

South East Councils
First Floor, Council Offices
Argyle Road
Sevenoaks
TN13 1HG

12th January 2022

By email: appgsoutheast@secouncils.gov.uk

Dear Sir/Madam,

APPG South East: Levelling Up

Thank you for the invitation to contribute to the All Party Parliamentary Group for the South East enquiry into the levelling up agenda. I am responding on behalf of Associated British Ports (ABP), the UK's leading ports group and the owner and operator of the Port of Southampton.

Who we are

ABP is the UK's largest port owner and operator, with 21 ports and Hams Hall Rail Freight Terminal, collectively handling around a quarter of the nation's seaborne trade. By facilitating trade and connecting British businesses and manufacturers to global markets, our ports act as important drivers of economic growth in regions and coastal communities around the country. Our ports are also at the heart of the UK's most significant industrial clusters, on the Humber, in South Wales and the Solent. Together with our customers, our ports support 119,000 jobs and contribute £7.5 billion to the UK economy.

The Port of Southampton is the UK's principal port for the automotive trade and home to the nation's second largest container terminal. Every year the port handles around £40 billion of UK exports, making it the UK's number one export port and a vital trading gateway for British manufacturers. Southampton is also Europe's leading turnaround cruise port and the port has been voted the UK's best cruise departure port for nine years running.

ABP is backed by five global infrastructure investment funds which share the long-term perspective of the business and a commitment to invest in world-leading port infrastructure and services. This commitment has been further demonstrated by continued investment in major infrastructure to support the growth of the business throughout the period of disruption caused by the pandemic.



Levelling Up

ABP supports the Government's ambition to 'level up' the economy by boosting trade, economic growth and productivity in regions around the country, and our ports have a critical role to play in delivering this agenda. As an island nation, the UK has always relied on ports to serve as gateways for trade, and as hubs for manufacturing and industry. However, the changing nature of the UK's manufacturing base, and the decline of traditional heavy industries, has left many coastal communities detached from centres of growth and opportunity. A recent report by Maritime UK highlighted the significant socio-economic and environmental challenges facing many coastal communities. These challenges are common to coastal communities around the UK and are not restricted to any single region.

Within the Local Authorities of Southampton and the New Forest, and near the Port of Southampton, there are significant pockets of deprivation. Redbridge in Southampton, for example, has higher unemployment than the national average. Redbridge is amongst the 20% most deprived areas in England and is adjacent to four areas which are all ranked in the top 10% most deprived LSOAs. Other areas linked to the port are in the New Forest and adjacent to LSOA areas ranked in the 40% most deprived and 20% most deprived in the country, with GDP per head lower than the national average.

Another issue currently holding back the Solent's economic potential relates to the local labour market. Like other coastal economies, the Solent trails the rest of the South East in productivity and suffers from a technical skills deficit and geographic challenges that hinder skills development within and outside the workplace. Across the Solent there are currently significant skills gaps at higher technical levels. We do not have enough technicians, engineers or health and social care professionals to meet the many vital challenges we face, from building our green maritime economy to meeting the health and care needs of our ageing population. Investing in these skills at a local level will be critical to improving our productivity and maintaining our international competitiveness and boosting economic development in the region.

Gateways to growth

The UK benefits from a thriving maritime sector, and ports can act as a key driver of economic activity and growth in coastal regions and beyond. As the UK's largest ports group, and the only port operator with operations in Scotland, England, and Wales, ABP has significant insight into the nature of the challenges in these areas. Our ports are also uniquely well placed to deliver some of the changes needed to drive growth and create new opportunities for our local communities and the wider UK economy.

The Port of Southampton is a hub for economic activity in the Solent and a vital gateway for trade supporting businesses across Britain. The port is a critical UK maritime trading asset, operating 24 hours a day, 365 days a year, and handling over £71 billion worth of goods every year. Southampton is one of only three UK ports capable of handling the largest container ships. Keeping up with these trends matters to the UK because otherwise the UK will be forced to rely on expensive feeder services into and out of other European hub ports, such as Rotterdam.

The port is a globally significant cruise hub, welcoming over 2 million passengers on 500 cruise ship calls a year, with each call estimated to be worth £3 million on average to the UK economy. ABP is investing to support the sustainable growth of the cruise sector as it recovers from the impact of the pandemic. Southampton is also the country's largest export port for automotive traffic, exporting some 850,000 vehicles. As a result, the economic benefits of port activity extend far beyond the immediate hinterland of the port, with 11,700 jobs in the automotive sector in the West Midlands directly supported by the port. Together the port and its customers support 45,600 jobs across the UK and contribute £2.5 billion to the economy.

The Solent Freeport is set to play an important role in delivering important objectives to grow trade and economic growth in the region. We want to turn our local skills, infrastructure and environmental challenges into an opportunity to accelerate economic growth in our area. The policy levers available through the Freeports programme are critical to achieving the major opportunity presented by the Solent Freeport to transform the Solent region. The Freeport will amplify the existing strengths of the Solent region, further boosting the area's

world-class marine and maritime economy and talent base, the availability of strategic waterfront land for development, cutting-edge R&D expertise and track record in innovation, as well as its unique natural geography and industrial strengths. The Port of Southampton, with its exceptional port facilities has a critical role in the Freeport, as it helps to transition the UK economy to Net Zero.

Collaboration

Close collaboration between business, local and central government will be essential in delivering the policies and investment needed to advance the levelling up agenda. By working closely with businesses to identify and support opportunities for growth, government can play a critical role in unlocking the private sector investment that will be the driving force behind economic regeneration and development. The partnership involved in the Solent Freeport, including national and local government, business, academia, and other partners, exemplifies the collaborative approach that will be required.

ABP has a strong track-record of delivering major infrastructure projects in partnership with government, helping to produce tangible economic benefits for coastal communities and the wider UK economy. ABP recently worked with the Solent LEP to secure support from the Government's Getting Building Fund, which in turn helped to unlock £50 million of investment from ABP to expedite the delivery of the Horizon Cruise Terminal, a world-leading new facility to support the sustainable growth of the cruise sector in Southampton. The open access terminal is fitted with 2,000 roof-mounted solar panels and shore power connectivity, enabling compatible vessels to plug in, the first such facility of its kind in the UK. The terminal helps ensure Southampton remains a vital European hub for the cruise sector.

There is also an important role for central and local government in delivering infrastructure improvements that can generate regional economic growth. Carefully considered and targeted spending on infrastructure to support trade flows and improve connectivity to ports can have a disproportionate impact on economic growth in coastal regions by enabling trade and attracting inward investment. Improving road and rail links to ports can deliver direct benefits to the communities in question, in addition to the wider economic benefits achieved through increased trade and exports. Government can also help enable the modal shift to rail and coastal shipping that is needed to reduce emissions and drive decarbonisation in supply chains.

The imperative to decarbonise the UK economy further highlights the need for close collaboration. The decarbonisation of transport and industry presents huge challenges for government, businesses, and wider society. However, the energy transition also presents unique opportunities for ports and coastal communities, which are well placed to serve as hubs for the energy transition and fast-growing marine and offshore energy industries. Ports are already at the forefront of the renewable energy sector and will become increasingly important as hubs for low carbon transport and logistics. The support of central and local government is will be essential to unlock private sector investment and accelerate the pace of change.

Thank you for the opportunity to respond to this consultation. Please get in touch if you have any questions regarding any aspect of the submission.

Yours sincerely

Sue Simmonite
Sustainable Development Manager