

Summary: Intervention & Options

Department /Agency: Transport	Title: Impact Assessment of Guidance on Port Master Plans	
Stage: Final	Version: 2	Date: 11 November 2008
Related Publications: Ports Policy Review Interim Report (July 2007), Consultation on Guidance on the Preparation of Port Master Plans (April 2008)		

Available to view or download at:

Telephone: 020 7944 3499

What is the problem under consideration? Why is government intervention necessary?

Facilitation of planning for significant port developments. Information asymmetry and difficulty of co-ordination between the parties suggests that non-binding Government guidance can assist ports.

What are the policy objectives and the intended effects?

To ensure early and effective co-ordination of ports' plans with regional, local and network providers' planning, and awareness of needs for relevant impact assessments.

What policy options have been considered? Please justify any preferred option.

(1) Do nothing; (2) guidance as proposed.

(2) is preferred. Consultation in the ports policy review revealed general support for the concept of master planning, especially in light of emerging success for airports. But the widely varying circumstances of ports, and the fact that the Government does not have the same spatially-directive interventions in their planning, pointed to an approach by persuasive guidance rather than regulation.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? Approx. 2012-14 as part of a wider review of the effectiveness of the proposed National Policy Statement. But we will maintain dialogue with ports and their trade associations in the meantime.

Ministerial Sign-off for final proposal/implementation stage impact assessments

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

[Jim Fitzpatrick MP]Date: 24th November 2008

Summary: Analysis & Evidence

Policy Option: 2

Description: **Guidance on Port Master Plans**
(incremental costs and benefits over option one: do nothing)

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' Master Plan preparation will largely bring forward and together a range of major ports' internal planning effort and external dialogue/consultation that would otherwise occur piecemeal. Unnecessary expenditure incurred in option one might be avoided.	
	One-off (Transition)	Yrs		
	£ 0			
	Average Annual Cost (excluding one-off)			
	£ 0		Total Cost (PV)	£ ± 1.3 million
Other key non-monetised costs by 'main affected groups'				

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' The monetised benefit is avoided cost.	
	One-off	Yrs		
	£ 0			
	Average Annual Benefit (excluding one-off)			
	£ 0		Total Benefit (PV)	£ 0
Other key non-monetised benefits by 'main affected groups' Improved stakeholder engagement with ports planning, resulting in better project design; avoidance of abortive effort in promoting unsuitable development; better co-ordination with road and rail network providers; better information in Integrated Regional Strategy documents.				

Key Assumptions/Sensitivities/Risks Assumed that most or all 39 major ports will prepare a draft by late 2009 / early 2010 and complete first post-consultation Master Plan by 2011.

Price Base Year 2008	Time Period Years 5	Net Benefit Range (NPV) £ ± 1.3 million	NET BENEFIT (NPV Best estimate) £ 0	
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What is the geographic coverage of the policy/option?		England and Wales		
On what date will the policy be implemented?		November 2008		
Which organisation(s) will enforce the policy?		NA		
What is the total annual cost of enforcement for these organisations?		£ NA		
Does enforcement comply with Hampton principles?		NA		
Will implementation go beyond minimum EU requirements?		NA		
What is the value of the proposed offsetting measure per year?		£ NA		
What is the value of changes in greenhouse gas emissions?		£ 0		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro NA	Small NA	Medium 0	Large 0
Are any of these organisations exempt?	Yes	Yes	NA	NA

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)	
Increase of	£ 0	Decrease of	£ 0
		Net Impact	£ 0

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

The emerging success of Master Plans in the airports context suggested that their value should be considered for sea ports also.

The Department's consultation for the Ports Policy Review asked, at Q4-2c, whether these should be recommended. A generally favourable response to this question is summarised at:

<http://www.dft.gov.uk/consultations/archive/2006/ppr/portspolicyreviewssummaryofre1777?page=4#a1002>

The decision to recommend Master Plans for major ports was announced in the Ports Policy Review [Interim Report](#).

Consultation on the draft guidance to ports on the preparation of master plans in summer 2008 indicated a broad consensus for non-binding guidance to be produced.

We would expect there to be little or no net additional cost to ports. Production of master plans will bring forward costs that would otherwise have been incurred, and may avoid unnecessary expenditure. Industry support for master plans and action by some ports who have already initiated master plans, suggests that the concept is cost neutral over time or even commercially beneficial.

Evidence

Both the industry trade bodies, the UK Major Ports Group and the British Ports Association, support the promulgation of this guidance and will encourage their members to produce Master Plans.

The port of Dover, Britain's largest ro-ro port, over recent years has initiated a master plan and in the process incurred consultancy costs for forecasting and project development. The port confirms that some of these costs would have been incurred in any case and the costs of procuring port specific traffic forecasts would have been significantly reduced or eliminated had the DFT national port traffic forecasts been available.

No port will, however, be (either directly or indirectly) legally required to produce a Master Plan. It is therefore open to any port, which firmly believes that the administrative costs of compiling one would exceed any possible benefit, to decline to do so.

The guidance is aimed primarily at the 39 'major ports' in England and Wales (as defined by those currently handling at least 1M tonnes). Smaller ports may, however, still find master-planning valuable, in which case the guidance will be readily available to them. All in all, we believe that this conclusively demonstrates that there should be no adverse impact on small businesses in particular.

Quantification of incremental costs of option two over option one

We assume that port master plans will incur an upfront cost of in the order of £100,000 on average per port. In our central scenario all of this upfront cost is offset by later cost savings when developments are brought forward for further consideration and project-specific assessment. In our pessimistic scenario all but £33,000 of the upfront cost is offset in this way. In our optimistic scenario the master plan leads to an overall cost saving of £33,000.

The draft guidance and the previous version of this impact assessment have been consulted on. Three responses received (from Peel Ports Group, UK MPG and P&O Ferries) commented that they felt £100,000 was a low estimate of the cost of producing a master plan, with Peel Ports Group citing the cost of a recent airport master plan as £400,000. We have not amended the figure contained within this impact assessment as we believe that £100,000 is still an appropriate amount for the majority of major ports. The 39 ports classified as major ports vary considerably in terms of tonnage throughput from 1M (the qualifying threshold) to 66M (tonnage of Grimsby & Immingham, the largest UK port). We consider that the representations made refer specifically to master plans for ports at the high end of this spectrum, which would

inevitably produce master plans with a more extensive scope (and therefore cost) than smaller ports. We continue to believe that the majority of ports considered to be 'major ports' would be able to produce a master plan within the cost of £100,000, with some variation at either end of the tonnage scale.

Following consultation, we have also amended the definition of 'major ports' from those handling 1M tonnes in 2000 to those *currently* handling at least 1M tonnes. This has amended the number of ports being recommended to produce master plans from 36 to 39.

Over 39 major ports this suggests an overall cost range of between± £1.3 million, with a central or best estimate of £0. A 5 year life is assumed for the average master plan.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	No	No
Small Firms Impact Test	Yes	No
Legal Aid	No	No
Sustainable Development	Yes	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	No	No
Disability Equality	No	No
Gender Equality	No	No
Human Rights	No	No
Rural Proofing	No	No

Notes to the above table:

Competition

Because there is to be no legal requirement to produce a Master Plan, there is no competitive disadvantage to any port which regards the expense of producing one as disproportionate to its means and circumstances.

Small firms

The guidance is aimed primarily at major ports (as classified for statistical purposes). Ports classed as small firms will not be expected to produce Master Plans, nor will their preparation impose any significant burden on small firms which are port users.

Environmental issues

One of the prime objectives of Master Plans is to ensure that ports develop in sympathy with the environment and that they work closely with the statutory advisers and environmental NGOs to ensure that proposed development is appropriately designed and mitigated. There should therefore be a net environmental benefit from production of the Plans, which the guidance supports, though it is not possible to quantify this.

Equality issues

None very relevant, although one aspect of good port planning, where cruise or ferry passenger services are expected to operate, is to ensure that good facilities are available for mobility-impaired passengers to access terminal services and to board and disembark from vessels.

Annexes

No Annexes.