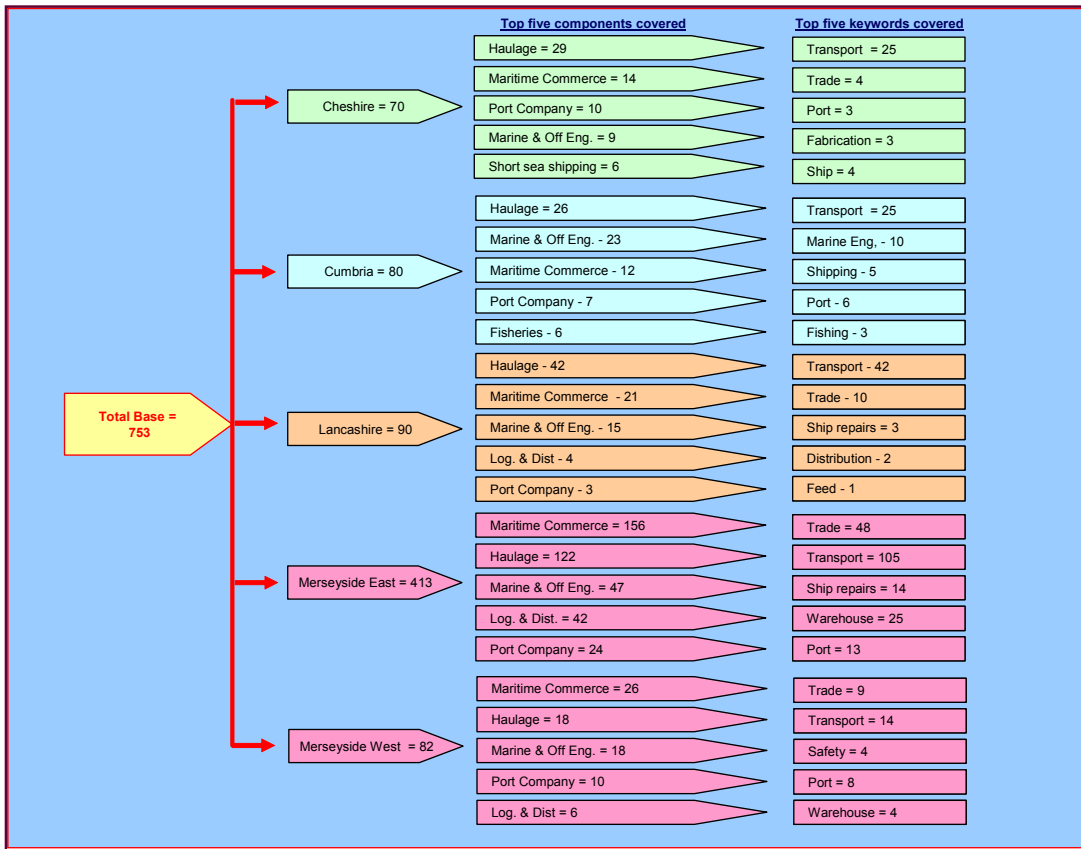
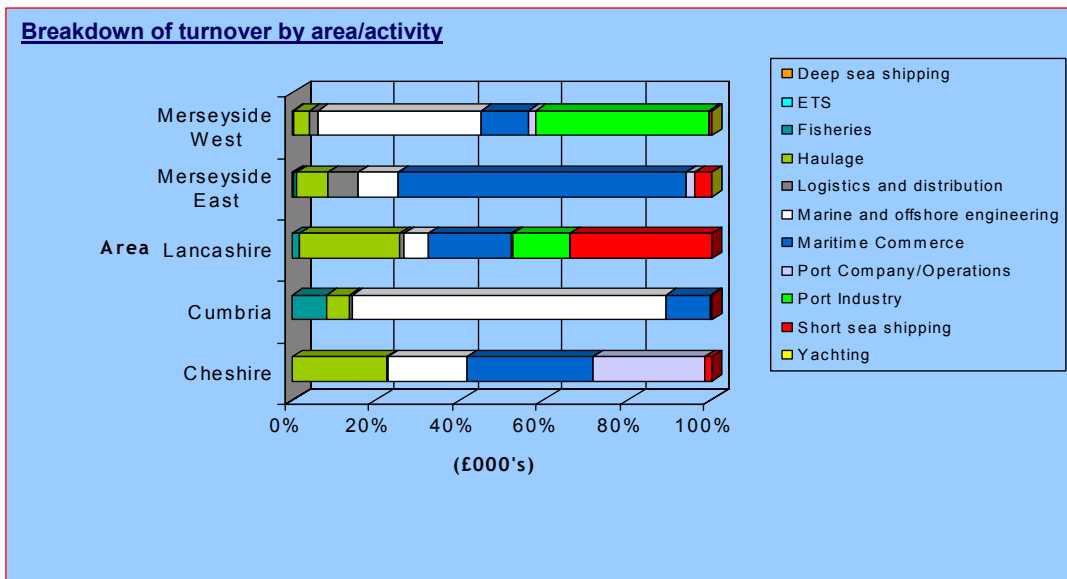


Figure 4.4 – Breakdown of Turnover by Location and Sector



Based on both the financial information available and the financial assumptions incorporated in the database, it would appear that Maritime NW is healthy with most activities showing evidence of growth (see Figure 4.5).

| Figure 4.5 – Growth Trends | | | |
|-----------------------------------|--|--|-----------------------------------|
| | Number of companies with rise in turnover | Number of companies with fall in turnover | Component appears to be... |
| Maritime Commerce | 137 | 63 | Growing |
| Marine and Offshore Engineering | 76 | 26 | Growing |
| Haulage | 164 | 45 | Growing |
| Logistics and Distribution | 36 | 15 | Growing |
| Short Sea Shipping | 19 | 4 | Growing |
| Port industry | 2 | 1 | Steady |
| Port company/operations | 40 | 9 | Growing |
| Fisheries | 7 | 1 | Growing |
| Maritime Education | 3 | 0 | Growing |
| Deep Sea Shipping | 2 | 1 | Steady |

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.

5 Merseyside and Cheshire Ports

5.1 Overview

These ports primarily handle and process freight (and some passengers) for local and regional markets. Their influence is spreading to Ireland through transshipment. The key locations and owners are summarised in Figure 5.1.

| Figure 5.1 - Key Port Facilities | |
|--|---------------|
| Facility (see diagram) | Owner |
| Seaforth and Liverpool Docks | MDHC |
| Garston Port | ABP |
| Eastham Docks, QE II Dock, Manchester Ship Canal | Peel Holdings |
| Tranmere Oil Terminal | MDHC |
| Birkenhead Port | MDHC |



Collectively, these ports fall under the umbrella of Mersey Maritime.

These ports serve a variety of markets for global trade, notably North America, Ireland and Iberia, but also (and increasingly) the Far East, South East Asia and South America. Figure 5.2 illustrates the changing fortunes of the Merseyside and Cheshire ports.

| Figure 5.2 - Port Volumes (000 tonnes) | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 1965 | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 2000 |
| MDHC | 31,683 | 28,789 | 23,426 | 12,335 | 10,363 | 23,183 | 29,987 | 30,421 |
| ABP | 1,493 | 1,886 | 1,120 | 1,147 | 1,465 | 756 | 763 | 472 |
| Peel | 15,816 | 15,951 | 14,520 | 12,695 | 9,510 | 8,133 | 8,379 | 7,687 |

The Merseyside and Cheshire ports are highly significant to the NW region:

- ❖ They service most of the cargo handled by ports in the North West.
- ❖ Many major industries and employers depend on these ports: Stanlow refinery depends on the Tranmere Oil Terminal for its supplies; Cargill depends on Seaforth for its feedstock; Manchester Ship Canal supplies several industrial complexes etc.

5.2 Mersey Docks and Harbour Company Ports

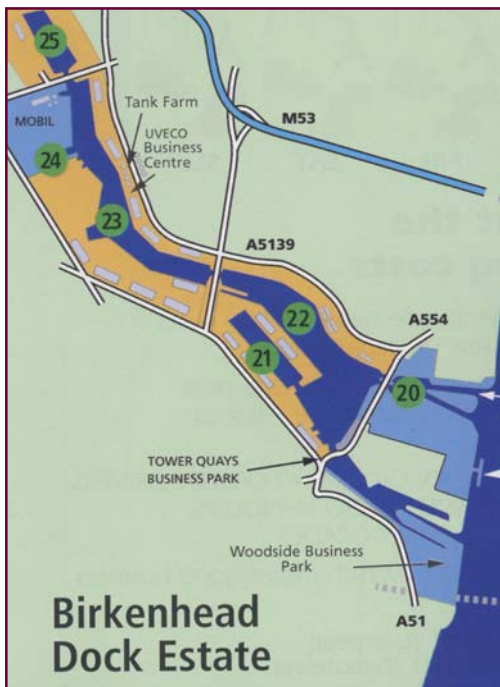


Mersey Docks' facilities experienced declining volumes over the period 1970 to 1985, brought about primarily by the restructuring of the UK's trade towards Europe. Liverpool's industrial relations record, and the advent of containerisation were also significant factors. Over the period 1985 to 1995, volumes recovered to their pre-EEC levels as bulk fuels and westerly looking trade towards Ireland and North America continued to develop.

The extensive facilities at **Seaforth and Liverpool** (left) host various activities including:

- ❖ Short-sea roll-on roll-off (ro-ro) services to Ireland and Isle of Man.
- ❖ Breakbulk services such as timber to North America and the Baltic.
- ❖ Bulk services such as grain imports and scrap metal exports.
- ❖ Maritime logistics and distribution activity, particularly from Liverpool Freeport, which is within Mersey Docks' estate.
- ❖ Short-sea container services to Ireland and NW Europe.
- ❖ Deep-sea container services to many world markets (see overleaf).

Seaforth Container Terminal



The facilities at **Birkenhead** (left) are mostly enclosed docks, primarily dealing with breakbulk and bulk services, and distribution of such products. A more recent development is the river berth complex at the nearby **12 Quays** site, which provides facilities for short-sea ro-ro services.

Tranmere is the location for the oil terminal, which feeds the Stanlow Refinery. It imports some 11 million tonnes pa of crude. This is also a river berth.

There are plans for development of further river berths for ro-ro ships, cruise ships, and possibly large deep sea container ships.

Mersey Docks is also the statutory port authority for the River Mersey, a function it must carry out broadly at arms length to its commercial activities.

5.3 Port of Garston

The Port of Garston is an enclosed dock located within the estuary (below), and access is via a maintained channel. The port's owner ABP is also the owner of ports in Fleetwood, Barrow and Silloth.



From the late 1960s to mid 1990s Garston's traffic was dominated by coal exports and unit loads. About 0.6 million tonnes annually were derived from shipment of domestic coal, and 0.4 million tonnes unit load in the form of short sea container services.

The unit load business ceased in the early 1990s when Liverpool, freed from restrictive practices of the old "Dock Labour Scheme", became more attractive to the shipping lines. By 1995 the coal trade had also substantially ceased reflecting the reduction in mining capacity etc.

Aerial View of the Port of Garston



Activity in Port of Garston



Thus Garston has "lost" more than 60% of its traffic since the late 1990s. Today, however, the port is successfully developing new trades, and now handles a variety of cargoes, primarily breakbulks such as high quality steels (for automotive), and agribulks (left) (milling grain, animal feedstuffs, fertilisers etc.).

The port's strategy is to capitalise on the re-emerging emphasis of short sea shipping, and its relatively uncongested road and rail links to the national network.

ABP is examining options to develop a river berth for short sea shipping and in-filling of a relatively unused dock to create a riverside terminal. The access channel restricts the size of vessel that can call, however, the port has significant spare capacity and development potential, and remains potentially well suited for coastal and short sea shipping operations.

5.4 Manchester Ship Canal



The Canal is effectively a 56km linear port (above). The facilities comprise an enclosed dock near the entrance to the Canal (QE II Dock), the locks to access the Canal, and then various port facilities located along Canal (below). Some of these, such as Runcorn, handle primarily breakbulk and bulk traffic. Others are facilities dedicated to industries such as chemicals and petroleum.

Facilities on Manchester Ship Canal



Traffic on the Manchester Ship Canal declined over the period 1970 to 1990. This was partly due to inability to handle increasing size of vessels, but also due to the weakening of its industrial customer base. Despite this, it remains a significant port handling 7.5 to 8 million tonnes pa. **This makes the Canal one of the region's most important maritime assets.**

Owned by Peel Holdings, which has other interests such as Liverpool Airport, the Canal's future is linked to its substantial waterside landbank (key sites are indicated on the plan above - A to H). Canalside development sites of up to 30 acres are available. Lying adjacent to dock and wharf facilities, these provide strategic locations for businesses.

The company also has plans to realise the longer term potential of the Canal in contributing towards sustainable distribution through development of inland multi-modal sites connected by road, rail and sea. Whilst the economics of these may not work today, in strategic terms this concept is a likely bet.

5.5 Mersey Maritime SWOT Analysis

The Mersey Maritime Group Strategy identifies the following critical strengths, weaknesses, opportunities and threats.

| Strengths | Weaknesses |
|--|---|
| <ul style="list-style-type: none"> ❖ A £1.3 billion business comprising valuable facilities, successful companies and a skilled workforce backed by a maritime heritage ❖ Proximity to the UK's primary manufacturing base ❖ Well-established shipping services to North America, Ireland, and Iberia ❖ Relatively low cost of labour and land | <ul style="list-style-type: none"> ❖ Lack of cohesiveness at cluster level between the public sector and the private sector ❖ Lack of Community support for the cluster ❖ Inadequacy of local road and rail connections to the national networks |
| Opportunities | Threats |
| <ul style="list-style-type: none"> ❖ Increase growth in volume of business through: ❖ Growth in trade which is a function of economic growth (i.e. maintaining market share) ❖ Increasing market share of UK / European maritime logistics activity ❖ Increasing capture of value added logistics services around the cargoes already handled within the cluster ❖ Capitalise on port capacity constraints and road congestion in the South of UK ❖ Coordination at a strategic level to improve the holistic competitiveness of the cluster | <ul style="list-style-type: none"> ❖ Competition from other port conurbations and centres for maritime commerce in the UK and Europe ❖ The poor reputation and image of Merseyside ❖ Limitations of current port facilities, and threats to their future expansion ❖ Waste of public sector resources on dealing with its own bureaucracy rather than more effective private sector support |

This analysis underpins the Mersey Maritime Strategy detailed in Section 8.8.

6 Lancashire Ports

6.1 Overview

The Lancashire ports of Heysham, Glasson Dock and Fleetwood occupy different market niches: they all handle freight, but Fleetwood and Heysham also have passenger services and Fleetwood has a marina. Together they accounted for about 11% of the NW ports' freight traffic in 2000.

Port ownership is as shown in Figure 6.1, and evolution of port traffic in Figure 6.2.

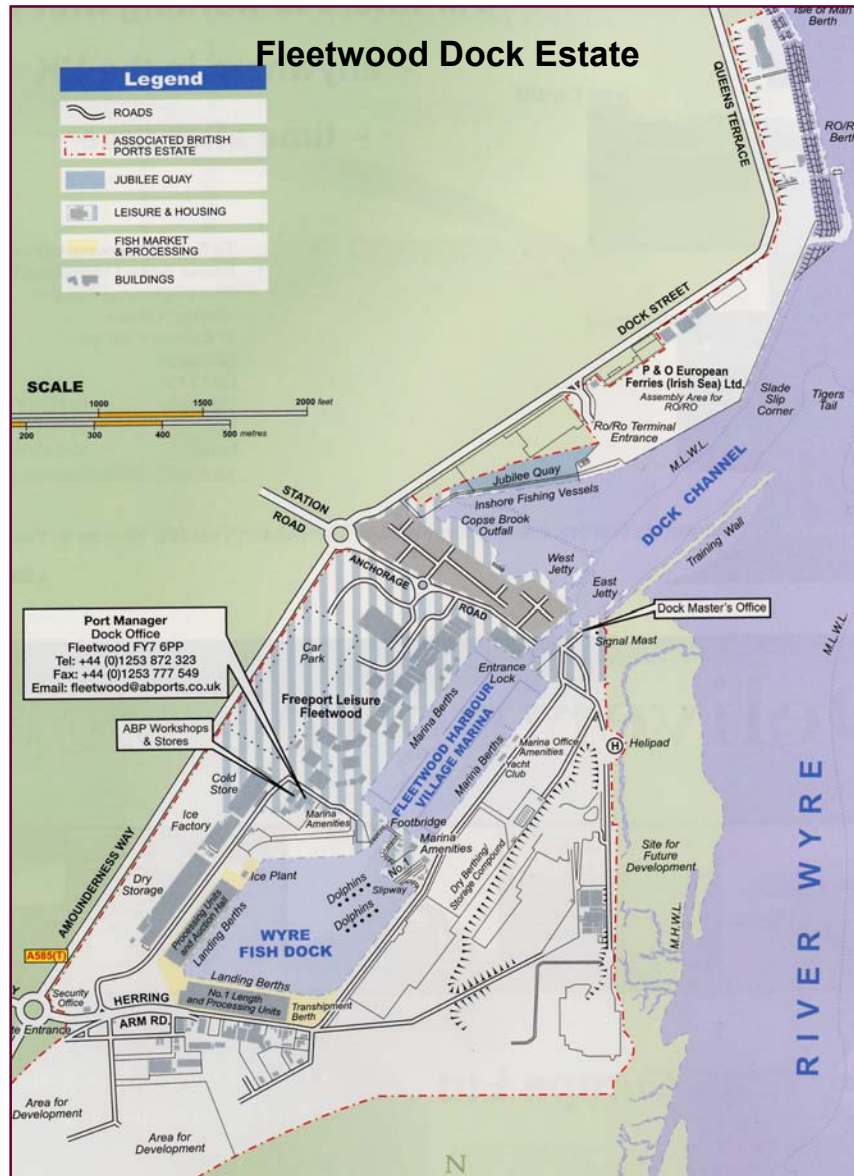
| Port | Owner |
|--------------|---------------------------|
| Fleetwood | ABP |
| Heysham | MDHC |
| Glasson Dock | Lancaster Port Commission |

| | 1965 | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 2000 |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fleetwood | 259 | 253 | 1,025 | 1,944 | 1,879 | 1,381 | 1,236 | 1,530 |
| Heysham | 3,563 | 586 | 593 | 885 | 926 | 1,485 | 2,708 | 3,723 |
| Glasson Dock | n/a | 85 | 49 | 134 | 233 | 213 | 129 | 135 |

6.2 Fleetwood

6.2.1 Facilities and Activities

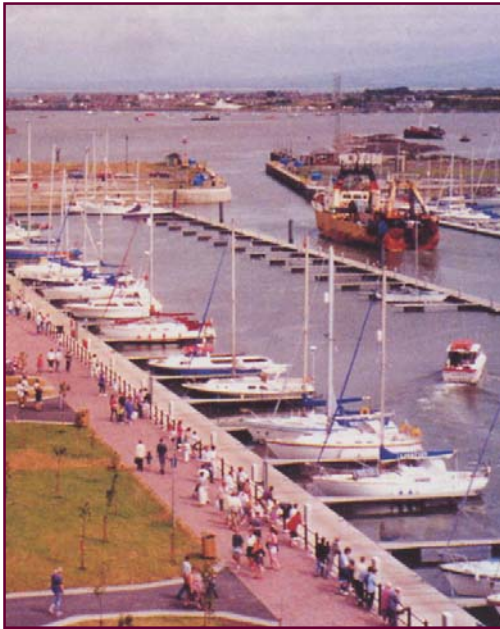
Fleetwood is a major port for ro-ro passenger and freight traffic to and from Northern Ireland as well as an established fishing port.



Its facilities include (see above):

- ❖ A ro-ro linkspan and passenger terminal building: this is used by P&O Irish Sea for sailings to Larne (2-3 times daily) taking 8 hours.
- ❖ Fish Dock with a deep-water slipway 'Isle of Man' berth, used by Isle of Man Steam Packet for occasional sailings in the summer.

Fleetwood Marina with Trawler



- ❖ Fish handling facilities and auction hall.
 - ❖ 300 berth marina – currently about 50% full, rising to 65% in summer.
 - ❖ Jubilee Quay- fairly shallow and dries out at low tides, used by 12-15 small fishing vessels.
 - ❖ The fishing fleet has contracted to 12 trawlers based in Fleetwood, so the auction hall handles predominantly fish trucked from other ports such as Whitehaven. Fishing and the marina each contribute 25% of the port's revenue.
- ❖ The port has a tidal range of 10.5m that restricts ferry sailings to 3 regular windows. The Fish Dock and Marina have constant water level controlled through lock gates.
 - ❖ P&O Irish Sea accounts for about 50% of the port's revenue and over the last 2 years its traffic has increased by an average 6% per annum to just under 135,000 units in 2002 (30% driver accompanied and 70% unaccompanied). The increase in capacity and reduction in freight rates on the Irish routes has put pressure on profit margins and led to cost cutting and delayed investment. However, P&O are confident that rates will recover.

The port has a substantial landbank and good development opportunities in the marine leisure and associated residential and retail development.

There is also a related fish processing industry in Fleetwood. Originally this sector took feedstock from the port's catch, but it now buys fish caught in several grounds that is landed at various UK ports, and consigned to Fleetwood fish market for sale.

6.2.2 Fleetwood SWOT Analysis

| Strengths | Weaknesses |
|--|---|
| <ul style="list-style-type: none"> ❖ Strong fishing tradition ❖ Fish auction market acts as focus for the region ❖ Dock-side fish facilities: cold store, modern ice plant, fish handling and primary processing facilities ❖ Good fishing grounds, but need careful management ❖ Middle distance sea crossing to Northern Ireland attractive to driver accompanied freight ❖ Good on-board facilities for drivers ❖ Close proximity of town to port attracts freight drivers ❖ Fleetwood is a cheap place to base operations, although this will change as house prices rise ❖ Freeport, although not directly benefiting the port, attracts visitors ❖ P&O has the backing of a parent company enabling it to weather market changes | <ul style="list-style-type: none"> ❖ Motorway access constrained by the A585 ❖ Harbour has major problem with silting, costing up to £1m annually ❖ P&O are constrained in vessel choice because of silting ❖ Lack of skilled staff for fishing industry, including IT skills ❖ Tidal range discourages Irish and Spanish fishing boats from landing stock in Fleetwood. They go to Whitehaven (and truck to Fleetwood) or take it home ❖ Inability to handle gluts of fish – lack of infrastructure in the port ❖ Freezer facilities ❖ Looking at schemes to control effluent and packaging from fishing ❖ Need better training facilities for fishing related activities ❖ Marina facilities could be improved ❖ Need coordination of government agencies funding and private sector ❖ Need advice on how to present projects for funding, spend grants and manage implementation |

| Opportunities | Threats |
|--|--|
| <ul style="list-style-type: none"> ❖ Expansion of Freeport leading to new port offices and marina facilities (next to marina) being built ❖ Improve marina occupancy - helped by new facilities ❖ Establishing a fish filleting line and other value added activities ❖ Establish control of own fish stocks to protect spawning grounds ❖ Servicing wind farms, although Heysham has better tidal access | <ul style="list-style-type: none"> ❖ Politics of fishing in the Irish Sea and problems in securing a steady supply of fish ❖ Fear of uncertainty around impact of wind farms on fishing ❖ P&O parent organisation re-branding may absorb P&O Irish Sea with impact on jobs ❖ P&O contract expires in 2004, currently negotiating. Main concerns are road access and harbour dredging costs ❖ P&O move elsewhere because silting prevents use of optimum vessels and return may not justify investment in flat-bottomed, small propeller ships. Current fleet of 3 ships were built in 1975 therefore new vessels are required ❖ P&O Irish Sea are expected to meet 15% return or could be axed by parent company ❖ Slowing of growth in the Irish economy ❖ Glasson has better boat maintenance facilities |

6.3 Heysham

6.3.1 Facilities and Activities

Heysham is a commercial port handling freight and passengers. Mersey Docks acquired it from Sea Containers in 2001 and have subsequently invested in new machines and improved lorry parking. The harbour has a 9m tidal range, but most vessels have 24-hour access. Its facilities include: 3 linkspans, 2 'British Gas' berths, 1 general cargo berth, quay for aggregates and a passenger terminal building (below).



Heysham experienced a growth of nearly 10% per annum in its traffic between 1990 and 2000 largely attributable to an increase in ro-ro traffic. In 1990 and 1997, new linkspans were installed which provided a significant increase in ro-ro capacity. Heysham handled nearly 8% of the NW region's freight in 2000. The main users of the port are:

- ❖ Norse Merchant Ferries, who operate twice-daily ro-ro freight services to Dublin and to Belfast. In 2000, they carried 226,000 freight units and 74,000 cars. However, the parent company Cenargo International is currently in administration, so the future is uncertain.
- ❖ Seatruck Ferries operating a twice daily, freight-only, ro-ro service to Warrenpoint on the Irish border. They handle about 55,000 freight units a year and, with load factors of 84%, are considering expanding. Goods to Ireland include foodstuffs, steel and building products, and imports from Ireland are items such as timber, peat, moss and hides.
- ❖ Isle of Man Steam Packet runs a once or twice daily fast ro-ro passenger and freight service to the Isle of Man. In 2002 they carried 253,000 passengers on this route, and anticipate continuing modest growth. They will not be operating the summer Heysham-Belfast service in 2003 as the vessels are being redeployed.

Aerial View of Port of Heysham



- ❖ Hydrocarbon Resource Ltd (formerly British Gas) lease 2 berths for their supply operation to the Morecambe Bay gas field and Liverpool Bay oil field (for BHP Billiton), and for ad hoc drilling operations. All supplies are transported into Heysham by road, except for fuel.
- ❖ Tarmac dredge sand near the Isle of Man and land around 100,000 tonnes a year.
- ❖ Some general cargo – mostly wood pulp.

Access to the M6 motorway is a key problem, particularly for a port so dependent on ro-ro, as there is a bottleneck in Lancaster. Lancashire County Council has commissioned an environmental impact assessment of two proposed routes between Heysham and the M6. There is also a rail link to the harbour, but it is little used and requires investment so that trains do not have to reverse in from Morecambe.

6.3.2 Heysham SWOT Analysis

| Strengths | Weaknesses |
|--|--|
| <ul style="list-style-type: none"> ❖ Low cost base for operators ❖ 24-hour access for most ships ❖ Lease to HRL provides guaranteed, index-linked income for next 17 years with prospects for higher level if minimum traffic is exceeded ❖ Life of oil and gas fields expected to last the length of the lease ❖ Common service provider – not tied in to one operator | <ul style="list-style-type: none"> ❖ Loss of Belfast fast passenger ferry service from 2003 ❖ Road access to motorway – bottleneck at Lancaster ❖ Limited facilities for drivers awaiting backloads – no nearby town either ❖ Equipment such as ramps are ageing |
| Opportunities | Threats |
| <ul style="list-style-type: none"> ❖ Land (brown field sites) around the port for industrial development ❖ Other business areas being developed e.g. Lancaster West, Port of Heysham Business Park which could generate some traffic for the port ❖ Port can physically accommodate turbine building ships ❖ HRL could service wind farms, and diversify into services for the Irish oil and gas industries ❖ Improve railhead to encourage more general cargo, although limited scope to put existing freight on rail apart from trade cars and steel. ❖ Promotion of tourism to the Isle of Man ❖ Promotion of tourism to Morecambe Bay | <ul style="list-style-type: none"> ❖ Uncertainty over the future of Norse Merchant Ferries as parent company Cenargo International is in administration, although unlikely that demand will disappear ❖ Financial impact on Mersey Docks and Harbour Company if Cenargo International goes bankrupt ❖ Main competitor is Fleetwood with similar crossing time although P&O Irish Sea only sail to Larne in N Ireland from Fleetwood ❖ Slowing of growth in Irish economy ❖ HRL have encountered problems with agency stevedores getting insurance |

6.4 Glasson Dock

6.4.1 Facilities and Activities

Glasson Dock is on the River Lune estuary in open countryside about 5 miles south of Lancaster. The port is tidal with gates to the inner dock; it has five berths; it can handle ships up to 3,000 tonnes and it has substantial covered warehousing and outdoor quayside storage. The port handles around 150,000 tonnes pa of bulk and general cargo for:

- ❖ Glasson Grain, which has storage facilities and a Corn Mill
- ❖ Glasson Fertilisers – a division of Glasson Grain - imports raw materials and produce fertiliser with quayside plant
- ❖ An Isle of Man freight operator calling three times a week
- ❖ Sand and stone importers

Glasson Dock also houses the Glasson Basin Yacht Company a privately owned marina, which has capacity for around 200 yachts and is currently 75% occupied. Its facilities include chandlery, workshops and a boat repair yard. The marina has a very limited access to the sea with a one-hour window on the lock for daylight tides.

Activity in Glasson Dock



Lancaster Port Commissioners have proposals to develop Glasson Dock including realigning the North Wall Quay which would increase capacity and help to alleviate the problem of silting.

The port is accessed from the M6 motorway by a country road through rural villages. Road access may be improved depending on the outcome of the proposed Heysham to M6 link.

6.4.2 Glasson Dock SWOT Analysis

| Strengths | Weaknesses |
|--|---|
| <ul style="list-style-type: none"> ❖ Glasson Grain are based at the port, mutually dependent on each other ❖ Good facilities ❖ Capacity to expand | <ul style="list-style-type: none"> ❖ Dependence on key customer ❖ Road access – no good motorway link ❖ Silting problem – could be alleviated by development plans ❖ Glasson is ‘forgotten’ |
| Opportunities | Threats |
| <ul style="list-style-type: none"> ❖ Capacity to increase port traffic ❖ Coastal shipping ❖ Links to main canal network encouraging tourism | <ul style="list-style-type: none"> ❖ Garston and Liverpool are main competitors for bulk traffic and Heysham for general cargo. |

7 Cumbrian Ports

7.1 Overview

The Cumbrian ports cover a range of maritime activity: Barrow, Workington and Silloth are cargo handling ports, whereas Whitehaven and Maryport cater for marine leisure and fishing interests. Barrow also hosts the activities of BAE Systems naval shipbuilding (a major employer in the NW), and various activities in the offshore sector. Port ownership is as shown in Figure 7.1, and the port volumes in Figure 7.2.

| Port | Owner |
|-------------|-------------------------------------|
| Silloth | ABP |
| Maryport | Maryport Developments Ltd |
| Workington | Cumbria County Council |
| Whitehaven | Whitehaven Harbour Commission / W3M |
| Barrow | ABP |

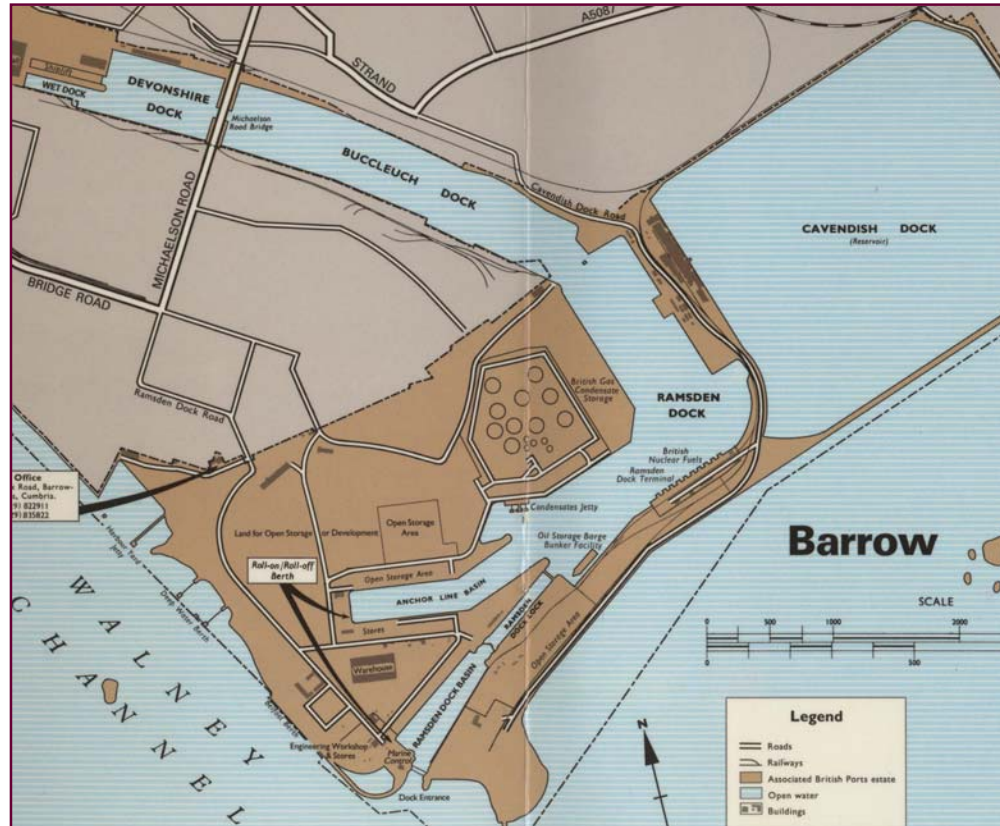
| | 1965 | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 2000 |
|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Silloth | 84 | 97 | 89 | 68 | 109 | 50 | 126 | 168 |
| Maryport | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Workington | 893 | 990 | 249 | 329 | 574 | 518 | 578 | 636 |
| Whitehaven | 375 | 596 | 471 | 733 | 457 | 550 | 5 | n/a |
| Barrow | 305 | 133 | 67 | 44 | 85 | 242 | 274 | 231 |

Despite modest traffic volumes, Cumbrian ports have important roles to play in local economies, and supporting key industries such as Carr's flour milling.

7.2 Barrow

7.2.1 Facilities and Activities

The Port of Barrow is an enclosed port with several docks offering relatively deep water access (below). It has up to 7,000 m² of warehousing. It is the largest port complex between the Mersey and the Clyde, and offers significant areas of land for storage or development. It is connected by both road and rail.



The port's most significant tenant is BAE Systems, which operates a naval shipbuilding complex located partly within / adjacent to the port. This is a high value added low volume business, which constructs only one or two vessels per year, but employs some 3,100 people. The yard specialises in submarines, and it appears that its owner foresees this role will continue.

Located close to the main oil and gas fields in the Irish Sea, Barrow is a construction and support base for offshore developments. The port was involved in offshore activity throughout the 1990s with the development of the Morecambe Fields for British Gas and Hamilton Oil's Liverpool Bay project. The Morecambe Fields are of national importance, being able to supply approximately 20 per cent of the UK's gas demand.

British Gas Hydro Carbon Resources Ltd operates a condensate storage site in Ramsden Dock, through which the liquid hydrocarbon by-product of gas production at the nearby Onshore Gas Terminals is exported. The export of condensate is one of the port's principal traffics.

A multi-purpose vessel is available for hire for hydrographic surveying, buoy changing, bed levelling and ploughing.

Aerial View of Port of Barrow



Barrow is home to a rail-connected marine terminal for BNFL from which nuclear fuels are shipped. The movement of woodpulp by rail has also become a regular feature in recent years. Other bulks handled include sand, granite and aggregates. High-quality, locally quarried limestone is exported to Scandinavia for use by the paper industry and in the production of industrial gases.

The town of Barrow is also the location of one of the UK's main niche shipping companies – James Fisher and Sons plc. This company owns and operates a diverse fleet including product tankers, cable layers, offshore support vessels and nuclear fuel carriers.

7.2.2 Barrow SWOT Analysis

| Strengths | Weaknesses |
|--|--|
| <ul style="list-style-type: none"> ❖ Large port with substantial dock areas ❖ Land for development ❖ Established and long term income steams from BAE, British Gas and BNFL | <ul style="list-style-type: none"> ❖ Enclosed docks resulting in tidal restrictions ❖ Highly reliant on the contribution of BAE ❖ Relatively remote with restricted access to M6 via A590 |
| Opportunities | Threats |
| <ul style="list-style-type: none"> ❖ Extending role in sustainable distribution ❖ Good connectivity with the town centre ❖ Redevelopment of the Cavendish Dock for marine leisure use ❖ Potential for cruise sector ❖ Diversification into the renewable energy sector ❖ Land for development ❖ Upgrading of A590 ❖ Rail connection to south side of port estate ❖ Ownership by ABP – the UK's largest port company | <ul style="list-style-type: none"> ❖ Uncertainty connected with future naval shipbuilding programmes ❖ Uncertainty connected with BAE's intentions for the yard ❖ Increasing vessel size and requirements for 24 hour access in many shipping markets |

7.3 Whitehaven

7.3.1 Facilities and Activities

Whitehaven traces its origins to the eighteenth century when it thrived on the trade in coal and rum and was a major boat-building site. The port hit financial difficulties in the 1990s and its subsequent recovery has been based on ceasing to handle freight, instead focussing on the fishing and marine leisure sectors. As a result, investment has been made in improving the infrastructure for fishing and establishing an attractive marina (below).

Aerial View of Port of Whitehaven



Until 2002, the fishing sector provided the main source of port income, but bad weather in that year had a heavy impact. The local fishermen focus on prawn and scallop, so are less affected by quotas than other fleets, but the season is restricted to the summer months and there is little opportunity to make up catches if the weather is bad. Over 180 fishing vessels have used Whitehaven recently, of which 20-30 are based in the port (below).

Fishing Vessel in Whitehaven



The marina can accommodate 155 yachts and is virtually full (below). Festivals can attract a further 80-100 yachts. In 2002, Whitehaven hosted a tall ships festival and would like to make this a permanent feature.

Whitehaven Marina



7.3.2 Whitehaven SWOT Analysis

| Strengths | Weaknesses |
|---|--|
| <ul style="list-style-type: none"> ❖ Good access to harbour – 15 to 24 hours ❖ Attractive harbour front following recent refurbishment. ❖ Close to town centre ❖ Support of local community who take pride in the harbour ❖ Forward thinking and enthusiastic management ❖ Recently enhanced harbour facilities for fishermen ❖ Fishing industry is not heavily affected by quota and restrictions - main catches are prawn and scallop ❖ Close to prawn spawning grounds ❖ Designated port status enhances reputation ❖ Price competitive marina | <ul style="list-style-type: none"> ❖ Harbour is silted ❖ No boat lifting facilities for larger boats – go to Isle of Man ❖ Difficult to levy correct harbour fees on fishing catches ❖ Fishing season is concentrated in summer, and bad weather can have a disastrous impact ❖ Little marina capacity for visiting yachts ❖ Difficult to attract young people into fishing sector ❖ Cruise ships cannot land passengers in bad weather |

| Strengths | Weaknesses |
|---|---|
| <ul style="list-style-type: none"> ❖ Marina is full, providing steady income stream ❖ Investment in marina facilities - new shower/changing rooms/toilet block ❖ New boat yard being built | |
| Opportunities | Threats |
| <ul style="list-style-type: none"> ❖ Attract NI fishermen to land catch in Whitehaven ❖ Port buy fish quota to secure fishing livelihood ❖ Fish market hall to provide focus – fish are trucked to Fleetwood ❖ Fish processing ❖ Promote local fish consumption through marketing to tourism industry and coordinated year-round supply ❖ Expansion of the marina ❖ Develop facility for winter storage ❖ Attract tall ships – requires harbour dredging ❖ Use port to promote tourism ❖ Possible hotel on harbour front ❖ Growth in marine-related enterprises such as diving and angling ❖ Re-establishment of boat building ❖ Use tall ships as basis for training in seamanship to attract young people into sector ❖ Close access to deep water for cruise ship facility ❖ Attractive town/local heritage for cruise port of call | <ul style="list-style-type: none"> ❖ Damage to harbour walls, particularly main West Wall ❖ Harbour lacks cash reserves for major repairs ❖ Community fails to embrace tourism – tourism jobs are not ‘real’ jobs ❖ Rubbish/ waste collection could detract from harbour appearance ❖ Impact of wind farm at Robin Rigg on fishing - unknown |

7.4 Workington

7.4.1 Facilities and Activities

Workington handles the largest volume of cargo in Cumbria, but still only handles 1.4% of the NW region's port traffic. It is an industrial port (below) with a rail freight facility and serves a number of key local manufacturers and local agriculture.

Aerial View Port of Workington



The port has 6 berths for dry bulk cargoes; a tanker berth operated by Simon Storage; and can handle container freight, general cargo and ro-ro traffic. In addition, deep-sea trawlers land their catch on the quayside. There is potential to develop the rail freight terminal, but capacity on the railway line from Carlisle to Workington is a constraint.

The main users of the port are:

- ❖ English Welsh and Scottish Railways (EWS) operate the rail freight terminal in the port and have been very proactive in seeking out new business. Around 50-70,000 tonnes of bulk materials and 3,000 containers are handled annually. Key customers are Vordian, Iggesund Paperboard and European Metal Recycling who send scrap metal to Liverpool.
- ❖ Corus Rail – produce rail track in Workington, but export to Europe has been hit by a new plant in France. The Workington plant is now to focus on the domestic market, but will continue to export rails to Ireland and other countries requiring rails up to 40m in length.

- ❖ Workington's main forest products customer is Iggesund Paperboard, which annually imports 40,000 tonnes of pulp logs for use at its local factory in the production of food packaging and other items of paperboard. Most of these items are brought from the west coast of Scotland.
- ❖ British Gypsum import perlite and desulphurised gypsum from Italy. They were awarded a Freight Facilities Grant to improve the rail infrastructure to their factory near Penrith, and thereby remove the need for road haulage.
- ❖ Simon Storage has 18 tanks at the port with capacity for 25,000 tonnes of liquid material such as anti-freeze, acids and fuels. Two of the major products being handled are:
 - ❖ Oil products from the Pembroke refinery that are stored at the port for distribution to residential customers, retail stations, hotels and small hauliers in Cumbria and SW Scotland.
 - ❖ Raw materials for Voridian (a division of Eastman Chemical Company), which has a factory outside Workington.
- ❖ Rhodia closed their phosphoric acid factory in Whitehaven in 2001 resulting in the loss of up to 325,000 tonnes per annum of imports through the port.
- ❖ Hydro Agri import fertiliser from Norway and bag it on site (below).
- ❖ Offshore work such as supplying gas pipe contracts. Workington hope to play a role in supplying offshore wind farms.

Activity in Port of Workington



Workington has a small marine leisure presence, and it receives ad hoc cruise visits. The narrow, shallow entrance to the port means that only small cruise ships can call.

7.4.2 Workington SWOT Analysis

| Strengths | Weaknesses |
|---|---|
| <ul style="list-style-type: none"> ❖ Rail freight terminal ❖ Relatively deep-water port allowing vessels up to 10,000 dwt ❖ Good location for serving Cumbria ❖ Key customers have manufacturing base close to port ❖ Multi-skilled and flexible workforce | <ul style="list-style-type: none"> ❖ Dependent on a few major customers ❖ Investment required in port infrastructure ❖ Lack of covered storage ❖ Lack of infrastructure such as warehousing, cranes and handling equipment ❖ Port cannot take 30,000 tonne ships - Simon Storage have had to use Liverpool ❖ High turnover of staff in cargo handling |
| Opportunities | Threats |
| <ul style="list-style-type: none"> ❖ Expansion of rail freight traffic if the capacity of the Carlisle-Workington railway line is increased ❖ Could attract more fertiliser, animal feed and more raw materials for Iggesund if had all-weather storage facilities ❖ Space available for storage facilities and other development ❖ Development as a satellite port attracting coastal feeder services ❖ Transhipment of deep sea vessels' cargo ❖ Support of offshore energy | <ul style="list-style-type: none"> ❖ Future ownership of port ❖ Lack of investment in infrastructure ❖ Competition from Barrow, Silloth, Heysham and Liverpool ❖ Loss of key customers ❖ Loss of bulk liquids as trade is with Europe and it is cheaper to land on the east coast and transport overland ❖ Loss of rail exports if Corus plant closes down or export markets dry up |

7.5 Maryport

7.5.1 Facilities and Activities

Maryport, like Whitehaven, is undergoing regeneration and is focussing on the fishing and marine leisure industries as a means of securing the future viability of the port and developing the town (below). Maryport Developments Limited was given the mandate and an endowment to develop the harbour until a new harbour authority / board takes over in March 2004.

Dockside Development in Maryport



Although Maryport appears to be in competition with Whitehaven, the two ports occupy different niches. The fishing sector in Maryport is on a much smaller scale with 10 home-based boats and fewer visiting fishing boats; it generates very little income for the port.

The marina has 180 berths and is effectively full (below). It provides shower block, bar, boat repair facilities, slipway and chandlery. Its berthing charges are lower than those at Whitehaven, which may in part reflect the lower level of amenities available in the town but also the financial security provided by the endowment. Apparently the marina just about breaks even.

Maryport Marina



7.5.2 Maryport SWOT Analysis

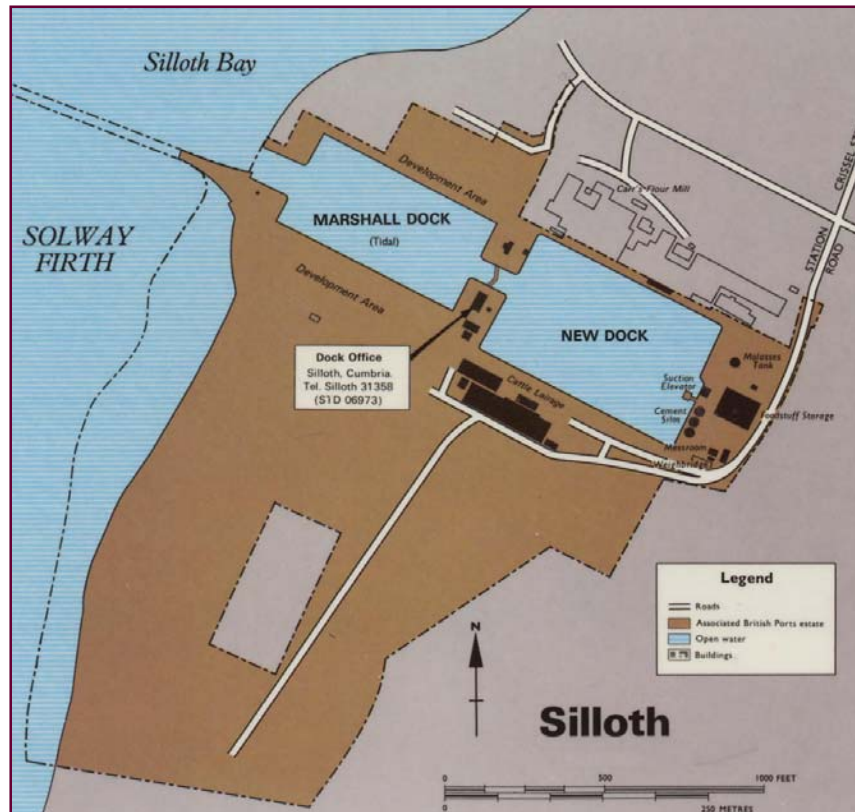
| Strengths | Weaknesses |
|--|---|
| <ul style="list-style-type: none"> ❖ Port has an endowment to underpin financial viability ❖ Business plan facilitates raising capital ❖ Aquarium is good visitor attraction ❖ Boat repair facilities | <ul style="list-style-type: none"> ❖ Not clear who is responsible ❖ Port has developed ad hoc leading to health and safety conflicts between boat repair and marina ❖ Fishing sector financially marginal ❖ Maryport town is less picturesque than Whitehaven and has fewer facilities ❖ Maryport community perceives harbour as separate and attracting large resources ❖ Community has reticence to change ❖ Lack of accommodation and services to support tourism ❖ Lack of skilled labour |
| Opportunities | Threats |
| <ul style="list-style-type: none"> ❖ New harbour authority from March 2004 creating Board with full powers to manage harbour ❖ Reconfiguration of the harbour to increase water area and provide new lock gates ❖ Expansion of the marina ❖ Additional income possible from review of marina charges ❖ Promotion of watersports ❖ Renewable energy visitors centre ❖ Freeport ❖ Tourism and cultural festivals (Tall Ships, historic trawlers etc) ❖ Fishing boats diversify to take visitors to wind farms | <ul style="list-style-type: none"> ❖ Whitehaven is main competitor although Maryport want to expand the market ❖ Maryport community does not embrace the port and changes required to encourage tourism ❖ Solway is not promoted as a tourism destination in its own right |

7.6 Silloth

7.6.1 Facilities and Activities

Silloth on the Solway Firth is a planned Victorian resort with elegant tree-lined streets, unique in Cumbria. It has suffered considerable decline, particularly since the loss of its railway link in the 1960s. It is now one of Cumbria's poorest wards with high unemployment, limited facilities, poor infrastructure and a declining town environment. Tourism remains important, but lack of facilities constrains their contribution to the local economy.

The port of Silloth was built in the 19th century for the import of North American flour for Carr's Flour Mills, and without the port the mill would not be there today. It is a tidal port with lock gates; it can berth vessels up to 3,000 DWT; and has extensive open and covered storage accommodation.



The major customers of the port are:

- ❖ Carr's Flour Mills importing 40,000 tonnes per annum of bulk grain from Canada, France and Germany. The grain is unloaded directly into silos on the quayside and processed in the adjoining factory to make premium flours.

- ❖ Carr's Fertilisers importing 60-70,000 tonnes annually from North Africa and Russia in bulk or bag. Traffic declined by 30% following the foot and mouth epidemic, but is expected to recover.
- ❖ Prime Molasses importing 30,000 tonnes of bulk molasses. Caltech use molasses to manufacture "lick blocks" for animals.
- ❖ Occasional exports of agricultural products.

The port has faced difficulties in recent years notably:

- ❖ Loss of imports from Ireland of live animals in the 1980s.
- ❖ Impact of foot and mouth.
- ❖ Loss of cement traffic (60,000 tonnes per annum) to N Ireland following the closure of the Wyredale cement factory in 2002.

However, the recent establishment of the molasses plant indicates the port's ability to respond and seek out new business.

View of Port of Silloth



7.6.2 Silloth SWOT Analysis

| Strengths | Weaknesses |
|---|--|
| <ul style="list-style-type: none"> ❖ Key customer dependent on port ❖ Ample capacity ❖ Willingness to seek out new business and invest in the future ❖ Recent investment in dock gates to improve reliability ❖ Good service ❖ Serves the north Cumbria catchment area | <ul style="list-style-type: none"> ❖ Dependent on few key users with limited likelihood of greatly increasing volumes ❖ Freight has to be trucked through the town ❖ Potential conflict between port and tourism ❖ Harbour area needs tidying up ❖ Nature of traffic means shippers cannot get back loads, therefore costs are higher |
| Opportunities | Threats |
| <ul style="list-style-type: none"> ❖ Promotion of coastal shipping ❖ Extensive capacity for development at port e.g. alternative use for 800-head cattle storage area and bringing cement silos back into use ❖ Regeneration of Silloth through tourism including port: footbridge over the harbour entrance and creation of a visitors' centre around Carr's steam engine ❖ Land available in Silloth for business development – Silloth Airfield ❖ Further promotion of festivals including maritime such as trawler racing and tall ships ❖ Servicing prospective Robin Rigg wind farms: proximity and storage space | <ul style="list-style-type: none"> ❖ Main competitor is Workington which has a rail link and deeper water ❖ ABP may reconsider future port portfolio ❖ Increased physical isolation if coastal road falls into disrepair ❖ Economics of flour milling and transportation may lead to closure or relocation of Carr's mills closer to source of home-grown wheat ❖ Possible restrictions from environmental designation of local area as AONB and SSSI |

8 Maritime NW Policy Framework

8.1 Introduction

A strategy for Maritime NW must be developed in the general policy context for UK ports.

The previous sections explain how the Ports in Maritime NW are engaged in a number of markets. With two or three exceptions, the key role for these is connected with **sustainable distribution**, and this is the second key policy context.

8.2 Ports Policy Framework

UK ports operate within an increasingly policy orientated framework. The main statement of UK policy is contained in “**Modern Ports**” (Nov 2000), which effectively integrates relevant EU and UK policy on ports and transport into one overarching policy framework. Key relevant background policies are:

- ❖ EU policy statements on Trans-European Networks, Ports and Maritime Infrastructure, and Market Access to Port Services.
- ❖ UK policy relevant to transport in Planning Policy Guidance; A New Deal for Transport: Better for Everyone; and Sustainable Distribution.

The Government’s policy aims for ports are to promote:

- ❖ UK and regional competitiveness
- ❖ High nationally agreed safety standards
- ❖ Best environmental practice

The Government will work with the industry, its users and other interests, to achieve four key objectives. Three are relevant to the Maritime NW strategy:

- ❖ To promote agreed national standards and good practice for port management and port operations alike, without detracting from the legal responsibilities of harbour authorities and other port interests.
- ❖ To promote training and the recognition of skills for those who work in the ports industry at all levels – not just those engaged by harbour authorities.
- ❖ To maintain a balanced policy on development which aims to makes the best use of existing and former operational land, secures high environmental standards, but supports sustainable projects for which there is a clear need.

The key policies detailed in Modern Ports that are of interest include:

- ❖ Help the ports industry to help itself by **promoting good practice**.
- ❖ **Build on well-established partnerships** with the industry and other related interests.

- ❖ Encourage ports to redevelop former operational land for purposes that exploit transport connections to reduce traffic (nationally).
- ❖ **Support sustainable port projects** for which there is a clear need, with each looked at in detail on its merits.
- ❖ Take full account of the **need for good access to ports** in developing policies and programmes for the various forms of transport, and **encourage the use of ports by coastal and short sea shipping** services.

Two specific policies detailed in Modern Ports are of particular relevance to NWDA:

- ❖ 2.5.8 The views of public/private partnerships concerned with port development will be important in assessing port needs, opportunities and constraints in each region. Partnerships should include representatives from major ports. They help bring together private capital and expertise, to get better value for public money. The RDAs in particular may be able to assist in encouraging such partnerships to happen.
- ❖ 2.5.9. The RDAs can advise regional planning bodies which ports have or expect pressure on capacity. They can also identify others where there may be surplus capacity and a need for regeneration.

8.3 Sustainable Distribution

“**Sustainable Distribution: A Strategy**” is another key policy framework within which ports and maritime sit. This document applies to policy formulation across **all** the freight transport modes.

In the Government’s terminology, “**distribution**” spans much more than freight transport services. It includes the economic “supply chain” extending from the delivery of supplies to manufacturing plants, through the management of materials within the plant and stocks produced by it, delivery to warehouses and distribution centres, sorting, handling and packaging - and final distribution to the point of consumption.

The term “**logistics**” is used to describe the process of designing and managing the supply chain in the wider sense. Logistics involves the movement of people as well as goods, and information as well as materials. “Logistics is an important sector of the economy in its own right”.

- ❖ Core activities comprised in logistics account for nearly 4% of gross output.
- ❖ There are over 1 million jobs in commercial transport and warehousing activities, accounting for around 3.5% of total employment.
- ❖ The freight transport element of logistics typically accounts for between 5% and 10% of business costs.

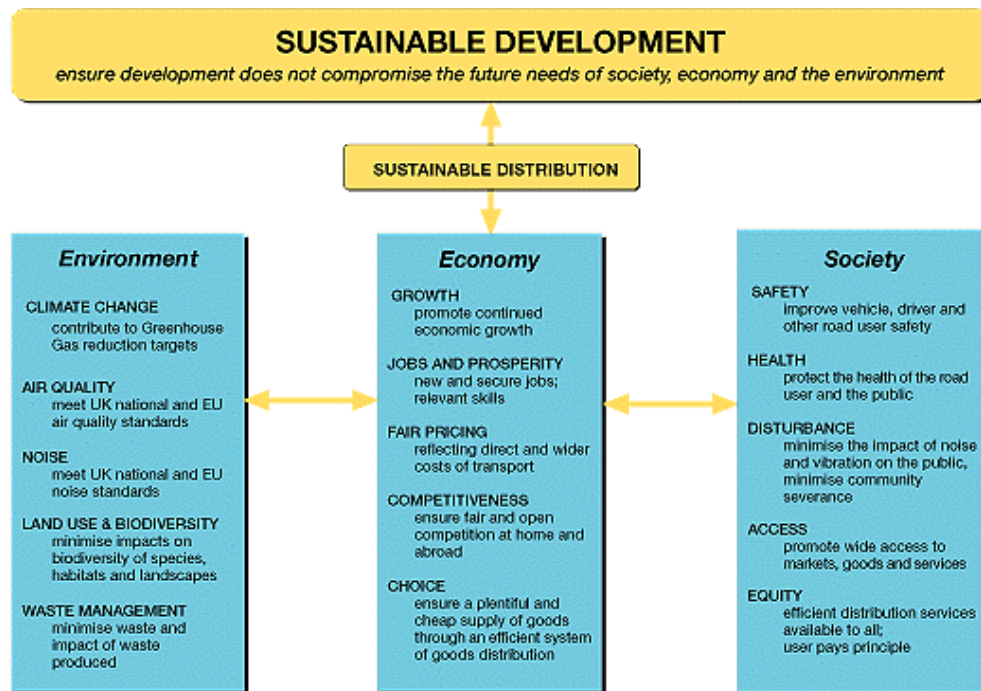
“The principal economic importance of logistics is as a contributor to economic growth” because it extends market reach, and reduces waste in its widest sense.

The logistics concept has led businesses to invest in more distribution and to move consignments over longer distances for several reasons:

- ❖ Increasing scale and specialisation of manufacturing plants
- ❖ Production of more complex, higher value products
- ❖ Wider national and international sourcing and market distribution
- ❖ The strong growth of the service sector of the economy
- ❖ Demands for more frequent deliveries

“**Sustainable**” distribution is concerned with achieving specific interdependent outcomes with respect to (see below):

- ❖ Safeguarding and enhancing our environment
- ❖ Growing our economy
- ❖ Benefiting our society



The Government's strategy for a sustainable system of distribution for the UK, and the key relevance to Maritime NW, are summarised as follows:

- ❖ To promote a "Sustainable Market" by supporting measures for ports proposed by the European Commission³, and adapting guidelines on Trans European Networks (TENs) to include some 300 European ports, giving priority to measures to encourage short-sea shipping and combined transport using rail.
- ❖ To promote integration of the freight transport infrastructure by means of "Strategic Planning". There are many aspects of this relevant to Maritime NW:
 - Through land use planning, encourage more freight to be carried by water; to consider opportunities for new developments which are served by waterways; better protection to sites and routes (both existing and potential) which could be critical in developing infrastructure, such as for water transport.
 - RDAs are named as key regional stakeholders which should ensure that regional transport strategies "consider the scope for promoting the carriage of freight by water", and "provide a strategic steer on the regional role of ports, encouraging beneficial use of surplus capacity".
 - To promote the contribution of our major freight interchanges to national and regional competitiveness, by providing efficient access to and from major interchanges by coastal shipping or waterways where appropriate.
 - Moving more freight by coastal shipping or waterways can help to reduce congestion on the road network. The strategy aims to encourage waterborne traffic where this is practicable and economic. Government estimates that there may be scope to divert up to 3.5% of the UK's road traffic to water, split roughly equally between ships re-routing to ports nearer the origin and destination of their loads, and the potential for bulk and unit loads to shift to 'coastal highways'.
 - In some cases ports have scope for further development as integrated distribution hubs, enhancing the basic intermodal transfer activities with storage, processing and manufacturing facilities on the same site.

It is interesting to note the responses from public consultation relevant to ports. Ports were seen as of high strategic value to the UK, with a major part to play as intermodal freight transfer points. Some also thought that shipping services should be further developed on inland waterway and coastal routes as well as mainland Europe, and that the potential of roll-on-roll-off freight terminals should be examined.

Over the medium term, the success of improving sustainability in distribution will be measured through the freight transport intensity of economic growth. If this is reducing, the objective is being achieved.

³ The measures proposed by the Commission would improve transparency in port accounting practices, particularly with respect to public subsidies. Secondly the Commission has proposed developing a framework which, over time, would promote a high degree of cost recovery in port charges, a principle which would extend to the costs of coastal navigation aids. The Commission has also suggested that a regulatory framework could be developed to encourage liberalisation of the market for port services.

8.4 Regional Strategy for Freight

With respect to freight transport in general, there is a cascade of regional, sub-regional and local transport related strategies and priorities that define the priorities on ports and freight transport.

Regional Planning Guidance (RPG) provides a framework for local authority land-use plans and local transport plans up to 2021. This is currently being updated. The transport component of RPG is called the Regional Transport Strategy (RTS). The key relevant components of this are:

- ❖ Enhancement of Trans-European Networks (TENs).
- ❖ Effective multi-modal solutions to the conveyance of goods, people and services, especially at major hubs.
- ❖ Effectively planned and significantly more efficient transport interchanges.

The updated RTS will be informed by the North West Regional Freight Strategy, which is currently at public consultation stage. This is particularly relevant in its proposed action plans for ports and waterways, but also for highways, rail, and sustainable distribution.

NWDA reinforces the RTS in its identification of the North West's Strategic Transport Priorities.

9 Sector Analyses and Strategies

9.1 Introduction

The overall **mission** for Maritime NW is to:

**Maximise the contribution of maritime to
the competitive advantage of the NW**

The strategies that will contribute to this are detailed in the following sections.

This section presents the key objectives and actions proposed structured primarily by sector within Maritime NW. The exception is the Mersey Maritime initiative, which is geographically based and of course cuts across several sectors.

9.2 Infrastructure for Sustainable Distribution

9.2.1 Overview

The infrastructure for sustainable distribution of freight primarily concerns:

- ❖ Ports
- ❖ Roads
- ❖ Railways
- ❖ Waterways

Maritime NW ports accounted for 8.2% of total foreign and domestic traffic shipped through ports in England, Wales and Scotland in 2001. The share of these ports has remained consistently between 8-9% over the last ten years.

Figure 9.1 shows total port traffic over the last 20 years. During this period traffic in Great Britain has increased by 34% or an average of 1.5% per annum. The performance of the NW ports has been better than average at 44% growth or 1.8% per annum. Total port traffic declined by 1.2% in 2001, but foot and mouth disease and the effects of September 11th may have affected volumes.

Total port traffic conceals trends in the industry because some traffic such as bulks have been in broad decline, whereas strong growth in unitised traffic (containers and ro-ro) has been evident. Over the ten years of the 1990s, UK shipping and ports services experienced 55% growth in containerised traffic and 44% in lorry or unaccompanied trailer traffic, while bulk traffic rose by only 7%.

Figure 9.2 provides an illustration of growth in this traffic at Mersey Docks' ports. The dip in containers in 2001 was against the trend, and the ports are currently experiencing strong growth in containers resulting from new patronage from several of the world's major shipping lines which previously did not call at the port.

| Figure 9.2 – Containers and Ro-Ro volumes at Mersey Docks' ports | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| | 1994 | 1997 | 1998 | 1999 | 2000 | 2001 |
| Containers (000 TEU) | 367 | 460 | 487 | 515 | 540 | 524 |
| Ro-ro (000 units) | | 278 | 322 | 426 | 497 | 533 |

This picture of average growth in unitised port volumes rising much faster than economic growth is a result of our increasing propensity to trade, and the impact of distribution and logistics practices as discussed in Section 7.3. The result has been increasing traffic on roads. This is highly likely to lead to unsustainable levels of congestion and environmental impact in the medium to long term.

Figure 9.1 - Foreign and domestic port traffic 1980-2001 (000 tonnes)

| | 1980 | 1985 | 1990 | 1995 | 2000 | 2001 | Annual growth 1980-2000 (%) |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------------------|
| Thames /Kent | 79,962 | 75,294 | 90,050 | 84,498 | 82,970 | 86,986 | 0.2% |
| Sussex/ Hampshire | 30,132 | 32,576 | 37,137 | 40,867 | 42,653 | 43,938 | 1.8% |
| West Country | 6,965 | 7,232 | 7,690 | 7,316 | 6,722 | 7,231 | -0.2% |
| Bristol Channel | 20,370 | 23,888 | 27,291 | 28,863 | 29,699 | 28,076 | 1.9% |
| W & N Wales | 48,478 | 42,863 | 35,048 | 36,292 | 38,719 | 38,393 | -1.1% |
| Lancs/ Cumbria | 31,317 | 25,600 | 36,511 | 44,195 | 45,004 | 44,963 | 1.8% |
| Scotland | 91,435 | 128,746 | 97,576 | 126,847 | 130,512 | 123,820 | 1.8% |
| North East | 52,142 | 43,485 | 51,848 | 53,362 | 56,422 | 55,739 | 0.4% |
| Humber | 34,342 | 46,033 | 59,684 | 69,000 | 77,711 | 78,489 | 4.2% |
| Wash & E Anglia | 4,021 | 5,729 | 6,776 | 5,271 | 4,452 | 3,500 | 0.5% |
| Haven | 12,851 | 17,979 | 25,683 | 31,374 | 36,751 | 34,063 | 5.4% |
| All Great Britain | 412,015 | 449,425 | 475,294 | 527,885 | 551,615 | 545,198 | |
| N Ireland | 12,065 | 13,481 | 16,673 | 20,345 | 21,434 | 21,167 | |
| All UK | 424,080 | 462,906 | 491,967 | 548,230 | 573,049 | 566,365 | |

9.2.2 Future of Infrastructure for Sustainable Distribution

The future of this will be determined by a complex conundrum of shifting priorities:

- ❖ Road congestion on distributive networks from southern ports, combined with regulatory changes such as restrictions on drivers' hours, and in time road pricing, are contributing to a sea change in the routing of UK freight. Shipping lines are shipping into northern ports to reduce inland transport distances to northern markets.
- ❖ Policy is strongly in favour of transfer of freight carriage to rail and water – including waterways, short sea and coastal shipping. Backed by the Freight Facilities Grant, this has resulted in actual transfers and more are likely. This grant is currently available for water but not for rail.

These imply the need for less port development in the south, but decreasing port capacity margins in the north. However:

- ❖ Environmental pressures and development costs mean that it is not easy for port capacity in the north to increase. The maxim is first to maximise the efficient use of **all** the port infrastructure we have, and then to develop new.
- ❖ These factors are resulting in increased importance in the role of “small” ports for sustainable distribution. But this in turn puts greater pressure on local road networks in port towns, and trunk road connections to key infrastructure (such as the M6).
- ❖ In time, expansion in port capacity will be needed, and this will be placed in the most sustainable locations, considering the needs of trucks and rail wagons as well as ships. We need to know where these are.

Thus the sustainable distribution conundrum is integrating into one problem – how to optimise regional infrastructure for efficient distribution of trade?

- ❖ In the past and currently, the approach to this conundrum is generally that the port is there – we must fix the road (and more recently rail) connections.
- ❖ In the medium term, the approach will increasingly be focused on utilising the potential of ports with spare capacity if they have good road and rail connections.
- ❖ In the long term, the approach to developing port capacity will be to provide this in locations that have good road and rail connections (or sustainable potential connections).

This kind of strategic thinking has been central to port development in most countries for some time, and is gaining credence in the UK.

9.2.3 Infrastructure for Sustainable Distribution in the North West

The previous sections detail the very considerable port infrastructure located in Maritime NW. The analysis of the strengths and weaknesses of all these ports show that the conundrum described above fits the current situation in the NW extremely well.

What does this have to do with NWDA? “Modern Ports” notes that RDAs should advise regional planning bodies which ports have or expect pressure on capacity, and identify others where there may be surplus capacity. “Sustainable Distribution” notes that RDAs should ensure that regional transport strategies consider the scope for promoting the carriage of freight by water, and provide a strategic steer on the regional role of ports, encouraging beneficial use of surplus capacity. Thus NWDA has a significant role to play.

The NW is fortunate to have the UK’s two largest port companies - ABP and Mersey Docks - as partners in Maritime NW. Both of these companies have the financial potential to make the significant investments that are required to meet the challenges ahead.

They are significant PLCs, and whilst such companies are increasingly concerned with reporting their contribution to sustainability (so-called triple bottom line reporting), their main duty is to their shareholders. Thus ABP and Mersey Docks are financially driven, and the large investments for new terminals often offer returns that are barely suited to their financial objectives.

Whilst Government argues that the *financial* imperative prevents wasteful investment, it is also true to say that complete lack of consideration of *economic* costs and benefits results in overall public disbenefit on occasions, due to lack of or deferred investment. Importantly, this also affects our ability to plan for investment – *we know we cannot finance it now, therefore we will not think about it*. It is important for Maritime NW to break out of this mindset.

9.2.4 Strategy for Infrastructure for Sustainable Distribution

The **objective** is to: Promote and optimise the role of water-based sustainable distribution in the NW.

This proposes that NWDA should take ownership in strategic terms of pursuing this objective. The key **actions** required are:

1. **Development of a vision and framework for sustainable distribution.** This must optimise the use of all infrastructure resources in the medium term, and safeguard and promote development of new infrastructure in the most sustainable locations. The vision should answer questions such as:

- ❖ Ports: What facilities will be needed – container terminals twice the size, three times the size, or none at all? How and where will facilities be developed over the next 10, 20 and 30 years - will they be in existing or new locations?
- ❖ Road / Rail / Canal / Coastal: What local road and rail connections are needed in the long term given the anticipated growth in both freight and passenger traffic? How and where can such needs best be accommodated, and what implications does this have for port facilities? What impact may coastal and canal transport have? How will changing transport economics affect this?
- ❖ Intermodal / Logistics Terminals: What strategic sites are needed for maritime multi-modal terminals / regional distribution centres etc - where are the sites likely to be available and what implications does this have for the focus of road / rail / port development?

2. **Promote transfer of freight from road to water-based distribution by:**

- ❖ Detailed research of key freight flows generated by industries in the NW.
- ❖ Developing expertise in freight transfer mechanisms, reinforcing these where appropriate.
- ❖ Networking with small ports to achieve maximum transfer of this knowledge and expertise.

3. **Monitor developments and facilitate implementation of the framework for sustainable distribution.**

- ❖ The strategy should provide an overarching framework for the key providers in the rail industry (Strategic Rail Authority, Network Rail, EWS, Freight Liner) and the road industry (Highways Agency, Local Authorities), and multi-sector bodies (e.g. North West Regional Assembly, North West Development Agency, sub-regional transport authorities). The public sector should therefore be able to facilitate the optimum contribution of Maritime NW to sustainable distribution.
- ❖ It should also provide private sector developers with the links and co-ordination they need into public sector provision to better plan their developments in the knowledge that everyone is “paddling in the same direction”.

9.3 Marine Engineering

9.3.1 Overview

In order of increasing value, the main activities within marine engineering in Maritime NW are:

- ❖ Ship-repair
- ❖ Ship conversion
- ❖ Shipbuilding

Shipyards are also often used for fabrication of offshore structures related to energy extraction. This is discussed in the Section 8.4.

Four categories of work are available in the **ship-repair** sub-sector

- ❖ Voyage repairs
- ❖ Routine repairs / docking
- ❖ Major repair (refits and special surveys)
- ❖ Damage repairs

Voyage repairs are small-scale works that cannot wait until a scheduled docking. The work can be carried out on voyage (e.g. ferries), in port during loading and unloading - or at a ship-repair quay in the terminal port, and is often small scale and low value. It can be carried out by small specialist companies with low overheads.

Routine docking is scheduled so as not to disrupt trading. The main objective is generally to maintain the underwater coating of the hull, so the repairs are scheduled at approximately thirty-month intervals. Typical operations are hull cleaning and blasting, hull painting, inspection of tailshaft, rudder and underwater fittings.

While the ship is in dock, other routine and non-urgent work can be undertaken. This includes machinery maintenance, work on deck equipment and on accommodation (on ferries this may be an extensive annual requirement).

Major repairs are usually necessary for older ships. In particular a ship requires a special survey at five-year intervals. This includes mandatory docking. Extensive work may be required to reach classification society standards before further operation is permitted.

For example, there may be considerable renewal of steelwork to replace corroded structure. Other requirements may be the application of new regulations such as on Ro-Ro ferries, retrofitting vehicle deck flood control barriers and modifying vehicle doors - or the fitting of side sponsons to improve stability.

Damage repairs are unpredictable. They typically result from a ship fire, grounding, or minor collisions e.g. when berthing. They are usually undertaken in the nearest shipyard with suitable facilities to where the damage occurred.

The **ship conversion** market is more “open” than ship-repair and simpler to enter than ship construction.

When ships are sold, they often change their trade or operating patterns. Significant conversion work may be required to fit the ship for its new role. Examples include:

- ❖ Conversion of tankers to FPSOs (Floating Production & Storage Offshore)
- ❖ Lengthening of ships to increase cargo capacity
- ❖ Conversion of a freight Ro-Ro for passenger traffic
- ❖ Converting a bulk carrier to carry LPG

The market for conversions is often opportunistic, with an owner seeking to exploit a market opportunity quickly by converting an existing ship rather than building a new one. It depends also on another owner being willing to sell a suitable ship. Success in this market depends to a large extent on personal contacts.

The scope in the **shipbuilding** sector in the UK is limited to niche activity. In broad terms, basic ships are commodities that can be constructed most competitively in countries that have low cost factors of production (e.g. China). Furthermore, in recent years international demand can be described as soft against growing capacity.

Naval shipbuilding is a niche that accounts for much of the UK's activity. Up until now, British naval vessels have been constructed in UK yards.

Fast ferries have been proposed as a niche area for UK shipbuilding. Labour costs and potential performance versus Far East and Southern European competitors are also an issue here.

9.3.2 Future in Marine Engineering

The **ship-repair** market is relatively volatile and demonstrates short cycles, although these are not readily predictable. There is an ageing fleet, despite recent large-scale shipbuilding. Scrapping activity for old ships remains at a lower level than straight replacement requires.

The typical ship is docked at intervals of about 30 months, and requires a special survey every five years (marine equivalent of an MOT), which examines the structure in particular. Timing in ship-repair is flexible. Therefore owners will continue trading the ship if freight rates are good. As an example, when demand for offshore support vessels is high, the east Coast shipyards that specialise in their maintenance report a downturn.

The ageing fleet structure is creating additional repair demand. On the other hand, the moves being made by shipowners towards continuous surveys during trading, rather than in dock, and the improvement in the life of underwater coatings combined with a reduction in the need to inspect underwater fittings so frequently, is part of a drive to increase docking intervals.

The **ship conversion** market is buoyant in a number of sectors. Recently over 100 FPSOs have been converted from bulk carriers or tankers. A range of other conversions are carried out each year. A significant number of additional FPSO conversions are expected.

The markets for conversion are very fragmented, so that each conversion is a specific solution to a particular shipowner / operator problem. In general it is seeking to get a “new” ship to market quickly to exploit an opportunity, and the owner may only contact a few or even one favoured shipyard.

As in many cases in the marine industry, personal contacts and knowledge count for a great deal. The overall market picture is important, but the success or failure of a shipyard largely depends on its relations with a small number of key customers, who will be loyal while they receive dependable and usually low priced service.

In **shipbuilding** the imminent dangers of overcapacity in container shipping, cruise ships, fast ferries and some other smaller sectors point to a reduction in orders. There is current evidence that this is occurring. Some cancellations of existing orders is possible.

Niche regional and local demands for ships are still possibly exploitable. Niche markets exist where owners are unlikely to seek builders in the global market. On the other hand these are often for small ships – tugs, local ferries, fishing vessels, service vessels, etc, which would only provide a modest turnover.

The UK Government has a significant programme for naval vessel construction. This includes construction of two large aircraft carriers, submarines, Type 45 Destroyers, the “Future Surface Combatant”, and various other support vessels. In international defence terms, the UK punches well above its economic weight, and given the current situation and recent geopolitical developments, there seems little reason to doubt that naval shipbuilding will continue long term.

Yards in various locations around the UK participate in this market – Barrow, The Clyde, Rosyth, Portsmouth, Devonport, and others. Barrow is the only yard with the ability to build nuclear submarines.

9.3.3 Marine Engineering in the NW

In **ship-repair** and **ship conversion**, most of the facilities are located in Birkenhead. Two companies (A&P Group and Northwestern Shiprepairers) undertake substantial ship-repair business and occasional conversion contracts. There are also some facilities in Liverpool docks and the Manchester Ship Canal.

A market for ship-repair exists in most (if not all) large ports – and Mersey Maritime is a large port complex. In effect, any competent ship-repair business can obtain this work since ships will not have to suffer diversion costs to other ports. For routine repair work, Birkenhead yards must still compete with facilities located at other ports that the vessels are trading to. The sustainability of this activity is related to the overall strength of the Merseyside Maritime Cluster, and the continued use of shipping in the wider Irish Sea region.

For ship conversion, which is higher value, NW yards can compete more regionally, particularly with NW European yards that have higher cost structures (but also possibly better productivity). The location is convenient for conversion, since for any ship arriving from the Atlantic or operating on the Irish Sea, there is little diversion cost compared to other European or even UK East Coast yards.

Following the recent re-opening of former Cammell Laird facilities by A&P, Merseyside yards are short of labour. Labour has been brought in from elsewhere in the UK to undertake activities such as welding and ship scaffolding. In particular, A&P's business model is based upon subcontracting through the supply chain, and there is a shortage of management and expertise to lead such firms.

In **shipbuilding**, Barrow hosts a major yard engaged in construction of naval vessels. Its experience in building submarines means that it has national significance.

Owned by BAE Systems, the yard presents a significant strategic challenge to NW regional stakeholders:

- ❖ It dominates employment in Barrow, with about 3,100 jobs recently reduced from some 3,800, and this reduced from much higher levels. There are concerns over whether the current level of employment will be maintained.
- ❖ In addition to direct employees, the yard employs about 100 sub-contracting firms, and their future is linked in part to the success of the yard.
- ❖ The yard is owned by a very large multinational company that also owns two naval shipyards on the Clyde. It claims to operate these and the Barrow yard as “one shipyard, three locations”, and this has resulted in the closure of some activities at Barrow (e.g. joinery workshop).

- ❖ BAE is a defence contractor, and it is not clear to what extent it has expertise or management time and capacity to really focus the potential of the Barrow yard on other markets.
- ❖ The yard has only one customer – the Ministry of Defence, and its future in its current activity depends critically on the future naval shipbuilding programme.
- ❖ From a NW regional perspective, the Barrow yard is a monopoly supplying a monopsony. The scale of BAE Systems, and the fact that its Barrow orderbook rests purely on the political decisions of the UK Government, makes BAE very difficult to influence or engage from a regional platform.

There remains an open question whether the NW location on the Irish Sea means that it may possibly obtain a hold in construction of fast ferries.

9.3.4 Strategy for Marine Engineering

The strategy for marine engineering should carry forward three **objectives**:

1. Support for ship-repair and ship conversion on Merseyside, particularly with respect to key skills within the supply chain.
2. Support with respect to the BAE shipyard in Barrow.
3. Linking marine Engineering in Merseyside and Barrow, to enable the significant skills in the Barrow labour pool to be utilised where the market demands them in Merseyside.

The associated **actions** with these objectives are:

1. The marine engineering sector on Merseyside is a significant participant in the Mersey Maritime partnership. Continued support for Mersey Maritime will therefore support this sub-sector's needs.
2. The unique position of the Barrow yard, in terms of its owner and its owner's customer, mean that support will only be effective if effective political pressure is brought to bear on both these parties. The Barrow Task Force is the key forum for this. Barrow Task Force should continue to receive maximum support.
3. A new action is needed to connect the marine engineering supply chains and capabilities in Barrow and Merseyside. The skills pools in both locations, and the different expertise of the Leader firms, have the potential to make marine engineering more competitive. A regional Marine Engineering Partnership should be formed, and this group should develop its own terms of reference.

9.4 Offshore Oil and Gas and Renewable Energy

9.4.1 Overview

The term offshore traditionally refers to **oil and gas**. Exploration and development of UK oil and gas reserves reached a peak in the 1980s. Since then there have been few significant finds and work has focussed on exploiting known fields. Oil production has been in decline for several years, and gas production is forecast to decline from its peak in 2000. It is estimated that the UK will be a net importer of gas by 2006 and of oil by 2010.

The UK's gas and oil production is almost exclusively offshore, with most reserves located in the North Sea. With most gas and oil-prone areas in and around the UK fully explored, no major new finds are expected. The main exception is the West Shetland area where indications are that there may be substantial undiscovered reserves.

During the last ten years, gas use in power generation has expanded rapidly as a result of the liberalisation of the sector and removal of restrictions on using gas in power. At the same time coal-fired generation has declined as subsidies have been removed, and oil use has also fallen, as it cannot compete with gas on price. DTI has recently published plans for the closure of nuclear plants, and no new ones are expected to be built.

Renewable energy, which can be generated from wind power, wave, tidal, solar photovoltaic, hydro, geothermal and biomass, will play a vital role in future energy supply. The first renewable energy wind farm, at Blyth in Northumberland, was commissioned in December 2000. In 2002, the renewables sector accounted for 1.5% of UK electricity supply (excluding large hydro and mixed waste incineration).

9.4.2 Future in Offshore Energy

Future power generation will be heavily dependent on gas and renewables. According to the Government's Energy White Paper (*'Our energy future – creating a low carbon economy'*, February 2003) there are three major challenges facing the UK in the energy sector:

- ❖ Environmental – climate change and the need to reduce carbon dioxide emissions.
- ❖ The decline of the UK's indigenous energy supplies (oil, gas, nuclear and coal).
- ❖ The need to update much of the UK's energy infrastructure over the next two decades.

The wind power resource around the UK is vast, and offshore wind has the potential to make a significant contribution to energy supply. A CEEGB study estimated it could generate 230 TWh per annum, which at the time was roughly equal to total UK electricity supply. In addition, UK experience in offshore engineering gives an advantage in developing offshore wind farms.

The key targets set by the Government are:

- ❖ Renewables to supply 10% of UK electricity by 2010, as long as the cost to consumers is acceptable.
- ❖ Aspire to supply 20% from renewables in 2020.
- ❖ 60% reduction in carbon emissions by 2050, requiring a minimum of 30-40% of electricity generation from renewable sources.

The 2010 target is challenging, but industry experts predict that it could be met by 2012 if there are no further changes in the power supply sector - where the effects of the introduction of competition on supply and prices is still being felt.

To meet the 10% target the UK will need to install 10,000MW of renewables capacity by 2010, which means over 1,250MW annually. This is a substantial increase as the UK currently has only 1200MW of renewables capacity in total, excluding large hydro. To stimulate the growth in renewable energy, in April 2002 the Government introduced the Renewables Obligation, which requires suppliers in England and Wales to obtain an increasing proportion of electricity from renewables year on year. They also exempted renewable energy from the Climate Change Levy. The Government estimates that by 2010, these measures will provide the renewables sector with support worth around £1billion per annum.

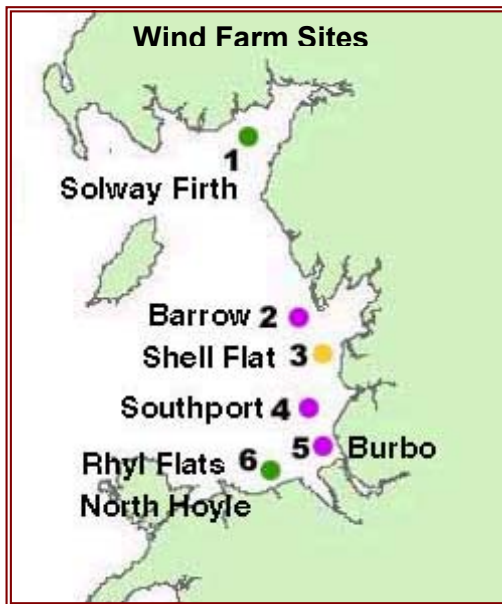
9.4.3 Offshore Energy in the NW

The following presents a summary of offshore **oil and gas** fields being exploited in the Irish Sea off the NW coast:

- ❖ Liverpool Bay oil and gas fields: developed by BHP Petroleum. Oil is processed, blended and sent by pipeline to an offshore storage installation before being loaded onto tankers for export worldwide. Gas is part-processed and then sent by pipeline to BHP's gas terminal in North Wales. The fields have an expected life of at least 20 years.
- ❖ Morecambe Bay gas field: operated by Hydrocarbon Resources Ltd (HRL). The South Morecambe field began production in 1985 and North Morecambe in 1994 and together they supply 15% of the UK's peak gas demand. Gas is transported by pipeline to Barrow where it is processed.
- ❖ Millom and Dalton gas fields, off Barrow: owned by Burlington Resources and operated by HRL. They came on on-stream in 1999 and have an expected lifespan of 20 years. The gas is processed in Barrow.

- ❖ Rivers Fields gas fields, East Irish Sea: also being developed by Burlington Resources. The fields are expected to come on stream in early 2004 and will flow to Barrow where a compressor station and sour gas treatment plant are being built.

There are 13 potential **renewable energy** wind farm sites around England and Wales, and of these 7 are in the Irish Sea (see below). There are three offshore wind projects in the Irish Sea that are in the planning process:



- ❖ Robin Rigg in Solway – an application for 60 turbines (180MW) is before the Scottish Executive. Installation is planned for 2004, subject to consents.
- ❖ Walney off Barrow – 30 turbines (108MW) is awaiting DTI approval and installation is planned for 2004, subject to consents.
- ❖ Shell Flats off Fleetwood – 90 turbines. This project has been delayed because of problems concerning radar interference for the MoD's Eurofighter programme and wildlife concerns. Installation is planned for 2005 pending consents and resolution of MoD issues.

A fourth project is close to legal sign-off: the west of Walney, Barrow – combination gas / wind power. Electricity would be generated from the known (sub-commercial) gas reserves and an adjacent wind farm. As the gas reserves are depleted, more wind turbines will be added until 200MW capacity is reached. Production is planned for mid 2005.

In its consultation document "Future Offshore" issued in November 2002, the DTI identified the Irish Sea as an area for further development of deeper water offshore wind power generation projects. Developers will be invited to submit proposals for wind farms in these areas later in 2003.

The challenges raised in the changing structure of the UK's energy supply have interesting implications for Maritime NW.

The decline in indigenous hydrocarbon supplies will have an impact on those companies operating and servicing the oil and gas fields in the Irish Sea. The energy providers will determine the demand for services in the NW through their exploration and production decisions. It is anticipated that gas will continue to be extracted for the next 20 years, and a new gas processing terminal is being constructed in Barrow.

The need to reduce emissions raises the importance of renewable energy - particularly wind farms. The Government's policy to promote renewable energy will give an impetus to the development of these in the Irish Sea. This raises the prospect of three possible markets for Maritime NW:

- ❖ **Servicing wind farms when they are operational:** The main criteria in attracting this activity is proximity to the facility. This is an ongoing requirement but has low economic impact.
- ❖ **Assembly of windfarm components for shipping to location:** This is a one-off activity that will create short term peaks of employment. It relies on being close to wind farm location, but also having the appropriate port infrastructure.
- ❖ **Manufacture of components such as masts and turbines:** This is potentially a long lasting business with high economic impact. There are questions on whether the scale of demand would be sufficient to create economic viability, however, the Government's targets heavily imply spectacular development of wind farms. Barrow for example would be well placed to develop this capacity:
 - The experience gained in servicing offshore oil and gas can be transferred to the servicing of wind farms.
 - There is a pool of skilled technicians locally due to the BAE naval shipyard.

9.4.4 Strategy for Offshore Energy

The **objective** of the strategy is to: **Maximise the role of the NW in manufacture and construction of the wind farms in the regional and wider Irish Sea market.**

Set against the background of a market poised for strong growth, the **core competences** that make this achievable are:

- ❖ The strong potential of current infrastructure for servicing wind farms, but also their fabrication and shipment.
- ❖ The strong pool of skills available for manufacture of wind farm turbines and masts.
- ❖ Plenty of wind.

The **actions** required to achieve this objective are:

1. **Review the feasibility of developing a turbine manufacturing facility in the NW.**⁴
2. **Monitor developments in the renewables sector,** and ensure that the NW supply chain capability is marketed and utilised as much as possible in the future development of wind farms.

⁴ A similar facility costing £9 million has recently been developed by Highland and Islands Enterprise. 40% of this was funded by European funds. The facility has been leased to a manufacturer that has invested about £3 million in equipment.

9.5 Fisheries

9.5.1 Overview

The fisheries sector comprises two main sub-sectors:

- ❖ Fish catching
- ❖ Fish processing and distribution

The UK's fish catching sub sector has recently suffered from reductions in fishing quotas. Due to falling stocks in UK fishing waters, allowable catches were reduced effective from 1 February 2003. The aim of the action was to reduce the total fishing capacity to match current catch opportunities.

Nationally, DEFRA have identified additional resources to support the Fishing sector, amounting the £6.4m nationally for the following activities:

- ❖ £5m to fund voluntary decommissioning of boats.
- ❖ £400K to part-fund (at a grant rate of 40%) newly-compulsory satellite tracking equipment for boats between 15m and 24m in length.
- ❖ A further £1m to be allocated in consultation with the fishing industry, with particular emphasis on funding projects in which fishermen and scientists work in partnership.

RDAs are expected to take the lead within their respective regions for the development of support packages.

The fish processing sub-sector is healthy.

9.5.2 Future Potential in Fisheries

Whilst the catching sub-sector faces immediate contraction, the time will come when quotas can be eased. They will not approach pre quota levels, but the maximum sustainable catch is likely to be well above current levels. Current levels are designed to ensure stocks are replenished to sustainable levels. In strategic terms, the outlook is for expansion of fish catching.

The fish processing sector also offers potential for expansion. There are trends towards increased diversity in the national diet, broadening of species consumed, and consumption of foods with more preparation. This results in a backdrop of growth in fish processing.

9.5.3 Fisheries in the NW

Fisheries employ at least 1,350 in the NW. This estimate is substantially above the number identified in the mapping study, because this also accounts for many people known to be operating as sole traders and in partnerships.

The NW **fish catching** sector has undergone many changes and is considerably reduced compared to what it was. Some 40 to 45 "large" boats (over 10m) are based in the NW (mainly Fleetwood, Whitehaven, Maryport) plus 140 small boats (less than 10m). They also provide work for firms that maintain them etc. Direct employment on these is perhaps 500.

In terms of *financial* value, the majority of fish landed in the NW is at Liverpool / Birkenhead. This comes mainly from Belgian boats that consign their catch direct from the dock to the Continent via Dover etc. The NW extracts little *economic* value from this.

Catching will be affected by cuts in quotas, BUT it is estimated that the fleet will shrink only perhaps 15% to 20%. This is because some will find new species to catch (e.g. prawns etc), and some will obtain alternative employment (part time), e.g. working with the offshore sector. Some will just have reduced income and sit it out until things improve. The short term outlook is reduction of employment by say 100,

Two factors support growth in fish catching in medium term:

- ❖ Quotas can be bought, and several stakeholders are doing this.
- ❖ Fish stocks are regenerating in the Irish Sea, and in time (perhaps 3 to 5 years) we can expect quotas to increase and for the industry to expand to fishing levels around the "maximum sustainable yield".

The majority of employment and value added is with **processing and distribution**. Processing is concentrated on Fleetwood (32 merchants, 600 employees), but there are also businesses near Workington and other locations (perhaps another 100 employees).

These companies are serving demand in the NW regional market. They are partially independent of where the fish are caught. Currently over 70% of their fish is sourced from landings outside the NW. Demand will continue whatever the quota, and fish will be sourced from Iceland, Norway or Faeroes.

The processing sector can grow - there are several entrepreneurial companies (20 to 70 employees) with ideas and opportunities for developing further value added. The key barriers to growth are cost of training staff and knowledge of and access to markets (especially big retailers).

Distribution is carried out by the processing companies themselves, but also "hawker vans" (over 100 source from Fleetwood), and supermarket distribution contractors (say another 150 employees). Total direct employment in this sector is perhaps 850.

9.5.4 Strategy for Fisheries

One **short term objective** should be to: **Safeguard fish catching**

This is important to Maritime NW because:

- ❖ Some of the fish which finds its way to NW processors, but which is landed outside the NW, is landed by NW based boats operating in different parts of the country which then send their catch for auction in Fleetwood.
- ❖ The collapse of catching in the NW would affect processing - there must be synergies in having a local supply base.
- ❖ The existence of fishing boats in harbours strongly enhances their tourism appeal. This is important to the development of both the marine leisure and cruise strategies.
- ❖ It is important that Maritime NW retains capability in catching so that the sub-sector can expand when conditions allow.
- ❖ Fish catching is important to the sustainability of the communities where it takes place. These are already vulnerable due to previous changes in quotas, and some have wards within the 20% most deprived wards in the country.

NWDA's **short term actions** will **focus on existing regeneration activity**. Both Fleetwood and Whitehaven has been the subject of SRB. Whitehaven received substantial capital investment through English Partnerships.

In the medium to long term, however, more can be done. NWDA funded a study by Poseidon, which was completed in October 2002. The study is well regarded for its content, and provides an action plan with the following **medium term objectives**:

- ❖ Improving the investment environment
- ❖ Improving economic benefit from catching and processing
- ❖ Increasing status of the fisheries sector, recruitment and morale
- ❖ Re-building of fish stocks
- ❖ Improving the quality of products
- ❖ Ensuring facilities meet industry needs

Some of these offer scope for effective intervention, and the report offers a basis for this. The **medium term actions** required are:

- ❖ Obtain an update of Poseidon Report to take into account the new quotas, and extend the recommendations into a timebound and detailed action plan for key initiatives.
- ❖ Build a partnership of key stakeholders to consider how the initiatives can best be implemented and who should take the lead.
- ❖ Implement the plan.

9.6 Marine Leisure

9.6.1 Overview

The marine leisure industry includes activities in the provision of specialist products and services to marine leisure users. These include: new and second-hand leisure craft; engines; insurance and finance; mooring, berthing and storage; boatyard service and repair; chandlery; waterways and sailing holidays; boating equipment including marine electronics, safety equipment and clothing; sailing schools and so on.

According to the British Marine Federation (BMF), the marine leisure industry in the UK has experienced significant growth in recent years:

- ❖ Total industry revenue has grown by an average of 8% per annum between 1996 and 2001, from £1,088m to £1,611m.
- ❖ Employment in the sector increased by 10% in 2001, albeit on a small base with 24,021 employees in 2000 and 26,378 in 2001.
- ❖ Exports, predominantly of recreational craft, services and equipment to the Eurozone, rose from £571m in 2000 to £670m in 2001 – an increase of 17%.

The International Boat Industry (IBI) views the UK market as continuing to do well with order books looking healthy, and manufacturers continuing to invest and develop new models.

9.6.2 Future Potential in Marine Leisure

Recreational boating and watersports are a popular pastime in the UK. In 2002, the BMF estimated that there were two million people in the UK who “went boating”; of these about 500,000 were estimated to be regular participants/ boat owners.

To acquire better market insights, the BMF in conjunction with the Royal Yachting Association and Sunsail Ltd has commissioned annual research into watersports and boating. The first year’s results revealed that 8% of those surveyed had participated in some form of watersport over the last 12 months, representing 4 million people in the UK.

Many of the watersports will have been overseas, in warm waters, although yacht charter in UK coastal waters is also increasing for the more experienced sailors who do not own their own boat.

Sailing holidays: It was estimated that the British took 13.2 million activity holidays (covering all activities, not just marine) in the UK or abroad in 1997. Of these, 2.5m were abroad. Demographic and social trends suggest that the future prospects for activity holidays are good because:

- ❖ The youth market (15-24s) which declined from 8.5m in 1985 to 7.2m in 1997 has now bottomed out – in 2001 it remained at 7.2m - and is expected to grow, this age group indulges in a variety of sports.

- ❖ The “empty nesters” (35-45s with no family or no child under 16 at home) are increasing, and they have the time and the money to undertake activity holidays. The number in this category has increased from 6.5m in 1990 to 7.7m in 1997, and was expected to reach 7.8m in 2001.
- ❖ The proportion of people in socio-economic groups AB and C1 is increasing. The number of ABs is expected to increase from 18% in 1990 to 24% in 2000 and the C1s from 23% to 29% of the population over the same period. People are becoming more affluent and the number of people in the groups that have traditionally become involved in boating is increasing.

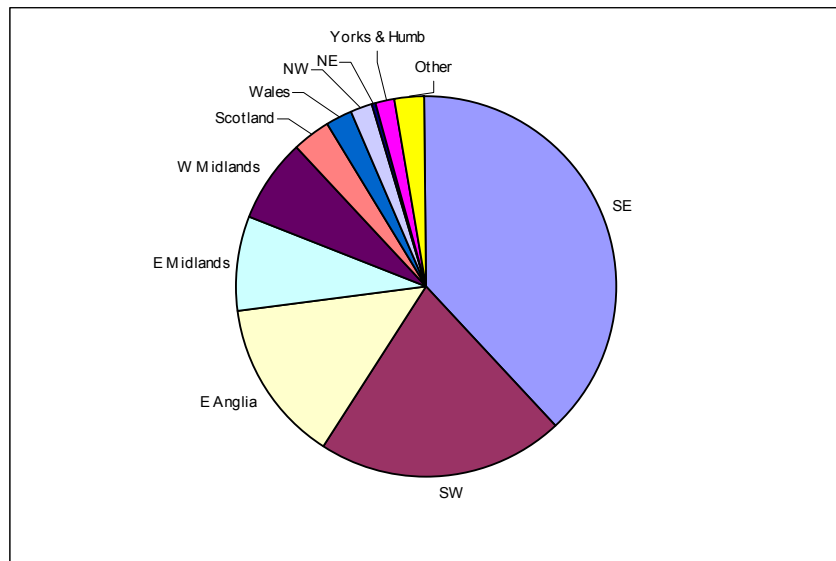
9.6.3 Marine Leisure in the NW

The NW has a nascent but successful marine leisure sector, and marinas in Whitehaven and Maryport have proved popular. There is good scope to increase marina capacity and improve facilities to attract more yachts, for visitors, locals and those from elsewhere in the UK. The sector also includes those involved in boat building, servicing and maintenance as well as activity holidays based on water-sports.

The current situation in the NW is that:

- ❖ The marina at Whitehaven is full the port cannot accommodate visiting yachts.
- ❖ Maryport marina is also essentially full.
- ❖ There is capacity at Fleetwood, but the marina considers its facilities are not up to standard and is looking to improve them.
- ❖ There is some capacity at the private marina Glasson Dock, but boats have very limited access to the sea.

The NW accounts for only a small proportion of income generated by the marine leisure sector (see below).



The geographical focus for marine leisure is likely to remain with the SE and SW England, but there are significant opportunities for the NW to increase its share:

- ❖ Shortage of berths on the south coast – recent marketing by Whitehaven at the Boat Show resulted in a number of enquiries from people unable to get berths in the south.
- ❖ Marina charges are lower than in the south coast marinas: e.g. Whitehaven charges £143 / metre (including VAT) annually for a 10m boat compared to between £170 / metre to over £400 / metre on the south coast.
- ❖ There are about 15 marinas along the east coast of Ireland, 10 on the Welsh coast and 10 on the west coast of Scotland. These provide a pool of potential visiting yachtsmen. The RYA estimates that there are 8,000 yachts in marinas alone in the Irish Sea area.
- ❖ Opportunities in leisure boat building e.g. at Whitehaven where the focus is on individual handcrafted boats.

Although sailing holidays are becoming more popular, there are two issues facing the NW in attracting this market:

- ❖ It would have to compete with Mediterranean holiday destinations where the weather is more reliable and there is a wide range of cultural and historical diversions on offer.
- ❖ The tidal range is so great that insurance would be very high and the boats would have to be skippered.

9.6.4 Strategy for Marine Leisure

The development of a marine leisure sector within Maritime NW is constrained by:

- ❖ Limited marine leisure facilities
- ❖ Lack of presence in the marketplace
- ❖ Limited ability to market a holistic product

There are small scale ideas and proposals to develop new berths, marina facilities and supporting activity. The strategy considers that there is much greater potential for development than is currently realised.

The idea is to create a new marine leisure brand. The development of this would have an important impact on the overall NW tourism offer, providing much needed incentives to drag people further west from the southern Lakes themselves which are degraded by their own popularity in season. It would also provide much needed economic value in West Cumbria.

Marinas can also act as a general attraction for tourists not necessarily participating in sailing or watersports, as they enhance the appearance of coastal ports.

It is important to understand that whilst the costs of developing facilities are largely financial, the potential for clustering of all the businesses which service the marine leisure sector offer economic opportunities, and this creates a strong rationale for public sector intervention.

The **objective** of the strategy is to: **Put the NW on the map as a place and destination for marine leisure.**

Set against the background of a growing market and unfulfilled potential in the NW, the **core competences** that make this achievable are:

- ❖ The strong potential of current infrastructure for marine leisure use, particularly at Barrow, but also for further development at Fleetwood, Whitehaven and Maryport.
- ❖ The clean air and unspoilt image potential for West Cumbria.
- ❖ The pull of the Lake District brand.

The **actions** required to achieve this can be split into two phases:

1 Development

Partnership building: This objective requires the participation of key ports in developing an axis of marine leisure. They compete, but can also co-operate on things that bring them together, e.g. achieving critical mass in the market place. It also requires partnership with key public sector stakeholders involved in the overall tourism offer and regeneration local to the ports.

Development of a marine leisure strategy: This should identify:

- ❖ Potential developments and contributing ports.
- ❖ What infrastructure is needed and where. Critically this should maximise economic impact – the least cost solutions may not do this.
- ❖ A strategic cost benefit analysis, identifying the balance of financial and economic costs and returns, and funding strategy.

These must be progressed concurrently. NWDA can take the lead on developing the marine leisure strategy, bringing the partners on board as it moves this forward.

2 Implementation

Marine leisure facilities development: The funding and development of facilities phased over a number of years, and the associated development that will maximise economic capture of benefits.

Marketing: Packaging and marketing the new NW / Cumbrian marine leisure brand, and integrating the marine leisure offer into other tourism and heritage initiatives.

9.7 Cruise Sector

9.7.1 Overview

Cruises have become increasingly popular over the last ten years, particularly for UK holidaymakers. The number of open sea cruise holidays taken by UK residents increased by an average of 15% per annum between 1990 and 2000 to 754,400 passengers. There are several main reasons for this:

- ❖ Greater choice of cruise holidays on offer in terms of destinations, length of time, type of ship and price. This is largely attributable to the entry of the large tour operators such as Airtours, Thomson and First Choice into the market. As a result, cruises have begun to shed their image as being uninteresting, expensive and aimed at the elderly and retired.
- ❖ Emergence of a market segment of “cash-rich time-poor” consumers who have high disposable income but not enough leisure time to spend it. For them, a cruise is very attractive as they can experience a number of different places, in luxury, in a short period of time.
- ❖ Cruise companies have begun to market to a broad range of consumers including families with young children, and offer special themed holidays such as ballroom dancing, arts, sporting, wildlife conservation cruises and honeymoons. Many people like the all-inclusive nature of a cruise.
- ❖ Cruises are now designed to appeal to a wider age range. The average age of UK residents taking cruises has been slowly falling: in 1994, 83% of cruise passengers were over 45 but this fell to 76% in 1999. Similarly, over the same period, the number of over-55s has fallen from 63% to 51%.

9.7.2 Future Potential in Cruise Sector

The cruise market is dynamic and seems set to grow in the future, in particular for the UK market:

- ❖ Cruise operators are increasing capacity suggesting continued optimism about the future of the market. Between 2000 and 2002, over 50 cruise ships were planned to come into service, a further 26 are planned for 2003 and 12 for 2004-05.
- ❖ Consumer surveys suggest that 80% of the people who have been on a cruise repeat the experience. As the average age of UK residents taking cruises is falling, this should have a positive effect on demand.
- ❖ In 2000, cruises only represented 1.3% of all overseas holidays taken by UK residents, which suggests that there is scope for further growth in this market.

9.7.3 Cruise Sector in the NW

Whilst the focus for the cruise operators is on the Caribbean and the Mediterranean, cruises sailing in UK waters are becoming increasingly popular. There are a number of cruise operators with itineraries incorporating the Irish Sea such as Kristina Cruises, Explorer Cruises, Silversea and Hebridean Island Cruises.

Whether cruise operators who pass through the Irish Sea would choose to stop at Maritime NW ports depends on:

- ❖ The port facilities for safe embarkation of passengers - whilst cruise ships can tender in, it is preferable if they can berth alongside
- ❖ Port fees
- ❖ Attractiveness of the ports of call and amenities available
- ❖ Tour possibilities e.g. local history, natural resources, attractions for the young
- ❖ Transportation
- ❖ The proximity of other ports of call - in competition or to complete an itinerary

In the NW, the current port facilities for cruise ships make it difficult to attract larger vessels. Schedules are at risk from adverse weather conditions when passengers have to be tendered in.

A study has recently been carried out on the 'Development of Cruise Ship Infrastructure in Liverpool' (*L&R Consulting, January 2003*), which made projections that between 67-80 cruise and naval vessels could visit Liverpool annually within five years of infrastructure improvements being made, and depending on sustained marketing activity.

In addition, the Cumbria Tourist Board has launched a feasibility study into the future prospects for cruising and the location of a cruise terminal(s) in Cumbria.

9.7.4 Strategy for Cruise Sector

The development of a cruise sector within Maritime NW is constrained by:

- ❖ The physical infrastructure
- ❖ Lack of a holistic product (an itinerary)
- ❖ Limited ability to market the product

Current proposals for piecemeal development of cruising facilities in Liverpool and Cumbria will result in increased calls, but the Cruise Strategy for Maritime NW should be much more ambitious.

The **objective** of the strategy is to: **Create a new cruise market including the NW.**

Set against the background of a growing market and unfulfilled potential in the UK, the **core competences** that make this achievable are:

- ❖ The potential for Liverpool as a base port. This benefits from a brand name perceived positively outside of the UK, and (critically) easy travel to Manchester Airport, which has flights to many European and world cities, and most US hubs.
- ❖ The appetite of US citizens for their ancestry in the UK and the Republic of Ireland.
- ❖ The potential to develop 7 day and other length itineraries which offer a portfolio of high recognition and strong brand destinations:
 - The Lake District
 - The Scottish Isles
 - All things Irish
 - Themes such as whisky, golf, castles

Trying to develop cruising on the Irish Sea is not a new idea. It has been dubbed the Celtic Circle, although it is not clear that this is the optimum brand, particularly for the US. *What is new is the idea that a new world cruising destination can actually be created on a scale of hundreds of visits per year rather than tens of visits.* In this respect, Maritime NW can learn from other markets (e.g. Alaska), which offer a similar product in many respects.

Cruising in Ketchikan, Alaska



A further critical insight must be the understanding that whilst the costs of developing a new world destination are largely *financial*, many of the returns are *economic*. Investment from the public sector, which is the beneficiary of economic benefits, is needed if the vision and scale are to be achieved.

For example, the operation of an international cruise market at NW ports would have a very strong impact on perceptions of the NW offer, both in the UK and abroad. It would also provide much needed economic value in some of the locations that need this most – for example Liverpool and West Cumbria.

The **actions** required to achieve this can be split into three phases:

1 Development

Partnership building: The objective can only be achieved with very strong partnership with other regions – particularly Highland and Islands Enterprise, but also possibly the Welsh Development Agency, Isle of Man Government, Northern Ireland Office, and the Republic of Ireland Government.

Development of a cruise market strategy: This should identify:

- ❖ Potential itineraries and contributing ports in the short to medium term, and then the longer term.
- ❖ What infrastructure is needed and where. Critically this should maximise economic impact – the least cost solutions may not do this.
- ❖ A strategic cost-benefit analysis, identifying the balance of financial and economic costs and returns, and funding strategy.

These must be progressed concurrently. NWDA can take the lead on developing the cruise market strategy, and this will help to energise partners.

2 Implementation

Cruise terminal development: the funding and development of the initial ports in the itinerary, and the associated development that will maximise economic capture of benefits.

Marketing: packaging and marketing the product to cruise companies, and integrating the cruise sector offer into other tourism and heritage initiatives.

3 Operations

The **ongoing development** of itineraries through further cruise terminal development, and growing market share.

9.8 Mersey Maritime

9.8.1 Overview

Mersey Maritime is an existing initiative that is dealt with last but not least. It recognises the significant cross-sectoral synergies that exist between Merseyside ports.

The initiative is under development by the Mersey Maritime Group, which is in the process of considering a detailed Draft Strategy. There is little merit in repeating this, therefore this section highlights some of the key aspects of the Mersey Maritime cluster before discussing the links between the Mersey Maritime Group and Maritime NW.

9.8.2 Structure of Mersey Maritime

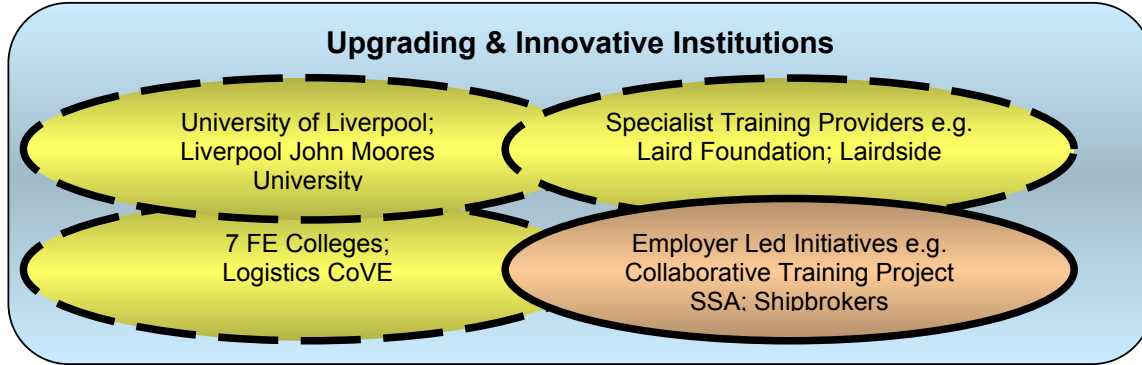
The Mersey Maritime cluster is illustrated in cluster format overleaf. To illustrate how these components are connected:

Many goods manufactured in the North West (**demand base**) are traded through ports in the south. If the **infrastructure** was improved this would increase activities in the **core of the cluster**, opening up greater volumes and potential viability of new **markets**. But companies may not have the skills and experience to break into these without greater targeting by **upgrading and innovative institutions** on their needs.

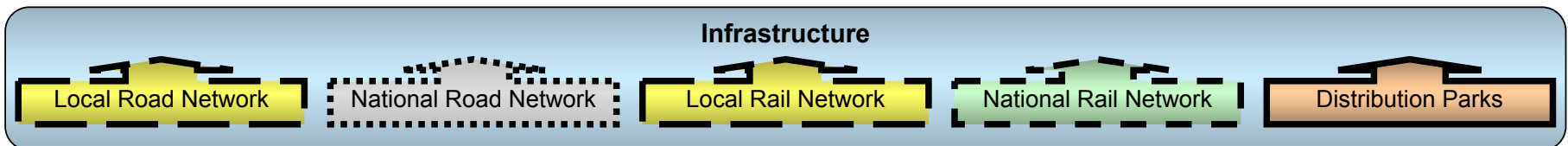
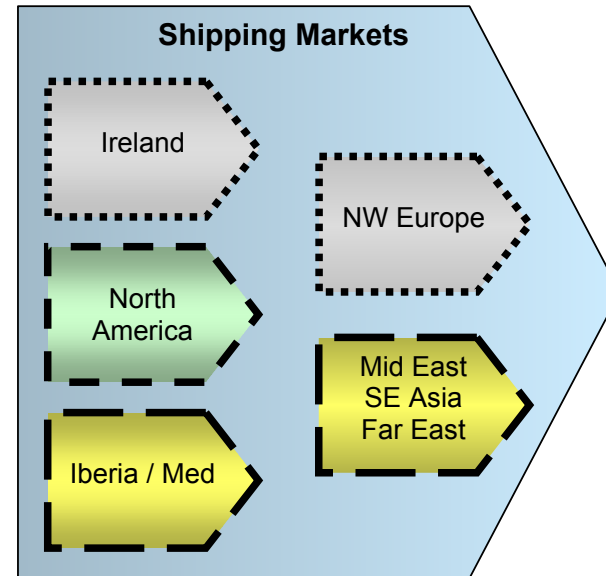
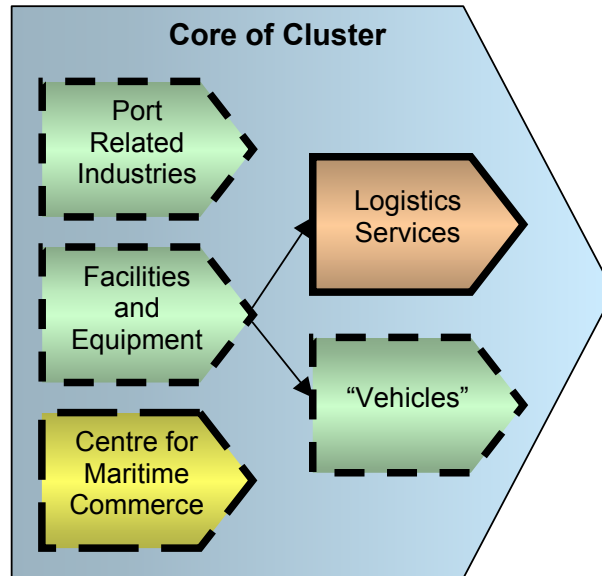
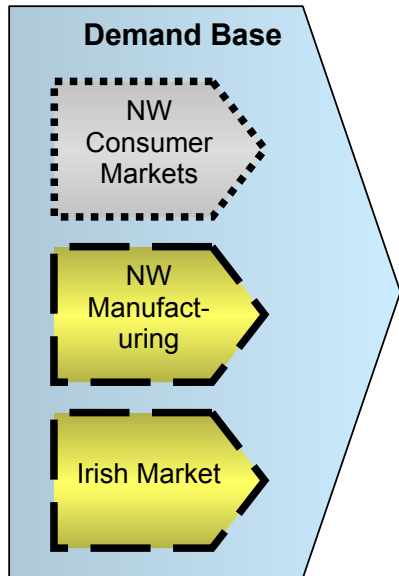
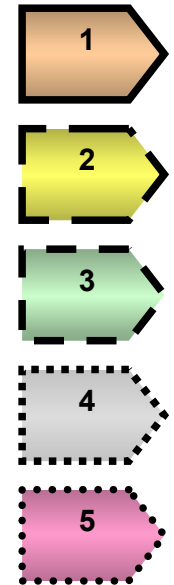
This diagram also shows which elements offer the key opportunities to achieve improvement in cluster competitiveness (1 is high, 5 is low). The key areas for strategic action (1 and 2 score) are:

- ❖ Encouraging the growth of Upgrading and Innovative Institutions and the targeting of their activities towards the clusters needs.
- ❖ Capitalising on the NW manufacturing base, and Mersey Maritime's growing role as a transshipment point for Ireland.
- ❖ Development of easterly markets towards the Far East.
- ❖ Capturing greater value added logistics activity and the development of infrastructure to service this.
- ❖ Improving local road and rail infrastructure.

Mersey Maritime Cluster Opportunity



Future Opportunity



9.8.3 Strategy of Mersey Maritime

The **mission** statement for the Mersey Maritime Group is:

To maintain and grow the Mersey Maritime Cluster of businesses into a world class benchmark centre of excellence for every sector of maritime operations and services.

The Group's **objectives** are:

- ❖ Make Mersey Maritime the UK's most successful maritime cluster.
- ❖ Communicate Mersey Maritime as a modern growth business.
- ❖ Grow tonnage, turnover and profitability.
- ❖ Increase employment numbers.
- ❖ Build up the sub-region as a centre of excellence for logistics.
- ❖ Become the champion of Mersey Maritime businesses on a lobbying platform.
- ❖ Galvanise all cluster companies into a forward-looking entity with highly skilled, motivated and customer focused staff.
- ❖ Make Mersey Maritime the destination for world-class training facilities.
- ❖ Integrate and communicate with all local communities on key issues.
- ❖ Fulfil and enhance environmental duties.

The actions that Mersey Maritime proposes to achieve these objectives are embodied in six strategic themes:

- ❖ Communications (Networking, Marketing, Promotion, Lobbying)
- ❖ Education, Training and Skills
- ❖ Business Support
- ❖ Business Development
- ❖ Infrastructure
- ❖ ICT and E-community

An overview of these in terms of key challenges and objectives is summarised on the following page.

| Strategic Themes for Mersey Maritime | | |
|---|--|---|
| Key Issues | Strategic Themes / Group | Objectives |
| <ul style="list-style-type: none"> ❖ Competition from other ports in UK and Europe ❖ Poor reputation and image of Merseyside ❖ Lack of cohesiveness at cluster level ❖ Insufficient understanding and awareness by the Community of the role and nature of modern Mersey Maritime | 1) Communications (Networking, Marketing, Promotion, Lobbying) | <p>Brand Mersey Maritime with the aim to attract new trade for existing businesses and inward investment</p> <p>Create an alliance of stakeholders committed to a competitive and environmentally aware maritime cluster</p> <p>Ensure that the voice of Mersey Maritime is heard at national and regional levels</p> |
| <ul style="list-style-type: none"> ❖ Outdated perception of employment opportunities in Mersey Maritime Cluster ❖ Shortages of key skills at all levels | 2) Education, Training and Skills | Create a centre of excellence for maritime logistics education, training and skills |
| <ul style="list-style-type: none"> ❖ Need for business support to become more effective | 3) Business Support | Effective and on-demand support for SMEs in Mersey Maritime Cluster |
| <ul style="list-style-type: none"> ❖ Need to grasp potential from value added logistics | 4) Business Development | <p>Develop a long term vision of what the cluster can achieve</p> <p>Make proactive interventions to grow the cluster</p> |
| <ul style="list-style-type: none"> ❖ Inadequacy of road and rail connections to national networks ❖ Limitations of port facilities and threat to their expansion | 5) Infrastructure | Develop an integrated and sustainable freight strategy for transport and land use in the sub-region |
| <ul style="list-style-type: none"> ❖ Need for better communication systems within the cluster, and between the cluster and its markets | 6) ICT and E-community | World class communications to support learning, marketing and networking |

9.8.4 Role of Mersey Maritime within Maritime NW

Mersey Maritime will be one of the key players in Maritime NW. We have considered that it should *become* Maritime NW, however, this is likely to detract from one of its defining characteristics, which is the tight clustering of interdependent sectors within a relatively small sub-regional location.

Thus it does not make sense to propose Mersey Maritime as a lead body for Fleetwood fisheries, or Barrow shipyard, Maryport or Whitehaven. These operate in separate and geographically remote markets.

In other instances, such as the infrastructure theme, Mersey Maritime's focus is on specific improvements sought in the short to medium term. Thus the strategic view for the region sits better with Maritime NW, although Mersey Maritime should be a key contributor.

Communications, Business Support, Business Development and ICT and E-community themes are specific to conditions on Merseyside. There is perhaps some crossover potential for the E-community.

The key strategic theme that should be rolled out onto a regional basis is Education, Training and Skills. The proposal for the Liverpool Maritime Institute offers potential for significant upgrading of skills on a regional basis. We note that the proposal foresees partnership also between provision by existing providers in Merseyside and Fleetwood. From a regional perspective, this is clearly a sensible course of action.

From NWDA's perspective, the key action is to **continue to support Mersey Maritime**, and to where appropriate to **maximise potential for contribution on a regional basis**.

10 Implementing the Strategy

10.1 Introduction

This section discusses factors relevant to NWDA's consideration of whether to and how to move the strategy forward. It covers:

- ❖ Strategic fit or contribution to NWDA objectives
- ❖ Options for Implementation
- ❖ Next Steps

10.2 Contribution to NWDA Objectives

NWDA sets out its high level objectives in the Regional Economic Strategy, and this is intended to support and achieve outputs and outcomes that are broadly common to all RDAs.

Most of the strategy for maritime NW is geared towards growing business. Some of the strategy could better be described as safeguarding business (naval shipbuilding in Barrow and fish catching in the short term). Some of it is geared towards sustainable distribution, which has environmental, economic and social factors at its core.

Figure 10.1 illustrates how the strategy maps onto relevant Tier 2 Outcomes and Tier 3 Outputs, and its contribution to the effectiveness of NWDA.

| Figure 10.1 – Key Outputs / Outcomes | Sustainable Distribution | Maritime Commerce | Marine Engineering | Offshore | Fisheries | Marine Leisure | Cruise |
|---|---------------------------------|-----------------------------|-------------------------------|-------------------------|---------------------------------|-------------------------------|-------------------------------|
| Tier 3 | | | | | | | |
| Jobs created / safeguarded | | Created | Safeguarded and created | Created | Safeguarded and created | Created | Created |
| New business created / attracted | Yes in value added logistics | Yes relocating to Liverpool | Yes in supply chain | Yes | Yes in fish processing | Yes | Yes in tourism and retail |
| Tier 2 | | | | | | | |
| 1. Sustainable Economic Performance | Sustainability is core | Yes | Yes | Yes | Yes | Yes | Yes |
| 2. Regeneration | | Yes in Liverpool | Yes in Barrow | Yes in Barrow | Yes in Fleetwood & West Cumbria | Yes in West Cumbria | Yes in West Cumbria |
| 4. Rural | Yes in West Cumbria | | Yes in Barrow | Yes in Barrow | Yes in West Cumbria | Yes in West Cumbria | Yes in West Cumbria |
| 8. Productivity | Yes high value activity | Yes high value activity | Yes high value activity | Yes high value activity | Yes high value activity | Yes high value activity | Yes high value activity |
| 9. Enterprise | Opportunities for small firms | | Opportunities for small firms | | Very conducive to small firms | Very conducive to small firms | Opportunities for small firms |
| 10. Investment potential | Good | Good | Some | Good | Some | Good | Strong |

10.3 Implementation

A recipe or paradigm is needed for Maritime NW, and implementation of the strategy. It can be seen from this document that maritime cuts across many of the traditional sectoral briefs that one would typically find in many organisations:

- ❖ Transport and infrastructure
- ❖ Engineering
- ❖ Energy
- ❖ Tourism
- ❖ Leisure

Some would argue that the cruise sector is almost a unique industry in its own right.

Implementation of the strategy requires a balanced decision to be made on an appropriate delivery mechanism. The mechanism needs to be appropriate to the characteristics of Maritime NW. In aggregate, Maritime NW is fragmented, scattered and disparate in its activities. In the case of individual sectors, however:

- ❖ The handling of freight and issues concerning sustainable distribution and maximising the potential of “small” ports are relevant to all of them.
- ❖ Realising synergy between marine engineering in Merseyside, Barrow and elsewhere needs the two to be linked.
- ❖ Fisheries, marine leisure and cruising would also benefit from a regional sectoral focus. Each of these loses potential if they are considered sub-regionally, because the success of each sector will benefit from critical mass. Furthermore, there are links between them - the visual and environmental amenities are complementary, and similar measures may be required to maximise economic value in marine leisure and cruising.

Mersey Maritime is a fairly well defined geographical concentration and is arguably a “cluster”. The facilities located in Lancashire and Cumbria do not really have cluster characteristics, because they either lack diversity, or have unrelated activities, or are not geographically concentrated.

NWDA have a clear mantra that the private sector is best at growing business, and Mersey Maritime provides a strong private sector led role model. However, most of the Maritime NW sector objectives are inherently strategic or economic in their agenda. **If the public sector does not take the lead role in the short term for all the objectives defined, none of them will be achieved.**

NWDA is the only organisation that has sufficient regional scope and ability to develop the resources to meet objectives. This raises the question of how NWDA should do this.

NWDA is a matrix organisation, with the ability already to bring specialist expertise in transport planning, offshore energy, defence, tourism and other sectors relevant to Maritime NW.

This does not mean that Maritime NW should not have an identity or its own champion. There are undoubted synergies between locations within sectors, and also between some sectors. These will be lost, and there will be no “buzz” about the idea if Maritime NW is not embodied physically.

10.4 Next Steps

We recommend the setting up of Maritime NW as a brand. Maritime NW will focus on maximising competitive advantage of the NW from its maritime assets, but should consider social and environmental sustainability, and engage with the relevant partners.

For the **development phase** of the strategy, an Interim Head of Maritime has been seconded into NWDA part time to assist with execution of the strategy and development of Maritime NW. It is anticipated that there will be a Maritime NW Forum, which will embody the Maritime NW concept, and this will be launched in October 2003. A business plan will be developed, and this may lead to the placing of full time resources as appropriate to execute the strategy.

When it has become clear what Maritime NW can and will do, we recommend that NWDA recruit a full time Maritime NW Champion to take it into the **implementation phase**. This will last several years, depending on the sector, and the Champion will need appropriate back-up.

In the medium to long term, the strategy will become mature and enter the **operational phase**. If the objectives are achieved, most long term development will be led by the private sector. During this time, new ideas will undoubtedly emerge that are worthy of new initiatives by Maritime NW.