PLANNING ACT 2008
INFRASTRUCTURE PLANNING
(APPLICATIONS: PRESCRIBED FORMS AND PROCEDURE) REGULATIONS 2009
REGULATIONS 5 (2) (q) & 6 (3)

PROPOSED PORT TERMINAL AT
FORMER TILBURY POWER STATION

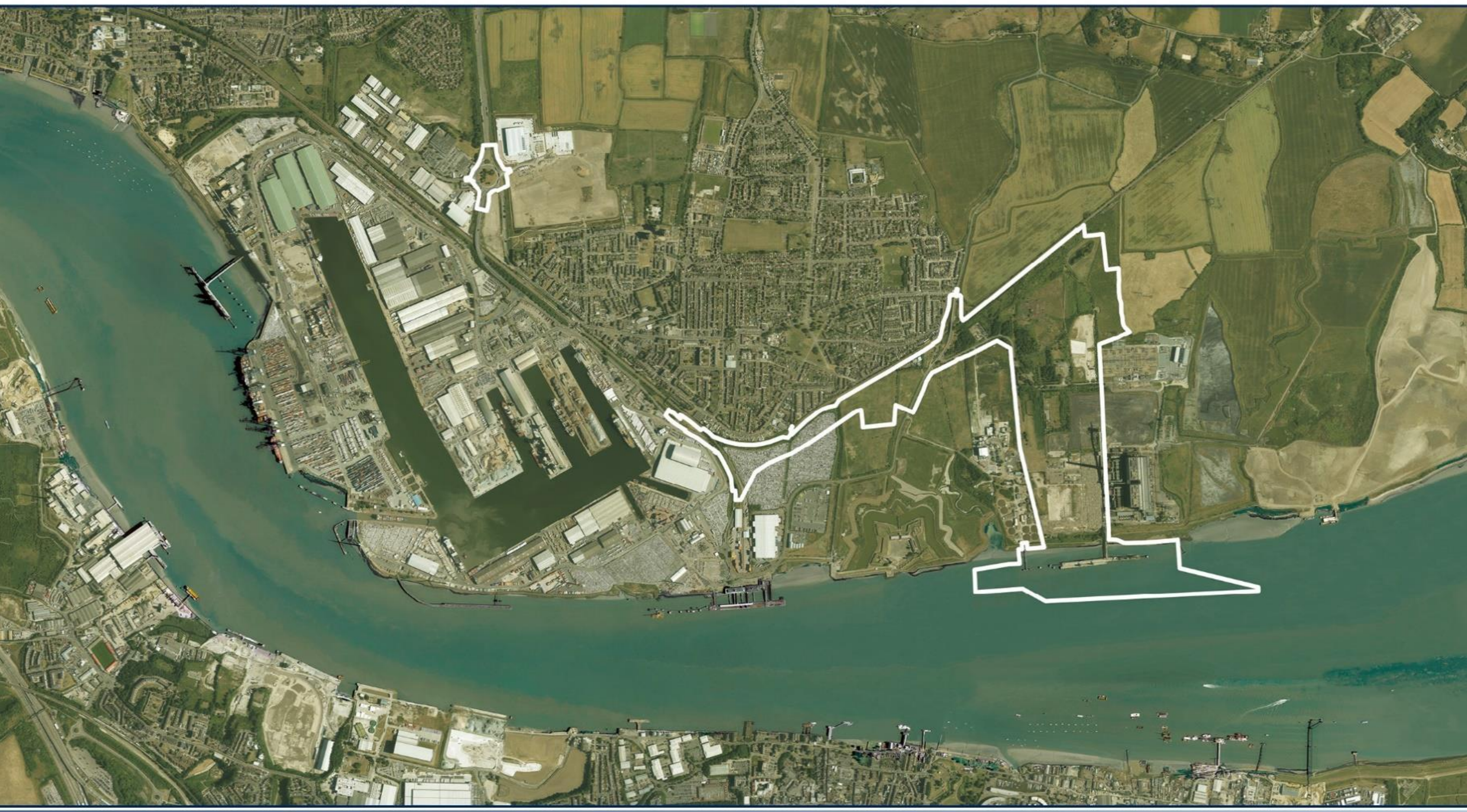
TILBURY2

TR030003

VOLUME 7

OUTLINE BUSINESS CASE

DOCUMENT REF: 7.1



TILBURY2

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1.0 INTRODUCTION

BACKGROUND

1.1 This document presents the outline business case (OBC) for Tilbury2. Tilbury2 is a project which comprises the expansion of the Port of Tilbury to a new site east of the Port's main site in Tilbury, Essex.

1.2 This document deals with the requirements under Regulation 6 (3) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009. The Regulation states that:

"If the application is for the construction or alteration of harbour facilities, it must be accompanied by a statement setting out why the making of the order is desirable in the interests of –

a. Securing the improvement, maintenance or management of the harbour in an efficient and economical manner; or

b. Facilitating the efficient and economic transport of goods or passengers by sea or in the interests of the recreational use of sea-going ships.[1]

1.3 The project is being delivered by the Port of Tilbury London Limited (PoTLL) and Forth Ports Limited, a multimodal ports owner and operator of eight commercial ports in the UK. The Port of Tilbury is home to the London Container Terminal (LCT), the only UK terminal servicing both short-sea and deep-sea customers, and the London Distribution Park, a 70 acre development formed of logistics, storage and industrial uses, located just outside of the main sites.

1.4 The purpose of this OBC is to present a comprehensive and transparent business case for the Tilbury2 proposal, supporting its application for a development consent order (DCO). The proposals for Tilbury2 are of national significance within the meaning of the Planning Act 2008, but are also nationally, regionally and locally significant in economic terms. The key aim of this OBC is therefore to set out the direct and indirect economic benefits, and in turn demonstrate that there is a clear and compelling economic case in the public interest for PoTLL to be granted the necessary powers in the DCO.

DRIVERS OF CHANGE

1.5 The primary driver for the Tilbury2 proposals is customer demand for greater port capacity and throughput. This includes demand both from existing Roll-On/Roll-Off (Ro-Ro) customers needing area(s) for expansion, and demand from a number of aggregate companies to expand businesses and associated production facilities. A survey undertaken in 2016[2] showed that three-quarters of customers and almost 90% of tenants at the Port of Tilbury have plans to expand in the medium- (5 years) and long- (10 years) term. Of these respondents, 65% of customers and 88% of tenants will require additional capacity at the Port of Tilbury. This highlights the importance of

[1] The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009, Regulation 6 (3).
[2] Port of Tilbury London Limited; Economic Impact and Future Growth Assessment (2016)

providing sufficient land, efficiently used, to meet this identified need, and to continue to sustain the wider economic impact the Port of Tilbury currently supports.

1.6 As the UK's third-largest container terminal[3], and the UK's largest paper handling port, the Port of Tilbury handles millions of tonnes of cargo every year. The Port site comprises a total land area of 946 acres (383 ha). With trade growing, PoTLL has identified a need to increase the size of its site to around 1,100 acres (445 ha) and to build a deep-sea jetty to welcome more ships from Europe whilst also making more space for larger ships from outside the EU.

1.7 Alongside these drivers of change, there are a number of opportunities for diversification, in line with market demands. With growing demand for just-in-time deliveries, the pressure on companies to move goods through the Port more quickly has increased. There are therefore greater requirements for the Port of Tilbury to expand its logistics business. Port expansion will enable more commercial firms and retailers being able to manage more of their supply chain (elements such as breaking down, packaging, and delivery consignment) on site, rather than moving them to separate distributions sites. With the Amazon fulfilment centre being built adjacent to the Port, expansion of operations and infrastructure is required.

1.8 Other factors, such as Brexit which could see more imports coming from east continental routes from Africa, Asia, and India, will have to be considered by PoTLL as the Port of Tilbury looks to adapt to the changing economic climate[4]. Additional customs and clearance checks following Brexit could also result in some cargoes being held in the Port for longer and therefore increasing demand for space.

1.9 The '*Promoting Trade: Unlocking A Global Opportunity'* Discussion Paper[5] sets out how the Government can achieve three key goals, including:

- safeguarding trade with Europe;
- increasing trade by boosting international connectivity; and
- increasing exports by expanding the UK's manufacturing base.

1.10 The Discussion Paper emphasises the role of ports as international gateways upon which British manufacturers and consumers depend. Ports and transport links to ports can play a central role in helping to increase trade and exports. It is therefore important that trade can continue to move efficiently through ports. In terms of increasing exports through expanding the UK's manufacturing base, it was noted that a number of ports in the UK offer large areas of development land with excellent landside and marine access. These are considered ideal locations for the import of components of raw materials and the export of finished products. Ports therefore present significant opportunity to attract investment in export-led manufacturing, and contributing to national economic benefits.

[3] https://forthports.co.uk/tilbury-london/ (retrieved 15 September 2017).
[4] Financial Times, Tilbury's £1bn drive to build a global trading port on Thames, February 5th 2017, available at: https://www.ft.com/content/f4c2363a-e88e-11e6-967b-c88452263daf (retrieved 15 September 2017).
[5] A discussion paper prepared by Associated British Ports in 2017 on current and emerging opportunities in the ports sector.

1.11 A number of key challenges were outlined in light of the UK leaving the EU, including:

- anticipated traffic surrounding the Port of Dover, which could have a number of consequences for logistics providers and cargo owners; and
- concerns that current infrastructure is not capable of facilitating 'frictionless trade'.

1.12 A number of opportunities, particularly for ports on the east coast were also highlighted:

- The role of east coast ports in providing the space needed to accommodate additional customs checks and operate on routes where the risk of disruption is lower. Ports on the east coast already have the capacity to handle increased volumes in trade between the UK and mainland Europe.
- Road and rail links to a number of east coast ports are ready to accommodate growth in cargo volumes. Increasing the volume of cargo moving between the UK and mainland Europe via east coast ports therefore represents an opportunity to promote the efficient use of the UK's existing road and rail network, and capitalise on planned upgrades and expansions.

1.13 It was noted that although international supply chains are complex, ports located on the UK's east coast could play a role in helping to relieve pressure from the Port of Dover, and strengthen international trade opportunities. Tilbury2 is located in close proximity to London and the wider south east growth markets. This is particularly important in terms of accessing strong construction markets and large scale infrastructure projects currently underway, including the Thames Tideway Tunnel, High Speed 2, Crossrail and Crossrail 2.

1.14 Changing market trends in the Roll-On/Roll-Off (Ro-Ro) and aggregates industries provide additional drivers of change, and form a key part of the strategic case for Tilbury2. These are set out in more detail below.

Market Trends

1.15 The drive for expansion at the Port of Tilbury is to meet a current and identified need. In addition to meeting existing need, there are a number of market trends across the growing Port sector which presents additional opportunities for growth and diversification.

1.16 Tilbury2 is well placed to capitalise on market trends, reinforced by its location within the strong economy and consumer market of the South East of England.

1.17 Ro-Ro cargo is a key part of the Tilbury operation, with dedicated Ro-Ro berths, in dock and deep sea berths along the riverside as well as freight ferry services to Europe. Along with the aggregates market, this will form a key driver of growth for Tilbury2. An analysis of current trends and growth forecasts in the Ro-Ro and aggregates markets show significant projected demand for the Port of Tilbury. Development proposals for Tilbury2 will help to meet this market demand, expanding future opportunities to address continuing national economic needs.

Ro-Ro

1.18 There is existing demand for Ro-Ro capacity from existing customers at the Port of Tilbury. PoTLL already operate two Ro-Ro sailings per day from within the main impounded dock. However, the additional sailing time required to bring vessels through the lock reduces the time available in any 24 hour period to load and unload vessels at the quay (typically 4 hours). Coupled with the limited quayside space within the existing Port, this places a limitation on the size of vessels that can be used. The benefit of the Ro-Ro terminal within the river at Tilbury2 is that the length of time on berth can be increased – and hence the throughput can also be increased. PoTLL foresee an increase in the size of vessels from the current 2,400 lane metres per vessel to 2,900 lane metres. Coupled with the increased space for loading and unloading, this allows for the demand for an increase in throughput to be met.

1.19 More broadly across the industry, there has been a growth in intra-European Ro-Ro trade. UK Port Freight statistics indicate consistent growth for unaccompanied trailer traffic. New routes from the UK to Rotterdam and Dunkirk are forecast to increase volumes by 194,000 units in the period up until 2026. These new ferry routes are planned to be operational by 2019, and will support larger vessels than those currently used at the Port of Tilbury. The Tilbury2 proposals will enable loading and unloading outside of the existing dock gates, and accommodate a greater required dwell time associated with larger vessels.

1.20 The Port of Tilbury is forecast to see route volume growth, with long term predicted freight volumes that will reach 267,626 units within 6 years. This growth is particularly important in light of current handling capacity constraints (both for land and vessels) on the Tilbury to Zeebrugge route, at 207,000 freight units and 50,000 cars. Again, greater landside capacity, both cargo footprint and operation outside the lock gates, would enable the Port to meet market demand.

1.21 Tilbury2 proposals would help to meet existing capacity constraints, and improve surface access to the Port, and greater inter-port connectivity across Europe. Both Rotterdam and Dunkirk offer extensive multimodal transport links through Europe. Rotterdam experienced a 10% surge in Ro-Ro volume in 2015. Similarly, Dunkirk experienced a 15.6% increase in HGV freight traffic at their Ro-Ro terminal in 2014. These growth trends provide significant opportunities for UK ports, particularly on the east coast, to capitalise on improved connectivity across the supply chain.

1.22 These growth trends have been accompanied by increased freight traffic to the UK's east coast as a result of operational constraints, both land and labour, on the Dover-Calais route. Tilbury2 proposals will help to enhance capacity and resilience of the wider supply chain, and enhance the overall UK offer. This demonstrates the need for additional capacity and infrastructure investment to accommodate changing trends and identified industry requirements.

1.23 Within the context of these wider market and industry trends, Brexit does not change the fundamental proposition of Tilbury2, which is based on customer demand, but rather provides an additional 'sphere of opportunity', over and above the existing customer need.

Figure 1: Ro-Ro Links: UK and Europe

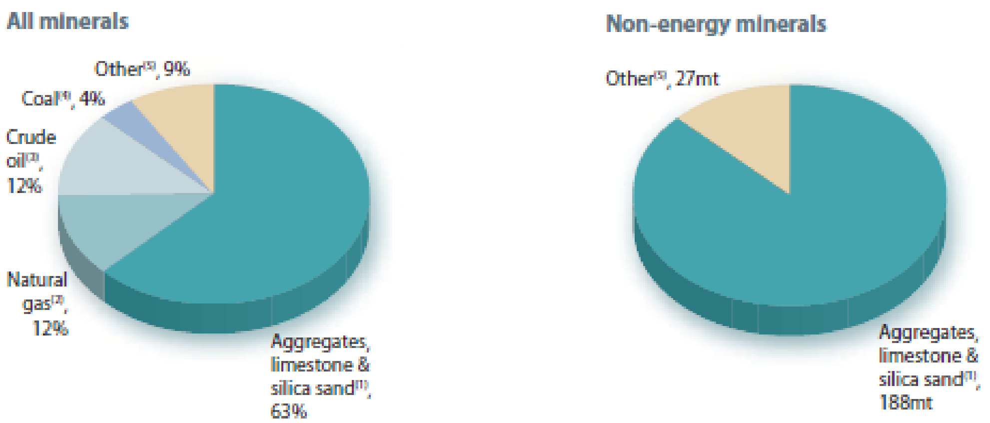
1.24 Figure 1 sets out the potential for growth from Tilbury to these three other European Ports.

<u>Minerals, Aggregates and Construction Materials</u>

1.25 The mineral products industry is a key enabling sector of the UK economy, and supplies minerals to many other industries, notably construction. Although the UK is increasing mineral production, it is not self-sufficient, and therefore imports are required to help meet existing demand.

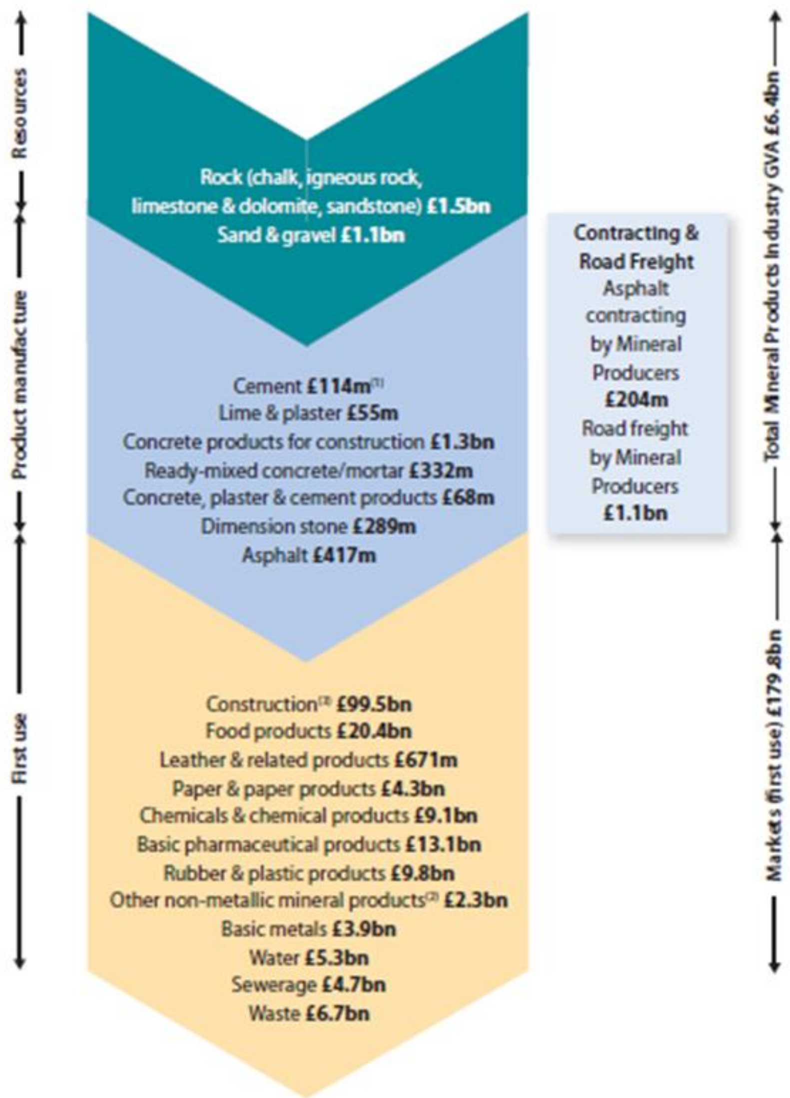
1.26 The minerals industry is critical to the development and maintenance of the UK's infrastructure and overall construction sector, and contributes to the transition to a low-carbon economy. The Minerals Products Association is the trade body that represents the mineral industry, and provides the latest available figures on growth trends in their 2016 market summary report.

Figure 2: UK production of primary minerals, 2014



Source: The Minerals Products Industry at a Glance, 2016 Edition

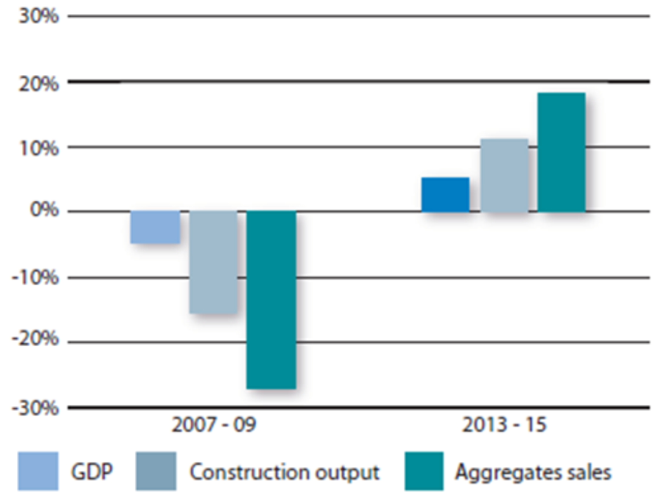
Figure 3: GVA of the mineral products industry, 2014



Source: The Minerals Products Industry at a Glance, 2016 Edition

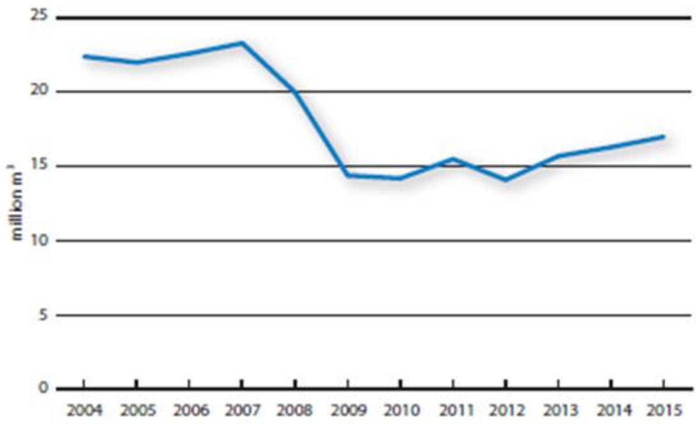
1.27 Great Britain's production of aggregates and manufactured mineral products is around 360mt per annum. Each working day the sector delivers over 1m tonnes of raw materials and manufactured goods into the supply chain, valued at around £21bn in 2013. Aggregate sales were depressed during the 2008 recession, reflecting the decline in construction markets more broadly. Since mid-2013 however, there has been an upward trend in aggregates sales, increasing by 18% between 2013 and 2015.

Figure 4: Recession and recovery in aggregates demand



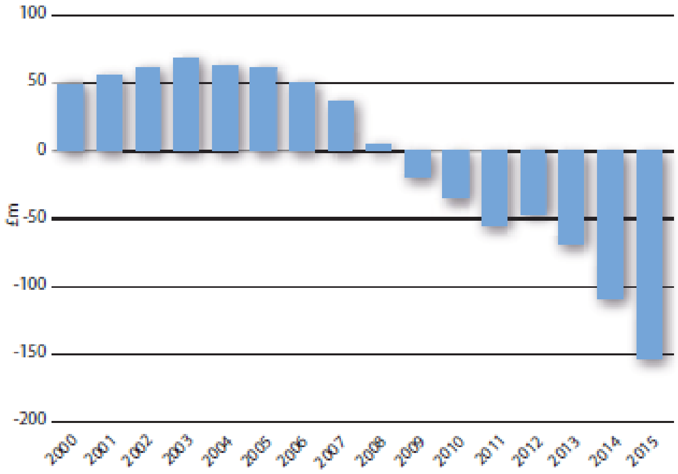
Source: The Minerals Products Industry at a Glance, 2016 Edition

Figure 5: MPA ready-mixed concrete sales in GB



Source: The Minerals Products Industry at a Glance, 2016 Edition

Figure 6: MPA ready-mixed concrete sales in GB



Source: The Minerals Products Industry at a Glance, 2016 Edition

1.28 Although the market for concrete products is mainly supplied from domestic sources, international trade has played an increasingly important role in this supply over the past ten years. The UK has been a net importer of concrete products since 2009, to accommodate growing demand.

1.29 As a long term operator of a Port, PoTLL, and its parent company Forth Ports group are aware of the key trends and capacity gaps in the construction materials market. There is currently no large scale aggregate facility on the North Bank of the Thames capable of handling large deep sea aggregate vessels. There is also a gap in the market in relation to asphalt production and for ready mix products and concrete production in London and the South East due to shortages in the availability of blast furnace and power station bottom ash and other bulk powder raw materials.

1.30 The Minerals Planning Association highlights ongoing strong demand for construction aggregates material processing and storage facilities. This is mirrored by on-going discussions by PoTLL with potential tenants. Potential tenants have indicated, that based on the size of the CMAT areas of the Tilbury2 site and the marine infrastructure, that the CMAT Facility will handle 1,600,000 tonnes of aggregates per year. These facilities proposed a part of Tilbury2 will add value to minerals products closer to the market.

1.31 These figures demonstrate the growth potential of both the Ro-Ro and aggregates markets, and urgent demand for increased infrastructure capacity and connectivity to maximise economic benefits. These wider market factors play a key role in building the strategic case for Tilbury2 proposals, and supporting the Port's national economic contributions.

1.32 Finally, the marine aggregates industry also contributes to the UK's sand and gravel needs, and is vital to the construction industry. These types of materials would also be handled by the proposed CMAT.

SCOPE AND APPROACH

Building on Previous Work

1.33 In 2016, Arup undertook a review of the economic impact and future growth of the Port of Tilbury. The objective of this study was to improve the understanding of a number of operational considerations around current and future activities, particularly their impact on the regional economy. The study included an assessment of the forecast future needs of PoTLL, its customers, tenants and supply chains.

1.34 The Preliminary Environmental Impact Report (PEIR) socio-economic report for Tilbury2's DCO application drew on this previous experience, and also provided the basis of the Environmental Statement. This previous piece of work underpins the assumptions and estimates used within the OBC, which form a key part of the strategic case for the Tilbury2 proposals, and substantiate the expected local, regional and national economic impacts.

HM Treasury Green Book appraisal guidance

1.35 Our approach to this business case is consistent with HM Treasury's Green Book appraisal guidance. As set out at para. 1.39, a formal Green Book business case is not required by the Ports NPS and is not necessary for this project to secure funding.

Our approach however follows the five case model used for assessing business cases, and aims to demonstrate the following across the five cases.[6]

- **Strategic case –** the proposal is supported by a compelling case for change that provides holistic fit with local, regional and national policies and objectives, including the National Policy Statement (NPS) and Project Appraisal Framework (PAF) for Ports;

- **Economic case –** noting that the proposed development does not require public funding, the proposal represents best public value at local, regional and national levels in terms of economic (employment and GVA) benefits;

- **Commercial case –** the proposal is attractive to the market place, can be procured, and is commercially viable;

- **Financial case –** the proposal is affordable, to offer reassurance to decision-makers, users and local communities; and

- **Management case –** delivery of the project, and that what is required from parties is achievable.

Ports NPS and PAF for Port guidance

1.36 The DCO application will be considered and decided in the first place in accordance with the Ports National Policy Statement (NPS)[7] and the Secretary of State will have regard to the statutory requirements of s104 of the Planning Act 2008 (as amended) and all important and relevant matters.

1.37 We have reconciled references made in the Ports NPS with the Department for Transport's WebTAG methodology and the (now out of print) NPS Project Appraisal Framework (PAF)[8] for Ports. Pinsent Masons LLP have assisted with understanding previous approaches to supporting DCO applications with business case guidance and methodologies, including the Able Marine Park (PINS ref TR030001) and York Potash Harbour (PINS ref TR030002) DCO cases.

1.38 In summary:

- The NPS talks about the consideration of economic impacts and wider economic and socio-economic impacts. The NPS states that an economic assessment, guided by WebTAG economic impact methodology[9] and the PAF for Ports may be undertaken.

- The PAF sets out an approach which defines a do minimum reference case to assess against, and to take account of economic effects, surface access effects and wider economic effects. Again, reference is given to WebTAG (referred to at the time as the multi-modal study methodology) whilst outputs are referred to as quantitative or qualitative where appropriate.

[6] HM Treasury, The Green Book: appraisal and evaluation in central government, April 2013.
[7] Department for Transport, National policy statement for ports, February 2012.
[8] Journal of Transport Economics and Policy, The UK Project Appraisal Framework for Ports, January 2006.
[9] Department for Transport, Transport analysis guidance: WebTAG, October 2013

- Reviewing both DCO cases referenced above, they refer to the assessment of economic and socio-economic effects based on WebTAG principles. They do not employ the WebTAG methodology. They were both found by the Examining Authority to be economically sound. Both case documents refer to HM Treasury Green Book and Homes and Communities Agency (HCA) Additionality Guide[10] methodological guidance.

KEY ASSUMPTIONS AND CONSIDERATIONS

1.39 We have adopted Green Book principles to specifically structure the business case methodology for Tilbury2. A formal Green Book business case is not required for this project to secure funding in so far as no public monies are sought for the scheme. The OBC does not contain the more detailed financial modelling elements typically included in an OBC making the case for public expenditure. Rather, this OBC has been prepared and presented to make the business effects of Tilbury2 transparent as part of making the case for the scheme. We have therefore adapted the Green Book approach for this project. Table 1 below sets out the key, additional changes or alterations to each case as part of this OBC.

Table 1: Tilbury2 OBC considerations

Chapter	Considerations
Strategic Case	This case sets out clearly how Tilbury2 meets the objectives of Government as set out in the Ports NPS and PAF for Ports guidance (and more widely where appropriate). In part, this section fulfils the role of a Planning Statement at a more strategic level. This is supported by the strategic fit with other local, regional and national policies, as well as the business need for expansion.
Economic Case	The economic benefits are quantified where appropriate in the economic case at a local, regional and national scale. The method required for this economic case does not need to explore the best public value at a UK plc level from a number of schemes. Rather, it demonstrates all the benefits of the Tilbury2 proposal, both quantitative and qualitative, and compare these to the reference case, and to other short-listed options.
Commercial Case	This case sets out the detail of the latent demand at Tilbury1, explaining that businesses relocating to Tilbury2 are expected to be immediately replaced. The procurement strategy is set out as well as compliance with the DCO process.
Financial Case	With private funding, this OBC does not detail the affordability of the scheme. It sets out an indication of costs and phasing of funding, as well as high-level financial information on Forth Ports Limited and PoTLL.
Management Case	This case focuses on PoTLL's and Forth Ports' track record in delivering major projects, and it discusses implementation, contracting and project management processes.

[10] Homes and Communities Agency, Additionality Guide, January 2014

2.0 STRATEGIC CASE

- Port of Tilbury comprises 946 acres (383 ha) and handles 16 million tonnes every year.
- The new site will allow the Port of Tilbury to expand its Roll-on/Roll-off[11] (Ro-Ro) terminal, Construction Materials and Aggregates Terminal (CMAT) and facilitate the expansion of cruise businesses.
- 80% of tenants and customers at the existing Port currently express a wish and need for expansion.
- Tilbury2's Critical Success Factors include good road and rail links, establishing an infrastructure corridor, and flexibility around PD rights and the ability to operate 24 hours a day.
- The proposals strategically fit with local, regional and national economic policy, including transport, housing, and regeneration, and they comply with the Ports NPS and PAF for Ports.

OVERVIEW AND PURPOSE

2.1 The purpose of the strategic case is to demonstrate that there is a robust case for the proposal, in terms of how PoTLL's and Forth Ports' spending objectives will take Tilbury forward from its current operations to become a bigger, and more commercially successful business meeting identified need.

2.2 The strategic case also provides the strategic context for Tilbury2, and defines how the proposal will support wider strategic objectives. If Tilbury2 is consented and implemented, it will contribute to local, regional, and national economic objectives. The Ports NPS identifies a number of key considerations in making decisions on proposals for port development. A summary of the key considerations set out in paragraph 4.1.1 of the NPS includes:

- assessments should be consistent with statutory requirements under UK and EU legislation;
- the applicant's assessment should takes into account all of the Government's objectives for transport, including the need:
  - to promote economic growth through improving networks and links for passengers and freight, as well as ensuring an efficient and competitive transport sector both nationally and internationally;
  - to create a cleaner and greener transport system through improving the environmental performance of ports and associated developments, including transport, as well as to help changing to support infrastructure needed for green technologies; and
  - to strengthen the safety and security of transport.

[11] A new 'Roll-on/Roll-off' (Ro-Ro) terminal for importing and exporting containers and trailers.

- material considerations should be taken into account in a systematic manner using qualitative and quantitative indicators;
- the assessment should take account of other relevant UK policies and plans; and
- information should be proportionate to the scale of the proposed development and associated impacts.

2.3 Paragraph 3.5 of the NPS sets out guidance on assessing the need for additional port capacity. This includes identifying the need for future capacity to:

- cater for long-term forecast growth;
- support the development of offshore sources of renewable energy;
- offer a range of facilities at a variety of locations;
- ensure effective competition among ports and provide resilience in the national infrastructure; and
- consider the potential contribution port developments might make to regional and local economies.

2.4 From a UK-wide perspective, Tilbury2 will promote economic growth through improving networks and links for both passengers and freight. This includes taking advantage of increased international trade, including expanding the capacity of storage and processing facilities. Greater connectivity, including rail freight links, between ports through new and more frequented routes provide growth opportunities and access to growing markets, and will encourage a more efficient movement of goods.

2.5 As set out in paras. 1.15 to 1.17, forecast growth trends across the aggregates and Ro-Ro industries form part of the strategic need for Tilbury2 proposals. The proposals will accommodate the need for expansion by existing customers and tenants of the Port. It will also help to cater to longer term growth trends, and will provide greater operational capacity to respond to challenges and opportunities surrounding Brexit. Investment in port related infrastructure will accommodate this anticipated growth, driving local and regional job creation both at the Port and throughout the wider supply chain.

PORT OF TILBURY: EXISTING ARRANGEMENTS

2.6 The Port of Tilbury is London's major port, and also one of the largest multi-purpose ports in the UK. A diverse and dynamic port, it provides fast, modern distribution services for a full range of cargoes. These include paper and forest products, containers & Ro-Ro, grain and bulk commodities and construction and building materials.

2.7 It is the largest paper handling port in the UK, with over 3 million tonnes of paper and other forest products handled each year. A busy cruise port too, the London Cruise Terminal accommodates over 100,000 passengers each year. More supporting information on potential tourism benefits is provided at para. 3.21 (socio-economic benefits).

Existing Port of Tilbury: Annual throughput at a glance, 2016/17

- Paper and forest products – 3.5 million tonnes
- Recycled products – 2 million tonnes
- Grain products – 1.4 million tonnes
- Cruise passengers – 100,000
- Cars – 100,000
- Containers – 500,000
- Bulks – 750,000.

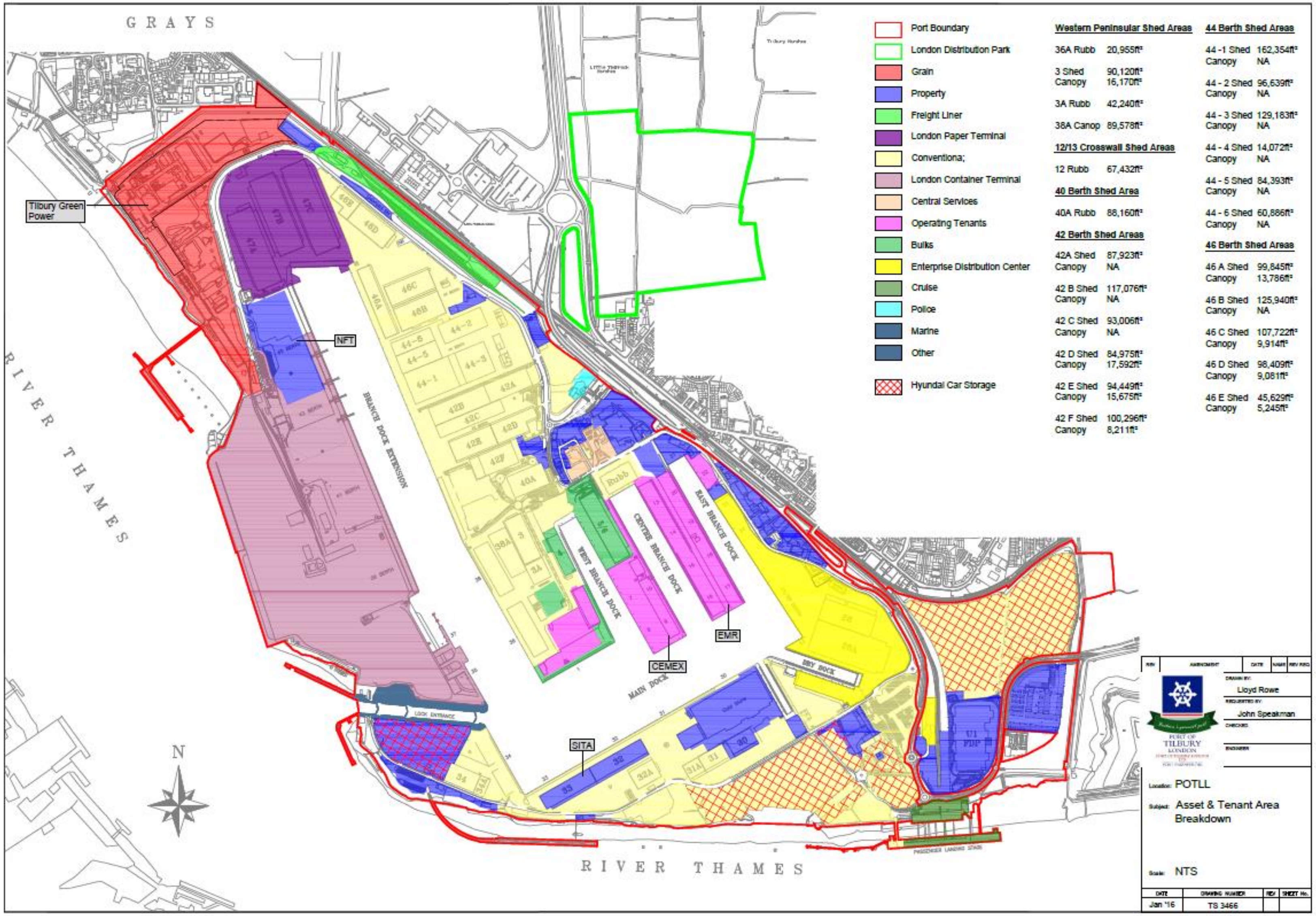
2.8 Strategically located in Tilbury, South Essex, the port offers excellent connectivity to and from London and across the South East. It is ideally positioned for access to the M25, and with 70 per cent of the UK's population reachable within a 120-mile radius, and is connected to three rail terminals offering daily services across the UK. The port is therefore well-placed to deliver products to London and to the rest of the UK.

2.9 The site itself is vast, comprising 946 acres (383 ha) for operations processing 16 million tonnes of cargo every year. Additional to the facilities include over 7km of roadways, two railway terminals, 56 operational berths, 31 independently working terminals and 10.2km of quay. The port is also home to the London Container Terminal and the largest reefer (refrigerated container) facility in the UK. At the Port's northern perimeter a biomass power station is under construction, and NFT[12] has recently opened a port-centric chilled storage and distribution centre. London Distribution Park is located to the east of the port and comprises new development of industrial, warehousing and distribution facilities across 70 acres.

2.10 Fortress Distribution Park, which offers warehousing and logistics services for recycling activities as well as car storage and haulage depots, is also located to the east of the main operational areas, as is the London International Cruise Terminal. These areas can be seen below in Figure 7, which provides an overview of the existing site, broken down by areas. It portrays the site's significant scale and diverse mix of uses and tenants and shows clearly the dynamic nature of an operational Port.

[12] Providers of chilled distribution warehousing and logistics for food and drink services.

Figure 7: PoTLL asset and tenant area breakdown



Source: PoTLL Handbook 2016/17

POTLL'S ECONOMIC OBJECTIVES

2.11 Forth Ports and PoTLL have three main objectives for the expansion. These are listed below:

- **Providing jobs and investment** – Government policy supports sustainable development to meet the needs of importers and exporters. The Port of Tilbury has been in the town for 130 years and its success means that it now needs more land to grow business and create more jobs. Specifically, expansion allows the port to store more containers and bulk goods and respond to market demand.

- **Economic contribution** – The port supports direct on-site employment of around 700 Full-Time Equivalent (FTE) staff. Including induced, indirect, and operator and tenant jobs, Tilbury supports more than 8,600 jobs in total. The expansion will create more jobs, further contributing to the Port's wider objective as a facilitator of economic growth and regeneration on a local and regional scale.

- **Tenants want to expand** – The 2016 Arup economic study included a survey which identified that around 80 per cent of PoTLL customers and tenants (including those that currently use the Port and/or lease facilities within the Port) wish and need to expand.

TILBURY2 OBJECTIVES

2.12 The Port of Tilbury has purchased 152 acres (61.5 ha) of land, including a further deep water jetty, close to the east of the port on the site of the old RWE operated power station. This land will be part of an expansion of port operations.

2.13 Identifying the business gaps, or business need, means identifying the difference between the Port's existing arrangements and where the Port aims to be in the future (spending objectives).

2.14 The key business need is for the expansion to allow the continuation and extension of existing port operations. It will be a new port terminal with facilities for importing, exporting and processing a wide, but familiar, range of goods from all over the world. The Port's expansion goals are centred on the following proposed key components;

- Roll-On/Roll-Off terminal – this will be located at the southern part of the site and used for operating container and trailer ferries to Europe.

- Construction Materials and Aggregates Terminal (CMAT) – the CMAT terminal will provide additional capacity for the import of aggregates and construction products, and will also support a number of processes, including ready mix, block plant and an asphalt plant. There will also be a concrete silo on the riverside and materials will leave the site by rail, barge and road.

- Deep water jetty - An existing deep water jetty on the river frontage in the Thames will be extended upstream and downstream to allow one berth for Ro-Ro and aggregate ships. Dredge pockets will be created and maintained for the life of the terminal around the improved terminal jetty.

- Storage – other areas of the new site will be used for storing bulk goods and vehicles.

BUSINESS SCOPE AND KEY OPERATIONAL REQUIREMENTS

2.15 Defining in more detail the scope of Tilbury2 is a natural continuation of exploring the business needs of the existing Port operations. The core operational business requirements are provided in detail on the next page in Table 2.

2.16 Figure 8 (following Table 2 below) shows the Tilbury2 site and the adjoining infrastructure corridor within the proposed Order limits. The western point of the infrastructure corridor connects to the existing Port of Tilbury site, connecting the two sites. A separate part of the Order limits surrounds the existing ‘Asda roundabout’, where a number of highway junction improvements are proposed, including provision for safe pedestrian access. The roundabout provides access from the existing site to Tilbury Town and the London Distribution Park, before joining the A13 and subsequently providing strategic connections to the M25 Motorway.

2.17 A number of the key core requirements are shown graphically in Figure 9, alongside the extent of green belt surrounding the site, and landscaping and watercourses within the site boundary.

Table 2: Tilbury2 business scope and key operational requirements

	Business scope for Tilbury2	Key operational requirements
Core (minimum) requirements	**Ro-Ro terminal specifications:** An approach bridge comprising a 3 lane roadway and adjoining footway A linkspan bridge connecting the bridge to the floating pontoon A floating pontoon Erection of a control office on the floating pontoon Footway Link bridge, linking the floating pontoon to the existing jetty Seven mooring dolphins arranged east west as an extension to the existing jetty connected by a footway link bridge Removal of the existing Anglian Water Authority (AWA) jetty. **CMAT terminal specifications:** Installation of an extension to the existing conveyor system; Erection of new feed hopper Installation of 6 number mooring dolphins to the front of and downstream of the existing jetty **Berth pockets and approach dredging:** Dredge pockets will be created and maintained for the life of the terminal around the improved terminal jetty. In relation to the downstream (aggregate) jetty, the depth of pocket will cater for the largest likely vessels to visit the site in the future (100,000 tonnes). The immediately adjoining approaches to the berth pockets will also need dredging and are included within the indicative DCO limits	**Ro-Ro terminal operations:** The Ro-Ro terminal is envisaged to operate 363 days per year, 24 hours per day[13] The capacity of the terminal is considered to be a maximum 600,000 units (trailers or containers) per annum. The objective of the likely operator is a throughput of 360,000 units per annum. The Ro-Ro terminal will be completed by PoTLL on behalf of the customer, and will accommodate two vessel movements per day once the site is fully operational. **CMAT terminal operations:** The CMAT is envisaged to operate 312 days per year (six days per week), 7am - 7pm Monday – Friday and 7am – 12pm Saturdays. There is potential for truck loading activities to occur outside of these hours. The proposed capacity of the CMAT will be 1,600,000 tonnes per annum. It is expected that a total of 700,000 tonnes will be transported away from the site by rail, and 750,000 tonnes by road. Of that leaving the site by road, 50% will be exported on 16T vehicles and 50% on 33T vehicles. It is expected that some 1 – 3 trains per day will remove materials from the site. A total of circa 150,000 tonnes of material per annum is expected to leave the CMAT by barge. **Highways and public rights of way:** The scheme is likely to include diversion of public rights of way and modifications to the local highway network. The full extent of these works will be known following the transport assessment carried out for the Tilbury2 project as part of the EIA process. A public footpath (By-way 98 or FP 146) routes along the foreshore of the Thames at the southern boundary of the site. This footpath forms

[13] Tilbury2 Preliminary Environmental Information Report, 2017.

	Business scope for Tilbury2	Key operational requirements
	Ro-Ro terminal landside facilities: Following clearance of the site, the land south of Substation Road will be developed to accommodate associated storage areas and access to the Ro-Ro jetty over an area of approximately 50 acres. This will include the operation of lorries to and from the Ro-Ro terminal. These works will comprise: • Formation of concrete pavement for the storage of shipping containers • Surface water drainage features • Installation of column mounted and high mast luminaries • Potential ancillary single storey welfare buildings • Operation and security gate systems • Formation of access corridor to the linkspan bridge • Peripheral structural landscaping including Sustainable Urban Drainage system (SUDs) features The area will also accommodate a single storey warehouse. This will replace the existing "Maritime" terminal warehouse at the existing Port and will be used for multi-modal transhipment of steel. **CMAT terminal landside facilities:** • Aggregates distribution yard • Block & Precast manufacturing facility • Cement facility comprising importing sheds/silos on approximately 0.8ha (2 acres) • Ready-mix concrete batching plant • Asphalt batching plant	part of the Thames path and may need to be temporarily diverted or temporarily closed during the construction process. Footpath FP144 crosses the proposed access corridor to the south of the built up area of Tilbury and will need to be locally diverted.

Figure 8: Tilbury2 site and infrastructure corridor location

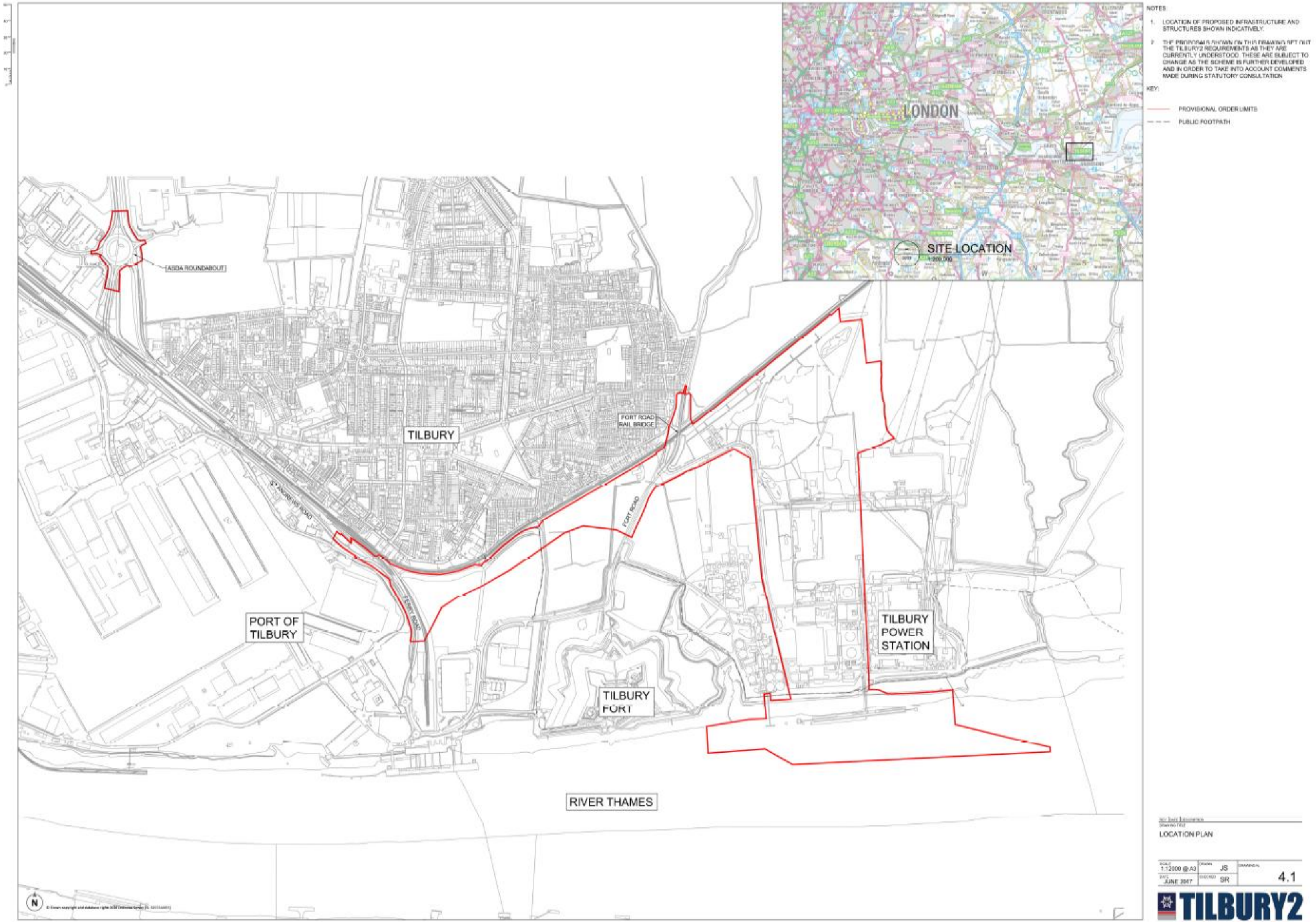
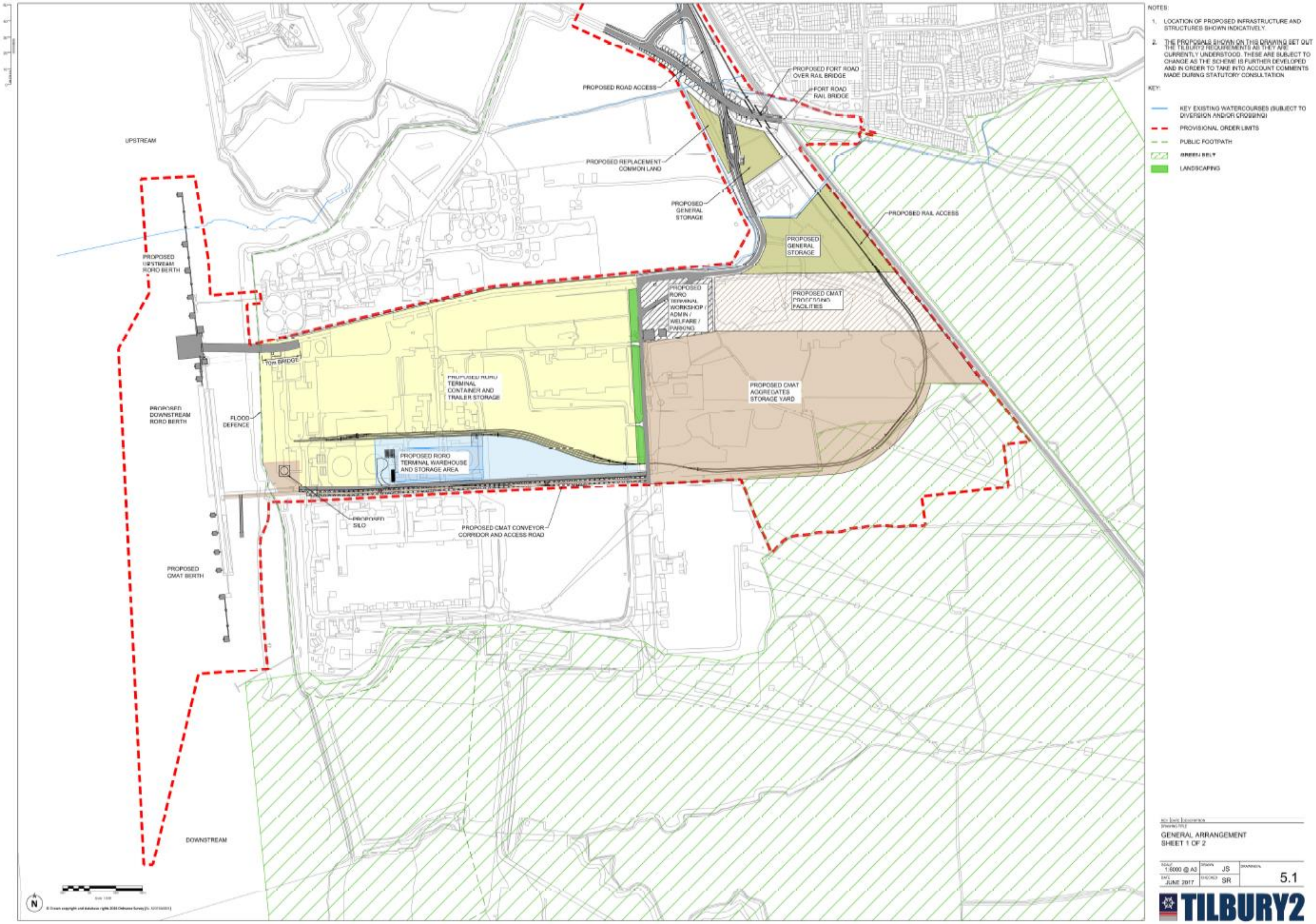


Figure 9: Tilbury2 proposed uses



CONSTRAINTS AND DEPENDENCIES

2.18 The spending envelope for the scheme has been determined by PoTLL and Forth Ports, and therefore any constraints on funding would be internally imposed. Externally imposed constraints for Tilbury2 include acting in accordance with DCO guidance and with local, regional, and planning policies. The Ports NPS and PAF for Ports both form part of a framework within which the Proposals will be examined and determined. These are discussed in more detail in the Strategic Context.

2.19 As for dependencies, these should be considered carefully as the success of the project is dependent on them. These include all stakeholders, especially those identified as part of the PEIR, and builders and contractors.

OPERATIONAL REQUIREMENTS

2.20 Of the key operational requirements, four critical success factors (CSF) have been determined from a PoTLL perspective. These have been outlined as the most important core requirements for the project:

TRANSPORT LINKS

2.21 The proposals for Tilbury2 include enhancements to road and rail links. The operational requirements for the development proposals include relocating a current railhead that terminates close to the Port's cruise terminal and re-routing it to run parallel with the existing railway line, along with junction upgrades and cycleway provision. In line with Government objectives, the proposals will support growth by contributing to the transport network and accessibility more broadly, particularly through the proposed infrastructure corridor, rail service and access road. This will be supplemented by wider contributions to the passenger ferry service and improved localised pedestrian access. In turn, this will improve connectivity for both passengers and freight beyond water-based transport.

2.22 The operational requirements for the proposed development include a new public highway to link the A1089/Ferry Road from the south of Tilbury Railway Station along an alignment closely following the existing railway line. A simple priority junction with the A1089/Ferry Road will be formed at the Western end of the new highway, linking directly with the new terminal.

Infrastructure corridor

2.23 The infrastructure corridor, or 'access corridor', comprises a number of different land use types immediately adjoining the existing railway corridor. At the western end, the corridor includes land occupied by an existing rail siding, and operational land used by the Port for the external storage of new cars predominantly. At the eastern end, the land includes Fort Road and the existing bride where the road crosses the railway. Between these two developed areas at either end of the corridor is a little used undeveloped land. Ability to operate flexibly with Permitted Development rights

2.24 Within current planning controls, ports benefit from a number of permitted development rights. This enables ports to react to changing business circumstances with minimal administrative and temporal burden to evolve and meet market needs. This helps ensure ongoing business vitality and continued employment and wider economic effects.

2.25 Government is supportive of port flexibility and recognises the role that they play in defining the flexibility of operation. Whilst this is current through the NPS for Ports (see paras. 2.32 to 2.38), it has been a longstanding accepted government stance. For example, the 2004 DfT publication ‘Guidance on the Preparation of Port Master Plans’ stated within its Introduction:

“The purpose of this guidance is to assist ports, not to dictate to them. This is a successful, competitive sector which does not require central direction on running its business”

2.26 In preparing its business plans and in submitting its DCO application, the Port will continue to ensure it can act flexibly to respond effectively to the needs of the market to safeguard the employment and economic benefits it creates within an appropriate environmental framework.

Ability to operate 24 hours per day

2.27 The Ro-Ro terminal is required to operate 363 days per year, 24 hours per day, and the CMAT is required to operate 312 days per year (six days per week), 7am to 7pm Monday to Friday and 7am to 12pm on Saturdays. These requirements are in place because cargo is transported at night and over weekends, and is handled at the Port around the clock. The commercial needs of a 24 hour working Port are dependent on responsive and high quality infrastructure to allow for fast docking and turnaround times, and to avoid cost implications associated with delays and operational limitations.

STRATEGIC CONTEXT

NPS for Ports 2012

2.28 Policy relating to new port infrastructure is set out in the National Policy Statement (NPS) for Ports, Department for Transport (2012). The Government statement forms an important part of the planning system established under the PA2008 to deal with nationally significant infrastructure proposals. It provides the framework for decision-making on proposals for new port development, considering the current place of ports in the national economy, the available evidence on future demand and the options for meeting future needs.

2.29 The NPS states that ports continue to play an important role in local and regional economies. Throughout Tilbury2’s project lifecycle, the NPS guidance has been abided by. The Government’s objectives, and how Tilbury2 will contribute to them, are set out in greater detail below:

- Encourage sustainable port development to cater for long-term forecast growth in volumes of imports and exports
    - As set out in Drivers of Change (paras. 1.5 to 1.32), market trends show demand across both the Ro-Ro and aggregates industries, with forecasts anticipating year on year growth. With existing and further predicted challenges surrounding the Port of Dover, increasing the operational capacity through the Tilbury2 proposals will encourage sustainable Port development along the UK’s east coast. This will make efficient use of existing port infrastructure, and contribute to increased international trading opportunities.

2.30 The NPS states that in order to help meet the requirements of the Government's policies on sustainable development, new port infrastructure should:

- Contribute to local employment, regeneration and development;

  - Tilbury2 will stimulate job creation in the local and regional economy, offering temporary jobs during the construction phase, and permanent positions when the Port becomes fully operational. This will include building upon existing initiatives and partnerships with local schools, training schemes and contributions to regeneration and skills programmes. Improved connectivity with Gravesham through the passenger ferry service could provide further economic benefits to build up the Gravesend Town Centre Opportunity Area, and neighbouring Opportunity Areas along the river.

- Ensure competition and security of supply

  - Tilbury2 will maximise the efficient use of transport infrastructure, which will play a role in optimising global supply chains. Measures to improve the security of supply are increasingly important in light of Brexit. Improvements to operational capacity and capability will strengthen the Port of Tilbury's competitive advantage, contributing to income generation, agglomeration and future security.

- Enhance access to ports and the jobs, services and social networks they create, including for the most disadvantaged.

  - The Port of Tilbury currently partners a number of institutions, and supports a range of training opportunities. Tilbury2 proposals will build upon these initiatives to improve access to employment and skills benefits, and local employment. This includes working with other operators on both traineeships and apprenticeships, measures to encourage greater diversity of Port staff, and the use of inclusive advertisement to broaden awareness and reach of opportunities.

2.31 Section 5.14 of the NPS sets out the considerations that should be taken into account by an applicant's assessment in relation to socio-economic impacts at local at regional levels. The consideration of relevant socio-economic impacts may include the following:

- The creation of jobs and training opportunities;

- The provision of additional local services and improvements to local infrastructure, including the provision of educational and visitor facilities;

- Effects on tourism;

- The impact of a changing influx of workers during the different construction, operation and decommissioning phases of the port infrastructure. This includes effects on social cohesion, depending on how populations and service provision change as a result of the development;

- The cumulative effects relating to surrounding projects in the region; and

- The consideration of the effect on affordable housing where a port development is likely to lead to a substantial net increase in employment (of 5,000 or more).

Project Appraisal Framework for Ports 2003

2.32 The Project Appraisal Framework (PAF) for Ports was published by the Department for Transport in 2003. It is now out of print and no longer available online. However, since the National Policy Statement for Ports makes reference to it, it has been referenced here. It sets out the approach to project appraisal for port related developments. The PAF for ports is a non-statutory advice document, and is intended to guide and support procedural requirements for ports, ensuring consistency in the process.

2.33 The purpose of the document is to assist and advise organisations promoting and seeking approval for port developments. It is intended to aid both decision makers, and those affected by port developments.

2.34 The Framework recommends that a ‘do minimum’ option should be considered when identifying development options and alternatives for port related developments. Building upon DfT guidance, the ‘do minimum’ case assumes no new investment is committed beyond that required to keep the port operations at present levels. This case will represent the existing conditions as described throughout this PEIR.

2.35 Making the best use of transport infrastructure is a key objective of the Government’s transport policy, and it is suggested that alternative sites should be considered with the aim of increasing the productivity of existing assets. In some cases, alternative sites within the port area can be investigated, as can alternatives at other ports. All identified alternatives go on to form the basis of a detailed appraisal.

2.36 Within the economy objective of port and port related activity, three main headings are used to describe different aspects;

- Economic effects of port activity – including benefits to cargo owners, passengers and leisure users;

- Economic effects of surface access to ports – including impacts on surface transport links and freight traffic; and

- Wider economic impacts including regeneration, productivity growth and investment benefits.

2.37 The framework emphasises the importance of redistribution and productivity growth across the economy as a result of port development. Whilst it recognises that developments do displace activity from other ports and related industries in the UK, the nation-wide impacts will still be beneficial from a UK plc perspective. This is due in part to greater exploitation of economies of scale, increased competition between ports and related industries and labour market effects.

2.38 The ‘Do minimum’ scenario has been established for Tilbury so as to distinguish those additional impacts in Tilbury2 and Tilbury2 UK plc scenarios as opposed to only those which are likely to occur anyway at the existing development. The scenarios are explained in further detail in the Economic Case.

UK Marine Policy Statement 2011

2.39 The Marine Policy Statement (MPS) is a framework for preparing, facilitating and supporting Marine Plans. Its main objectives are:

- Promote sustainable economic development;
- Enable the UK's move towards a low-carbon economy, in order to mitigate the causes of climate change and ocean acidification and adapt to their effects;
- Ensure a sustainable marine environment which promotes healthy, functioning marine ecosystems and protects marine habitats, species and our heritage assets; and
- Contribute to the social benefits of the marine area, including the sustainable use of marine resources to address local social and economic issues.

2.40 The MPS acknowledges that consents for nationally significant infrastructure projects in England and Wales need to be determined in accordance with the Planning Act 2008. Marine planning authorities in England and Wales should have regard to any relevant NPS in developing projects and plans.

2.41 Economic and social considerations should be given to planned developments; marine based activities provide opportunities for employment in long established industries such as fishing, marine, transport, and port-related storage and activities. These should also identify how the project contributes to the delivery of national targets and priorities, and to the delivery, support and maintenance of infrastructure such as roads.

2.42 The MPS recognises that ports and shipping play an important role in the UK economy, and that they also provide key transport infrastructure between land and sea, critical to the movement of cargo and people. Wider benefits to national, regional and local economies, as well as environmental impacts are referred to in the MPS, and have been reflected in this OBC.

National Planning Policy Framework (NPPF)

2.43 The NPPF was published in March 2012, and sets out the overarching planning policies for England, with guidance on how these are expected to be applied. The NPPF provides the framework for councils and local communities to develop local and neighbourhood plans, which reflect the needs and priorities of their area.

2.44 The NPPF is not of direct relevance to NSIPs, however general supporting principles can be drawn upon, and form an important part of the process. Specifically, Paragraph 3 of the NPPF outlines the relationship with NSIP proposals.

2.45 Paragraph 3 of the NPPF states that "*this Framework does not contain specific policies for nationally significant infrastructure projects for which particular considerations apply. These are determined in accordance with the decision-making framework set out in the Planning Act 2008 and relevant national policy statements for major infrastructure, as well as any other matters that are considered both important and relevant (which may include the National Planning Policy Framework). National policy statements form part of the overall framework of national planning policy, and are a material consideration in decisions on planning applications.*"

2.46 The NPPF identifies that the overarching purpose of the planning system is to contribute to achieving sustainable development, and as such, there is a general 'presumption in favour of sustainable development' that applies to both the plan-making and decision-taking process.

2.47 Paragraph 7 of the NPPF states that there are three dimensions to sustainable development: economic, social and environmental.

- Economic role – contributing to building a strong, responsive and competitive economy;
- Social role – supporting strong, vibrant and healthy communities; and
- Environmental role – contributing to protecting and enhancing the natural, built and historic environment.

2.48 There are a number of policies within the NPPF that are of particular relevance to port development.

2.49 Paragraph 18 of the NPPF outlines the Government's commitment to securing economic growth, in order to create jobs and prosperity. The priority is therefore to build on the country's inherent strengths, and to meet the challenges of global competition.

2.50 Paragraph 21 builds on this, and states that planning policies should seek to address potential barriers to investment, including a poor environment or any lack of infrastructure, services or housing. In doing so, planning authorities should support existing business sectors, taking account of whether they are expanding or contracting, and where possible, identify and plan for new or emerging sectors likely to locate in the area.

2.51 Section eight of the NPPF outlines the importance of promoting healthy communities. Paragraph 69 states that planning policies should promote safe and accessible development, which encourage the active and continual use of public areas.

2.52 The Tilbury proposals support the overarching principles set out in the NPPF, particularly in relation to contributing to a strong, responsive and competitive economy.

Transport Investment Strategy 2017

2.53 The DfT has published the Government's plan for Britain to build a stronger, fairer country, with an economy that works for everyone. The Strategy provides a framework for maintaining and upgrading transport infrastructure, including efforts to further integrate the existing network. High performing transport infrastructure plays an important role in underpinning the economy by connecting communities and businesses, and can help to spread wealth and opportunity across the country.

2.54 Enhancing Britain's global competitiveness requires making the country a more attractive place to trade and invest, and this will be achieved with investment in the transport network, of which the country's ports are a part. The DfT are currently conducting a maritime Port Connectivity Study, which will assess the potential need for new inland transport capacity and connectivity. The Government has a responsibility for ensuring ports are connected up to existing national and regional networks, and that they are able to handle the road and rail traffic they generate.

2.55 For freight transport specifically, ports in the UK move 95% by volume of the nation's imports and exports worth billions of pounds. While the private sector invests to enhance ports, the Government has a key role to play, working with industry and assessing the demand for and constraints for their road and rail access. Paragraph 1.33 of the Transport Investment Strategy states that around a quarter of businesses cite the quality of domestic connections to international gateways as a barrier to exporting. Improved connectivity to major industrial hubs is therefore key in overcoming barriers to trade and economic growth across supply chains.

2.56 Tilbury2 proposals will help to overcome infrastructure barriers identified by the Transport Investment Strategy, and promote greater connectivity and efficiency of the Port network.

Thurrock Core Strategy 2011

2.57 The Core Strategy and Policies for Management of Development (2011) form the main Local Plan document, and sets out a number of economic objectives for the period until 2026. A number of Local Plan policies support creating the conditions required for sustainable growth, including investing in strategic growth sectors, job creation and ensuring local people benefit from emerging opportunities. The Core Strategy states that there is a need to diversify Thurrock's economic base to provide the local community with more training and employment opportunities in identified growth sectors.

2.58 In relation to economic growth and job creation, CSTP6 within the Core Strategy identifies a number of strategic objectives for the future development of Thurrock. Relevant employment policy objectives have been summarised below:

- **CSTP6 -Strategic Employment Provision**:
  - Creating a network of high quality, mutually reinforcing Key Strategic Economic Hubs;
  - Safeguarding of existing Primary and Secondary Industrial, and Commercial land and premises, which will be reserved for employment generating uses;
  - Encourage development that maximises the employment contribution from mixed-used development sites;
  - Partnership working to enhance local employment opportunities within Regeneration Areas; and
  - Partnership working to enhance knowledge, skills and local employment opportunities for residents, including the promotion of local labour and training agreements as part of major construction projects.

2.59 The Tilbury2 proposals will deliver against these objectives by reinforcing an economic hub, strategically located within close proximity to London and the wider South East growth markets. Investment in infrastructure will increase the operational capacity of the site, and enhance employment opportunities for both the local and regional economy. Improved connectivity with surrounding authorities, such as Gravesham, will reinforce opportunities to promote regeneration through commercial riverside activity. Although the Port already supports a number of skills and training schemes, the Tilbury2 proposals will build upon existing initiatives and broaden potential impacts.

Local Plan Context

2.60 A new Local Plan for Thurrock is currently being prepared by the Council. Thurrock is anticipated to undergo significant change over the next 20 year period, including investments in industry, service provision and socio-economic characters. A range of forces will shape the future economic priorities for the Borough, including an ageing population, addressing housing pressures and the need for ongoing job creation.

2.61 During the consultation undertaken to date, a number of key challenges and opportunities have been identified, which will help shape economic priorities and ambitions for the Borough:

2.62 Key challenges included traffic congestion and poor public transport bus links. The opportunities identified as part of this process included the Borough's location on the Thames, and public transport train links. Going forward in the Plan-making process, a number of key studies are expected to be completed in 2017. This includes an Economic Development Needs Assessment (EDNA) which will help to inform job and employment targets in the new Local Plan.

2.63 Tilbury2 proposals are located in close proximity to Gravesham, and will seek to improve passenger connectivity across the River. The policy context of Gravesham, and associated opportunities and challenges identified over the Plan period is therefore an important consideration.

2.64 The Gravesham Local Plan Core Strategy was adopted in September 2014, and sets out the long-term vision for the future of the borough, and guides the amount and location of future development. The Core Strategy identifies a number of key challenges that will need to be considered throughout the Plan period, and are of relevance to Tilbury2 proposals. The Core Strategy identifies high levels of out-commuting to work, primarily as the Borough has a low number of jobs compared to the working age population. Gravesham has the smallest economy in Kent, and the Borough's riverside manufacturing base has been hit particularly hard. Parts of Gravesend and Northfleet are amongst the most deprived in England.

2.65 The Gravesham Core Strategy identifies a number of growth opportunities over the Plan period to contribute to wider regeneration objectives. These include measures to strengthen the role of commercial wharves, particularly in supporting the River Thames as a working waterway, along with improved river connectivity. The Core Strategy also identifies a number of existing challenges, such as the need to improve the skills of the local workforce, and increase the variety and quality of jobs. More broadly, there is a need to improve the performance of the local economy, to help reduce deprivation and increase life chances for residents.

2.66 Overall, the benefits associated with Tilbury2 proposals, such as job creation, improved river connectivity and wider leisure and tourism opportunities, could support both Thurrock and Gravesham in realising strategic objectives over their Plan periods. The socio-economic benefits associated with Tilbury2 are discussed in further detail as part of the socio-economic assessment.

Infrastructure Prioritisation and Implementation (IPIP)

2.67 The Thurrock Infrastructure Prioritisation and Implementation Programme was published in 2010, and provides a summary of future infrastructure requirements identified to support planned growth across the Borough over the Plan period.

2.68 In order to accommodate planned residential and commercial growth in a sustainable way, a number of strategic transport interventions have been identified (in addition to committed developments and upgrades at time of publication). Notably, these include the following highway links:

- widening the A13 carriageway - at multiple link locations;
- widening the A1306 Arterial Road;
- widening the A1306 London Road; and
- bus and cycle links at the A1089 Slips near junction 22

2.69 The identified upgrades to transport infrastructure will help to accommodate anticipated deficits, and ensure high performing road links and public transport are in place to support economic growth. Transport and access improvements associated with Tilbury2 proposals will further support these policy ambitions, and strengthen transport infrastructure provision.

South Essex Strategic Housing Market Assessment (SHMA) 2016

2.70 The South Essex SHMA (2016) identifies the Thames Gateway South Essex as an appropriate housing market area, which experiences a containment of moves, commuting and similarity in house prices.

2.71 This document assesses the likely change in job numbers, and the implications for housing need. This includes calculating forecast job growth by authority for the period 2014 to 2037. Over this period, Thurrock is expected to see a total job growth of 17,506, equivalent to an annual growth rate of 1.2%. It is noted that the expansion of the Tilbury Port will create additional local jobs, alongside investment and regeneration of Grays and Purfleet town centres, which are also expected to create additional opportunities. These strategic growth ambitions are likely to have implications on the local housing market, to accommodate current and future employees.

2.72 While many employees at the Port come from outside of the catchment area, there is an opportunity that local housing may become more attractive to employees (in seeking to locate closer to their place of work) and that new housing developments may come forward locally, replacing older stock. The generation of local employment may similarly contribute to benefits in the local housing market.

Thurrock Economic Development Strategy

2.73 The Economic Development Strategy for Thurrock was produced by the Thurrock Thames Gateway Development Corporation, and sets out the approach to supporting 26,000 additional jobs by 2021. This target has been set to ensure that planned housing development and associated population growth is sustainable. The Strategy identifies a number of factors that will support successful economic growth in Thurrock, which include:

- skills development;
- provision of sites, premises and infrastructure;
- development of more effective business functions and networks;

- successful marketing; and
- attraction of high value-added investment.

2.74 The Strategy therefore addresses the key challenges currently facing the Thurrock economy. One of the key priorities identified is the need to support and develop the education offer to ensure that communities are able to take advantage of new opportunities. The main challenges identified include:

- need for new employment;
- a relatively unbalanced employment base;
- a relatively weak skills base;
- a relatively limited education offer;
- some concentration of socio-economic disadvantage;
- relatively low rates of enterprise - Thurrock has not historically demonstrated high rates of new business formation. There also remains relatively high levels of business failure. The challenge is therefore to facilitate higher rates of sustainable business formation, by developing and diversifying the existing business base;
- a number of infrastructure constraints; and
- a significant scale of development planned for Thurrock's key hub locations.

2.75 The Strategy sets out that there is a potential to create around 10,000 jobs in Thurrock in port, logistics and transport functions up to 2021. Tilbury2 proposals will strongly contribute to meeting wider growth and employment objectives across the Thames Gateway. Investment in Port infrastructure, and associated increases in operational capacity, are expected to attract business investment and employment opportunities to the area. PoTLL currently support a strong network of businesses, supply chains, and training initiatives, with the capacity to significantly increase these opportunities as part of the development proposals.

3.0 ECONOMIC CASE

- The Port of Tilbury currently contributes GVA of £394 million. This figure can rise to £492 million when the Port reaches full capacity at the existing site, extending to £562 million with the expansion to Tilbury2.
- The construction of Tilbury2 is expected to support between 220 and 270 FTEs, and over 500 FTEs once operational.
- The Port of Tilbury currently supports 8,600 Full Time Equivalent (FTE) jobs. Although by definition, Tilbury is not currently at capacity, it is at the point of experiencing operational inefficiencies through nearing its capacity. Expansion will relieve current constraints and accommodate short, medium and long term provision needs. The number of FTE jobs supported by the Port can rise to 10,800 FTEs when the Port reaches full capacity at the existing site, extending to 11,300 FTEs with the expansion at Tilbury2.
- Tilbury2 will see total annual cargo increased from 16 million tonnes to more than 18 million tonnes. The operation phase of this expansion is anticipated to start in 2020.
- Employment levels and economic activity are expected to increase locally, with levels of qualifications and incomes expected to rise too. The Port currently support a range of training and educational programmes, which will continue to be built upon as part of the Tilbury2 proposals.
- Businesses in Tilbury Town will benefit from increased economic activity, whilst some businesses on the River Thames will benefit from increased shipping movements and ferry passengers.

OVERVIEW AND PURPOSE

3.1 The purpose of a typical economic case is to outline the relative economic costs and benefits of the different options for Tilbury2, and to determine which option presents the best value for money for the UK taxpayer. This economic case, while comparing the Tilbury2 proposal with a Do Nothing and Tilbury1 Max scenario, will not be outlining all of the associated economic costs and benefits. Instead, it will be setting out the key standalone types of economic benefits for each option, exploring the impacts at local, regional and national scales.

SHORT-LISTED OPTIONS

3.2 The short-list for this OBC comprises the preferred option, a do minimum option, and a do nothing option. These are set out in more detail below;

- **Do Nothing / Tilbury1 Current –** this scenario presents a snapshot of the Port of Tilbury in 2020, outlining total current employment as it currently stands, as well as on-site and off-site current tenant employment, total annual port volumes, and total current regional GVA contributions.

- **Do Minimum / Tilbury1 Max -** this scenario presents a snapshot of the Port of Tilbury reaching full capacity in 2020, outlining total employment as well as on-site and off-site tenant employment, total port volumes, and total regional GVA contributions**.** Delivery of Tilbury1 Max would still require investment and represent an expansion (intensification) of current activity levels. A number of operations within the current Port of Tilbury are approaching capacity, including the Ro-Ro, Bulks and construction facilities, therefore growth would be limited to other areas. It is considered to represent the best way in which the Port could develop in the absence of the Tilbury2 scheme.

- **Tilbury2 –** split into the **Tilbury2** and **Tilbury2 UK plc** scenarios. These scenarios comprise the Tilbury1 Max scenario with additional proposed activity at Tilbury2 to reflect a snapshot of the Port of Tilbury in 2020. The scenarios outline total employment, total port volumes, and total regional GVA contributions. As well as the proposed uses forming part of the Tilbury2 scheme, this takes account of the 'backfilling' expected to occur at Tilbury1 when some activities are relocated to Tilbury2. The impacts in this scenario are presented at a regional scale.

3.3 The Tilbury2 scenario differs from the Tilbury2 UK plc scenario. Both include the same uses and development (the Tilbury2 development proposal), however the Tilbury2 UK plc scenario outlines the total employment, total port volumes, and total GVA contributions at a UK plc scale (defined as the commercial interests of the United Kingdom considered as a whole), and therefore it differs from (and encompasses) the Tilbury2 scenario, which focuses on the study area at the regional scale. One is thus a subset of the other. They are provided separately to illustrate that both some employment and GVA effects would be more locally based and some would be felt outside of the study area.

Table 3: Summary of scenarios

Scenario	Summary
Do Nothing/ Tilbury1 Current	Current Port of Tilbury in the year 2020.
Do Minimum/ Tilbury1 Max	Current Port of Tilbury reaching full capacity, with the inclusion of some investment and expansion, in the year 2020.
Tilbury2	Demonstrates the regional benefits of the Tilbury2 proposal, including 'backfilling' expected to occur from Tilbury1.
Tilbury2 plc	Demonstrates the national benefits of the Tilbury2 proposal, in addition to the benefits identified at the regional scale.

ECONOMIC BENEFITS

3.4 As discussed in the strategic case, the economic benefits have been categorised as employment benefits, GVA benefits, operation benefits (including port volumes), and socio-economic benefits. These are set out below in more detail.

3.5 Table 4 below outlines the benefits assessed to be realised by the key stakeholders. They have been categorised by value relative to other benefits, timescale relative to other benefits, permanence, and whether they are qualitative or quantitative.

Table 4: Types of benefits

Type of benefit	Value (relative to other benefits)	Permanence	Delivery Timescale (relative to other benefits)	Qualitative / Quantitative
Employment benefits	High	Permanent	Short-term	Quantitative
GVA benefits	High	Permanent	Short-term	Quantitative
Operation benefits (including port volumes)	Medium	Permanent	Short-term	Quantitative
Socio-economic benefits	Low	Permanent	Medium-term	Qualitative

Employment benefits

3.6 The proposal is expected to generate employment during its construction and operation phases. Employment estimates for both phases have been modelled based on assumptions and information provided by, and agreed with, the Port of Tilbury. The figures provide estimates of the likely employment generation both within the Port itself, and across the wider supply chains. The construction phase will take place between 2018 and 2020, with the site becoming fully operational in 2020. The direct, indirect, and induced employment effects for both phases are provided in this Economic Case.

<u>Construction employment</u>

3.7 It is estimated that the Tilbury2 development proposal could sustain temporary construction employment equivalent to 266 FTE permanent jobs. The additional construction employment of 48 FTEs in the Tilbury2 UK plc scenario represents the employment that would come from outside of the South East, East of England, and London area to work on the development. These impacts are provided below in Table 5.

Table 5: Construction employment (FTE)

Scenario	Direct	Indirect	Induced	Total
Tilbury2	143	52	23	**218**
Tilbury2 UK plc	143	86	38	**266**

<u>Operational employment</u>

3.8 The operational employment benefits have been set out for each scenario for the year 2020. They align with the operational employment benefits set out in the PEIR and Environmental Statement as part of Tilbury2's Environmental Impact Assessment. They present a snapshot in time of total operational employment at the Port of Tilbury, including jobs employed at the existing site and those to be created at the new site. Table 6 below provides a complete breakdown of employment for each scenario, detailing gross direct, indirect, and induced employment for each. Tilbury2 is estimated to support an additional 527 FTE over Tilbury1 Max and Tilbury2 UK Plc is estimated to support an additional 868 FTE over Tilbury1 Max.

Table 6: Operation employment (FTE)

Scenario	Direct	Indirect	Induced	Total
Tilbury1 Current	4,112	3,003	1,513	**8,628**
Tilbury1 Max	5,140	3,753	1,892	**10,785**
Tilbury2	5,640	3,769	1,903	**11,312**
Tilbury2 UK plc	5,640	3,975	2,038	**11,652**

GVA benefits

3.9 Tilbury2 proposals have been assessed to make a significant contribution to the national economy, both through the GVA contribution, and associated multiplier effects as a result of increased spending. Wider economic benefits at the national level include the contribution to increasing the UK's port capacity and capability in responding to market trends.

3.10 The GVA benefits are closely related to employment benefits, with the GVA contributions coming from the economic activity generated by PoTLL FTEs and on-site and off-site FTEs, as well as indirect and induced FTEs. This includes the effects of increased turnover of both the Port and its tenants.

Table 7: GVA benefits (£)

Scenario	GVA benefits (£)
Tilbury1 Current	£393.70 million
Tilbury1 Max	£492.20 million
Tilbury2	£537.10 million
Tilbury2 UK plc	£562.20 million

Operation benefits

3.11 Operationally, the Port will see increased activity and throughput with the expansion to include the Tilbury2 site. Port activity would also increase if the current site continues to grow towards full capacity in the near future. Port volumes are set out below for each scenario, clearly showing a growth towards what is considered to be full capacity for Tilbury1 in 2020, and the additional tonnage that Tilbury2 would bring to PoTLL.

3.12 Tilbury2, assuming the existing Tilbury1 site reaches capacity by 2020, can accommodate additional volumes of approximately 320,000 tonnes for Ro-Ro and 1.4 million tonnes for aggregate products. These estimates are shown in Table 8, below.

3.13 It is important to note here that these additional tonnages are not displacing activity at the existing Port of Tilbury site. Any capacity created at the existing site is expected to be backfilled very quickly. There is latent demand from tenants wishing to occupy space at the Port of Tilbury, and expanding PoTLL operations which have already pushed the site to full capacity at times. This is explored further in Section 4.0 (Commercial case).

3.14 As part of previous work[14] Arup measured the value of throughput handled at the Port of Tilbury each year. This value is estimated to be around £8.7 billion. There are a number of activities beyond this, such as power generation through wind and biomass and within the business centre, which will also contribute to port value.

3.15 The proposals are also expected to contribute to growth in Port volumes per annum. Tilbury2 will represent approximately 38% increase from Tilbury1 Current and around a 10% from the Tilbury1 Max.

3.16 The Tilbury2 and Tilbury2 UK Plc scenarios both involve the same volume of movement, and both assume Tilbury1 Max volumes in the Tilbury1 site (such that development of Tilbury2 would enable relocation of some uses and back-filling at Tilbury1).

Tax Revenue

3.17 The development proposals are expected to contribute to the generation of tax revenues for both the Exchequer and for local government, such as through increased business rates and local employment tax contributions. These benefits link more broadly with regeneration opportunities, through job creation, development opportunities and increased local spending and investment.

Agglomeration

3.18 Ports have long since formed key locations for the agglomeration of economic activity, primarily through the development of specialized activities surrounding the handling of both goods and passengers.

3.19 Investment in infrastructure will enhance operational capacity, and will encourage shared inputs in economic activity, further contributing to industrial concentrations. The relative scale, scope and complexity of agglomeration activity will depend on the integration of the supply chain. Investment in port infrastructure will be equal to improved productivity experienced as a result.

Enhancement of technology

3.20 The development proposals will support an efficient transport system and ‘smart’ Port development through enhanced mechanisation and integration of existing operations. These could include:

- Supporting multi-modal transport opportunities and improving connectivity
- Contributing to greater operational capacity, capability and productivity
- Supporting ‘smart’ port development through mechanisation, integration

Socio-economic benefits

3.21 There are a number of socio-economic benefits assessed to arise from Tilbury2. It is acknowledged that as Tilbury1 moves towards operating at full capacity, there are

[14] Port of Tilbury London Limited, Economic Impact and Future Growth Assessment (2016)

likely to be socio-economic benefits arising from the existing site. This section however focuses only on those arising from Tilbury2, with the assumption that expansion at the existing site does not benefit from the capacity and opportunities created by Tilbury2 in the new Port area and through backfill opportunities likely to be created. The impacts on communities and socio-economic receptors outside of the Port are therefore only likely to be felt marginally. The significance of impacts arising from Tilbury2 are expected to be greater; they are described in more detail below.

Benefits for the community

3.22 Tilbury2 has been assessed to generate a number of benefits in the public interest, and will support new opportunities for local people.

3.23 Employment levels and economic activity are expected to increase locally, with levels of qualifications and incomes expected to rise too. Over time the development is expected to lead to localised benefits such as new housing developments, greater employment and training opportunities for residents, and could have marginal effects on reducing deprivation.

3.24 The arrival of a new site for the Port of Tilbury is likely to increase the working age population in Tilbury Town, and certainly at a regional scale, as more people come to work and live in the area. Tilbury's working age population, as a proportion of total population, is smaller than regional and national benchmarks, and the benefits of operation of a new terminal at Tilbury2 should help to close this gap.

3.25 Qualifications and employment characteristics are expected to change in Tilbury. Training provided by PoTLL and an increase in tenant/supplier employment will increase higher skilled employment, such as professional, managerial and technical occupations. This is likely to be characterised by the reinforcement of existing trends, such as higher levels of vocational qualifications and employment in port-related industries. As an area currently characterised with low levels of qualification, Tilbury2 could go some way towards raising local aspirations and improving the overall economic potential of the existing community.

3.26 Additional employment, regardless of industry, may increase levels of economic activity in Tilbury, where levels have historically been low, particularly in instances where employment is sourced locally and some jobs go to people who would otherwise be out of work. Incomes would then be expected to increase, with higher than average wages at PoTLL increasing the local average wage, which again, is currently lower than regional and national benchmarks. The Port will proactively support local capacity building, and encouragement of local sourcing through a number of mechanisms. This will include continuing to build on links with educational institutions, promoting apprenticeships and 'reach out' days.

3.27 Over the longer-term and in turn, the proposals may have an effect on deprivation and similarly on social grade classifications. Whilst both of these measures are relative, and effects are likely to be marginal, the proposals are likely to increase access to employment, education, skills and training. Through the provision of employment opportunities and GVA impacts to the area, local crime levels could be expected to fall. These same opportunities are also likely to influence the housing market and conditions locally, and although these effects are likely to be marginal, local housing may become more attractive to new employees, encouraging housing developments to come forward and replace older stock.

3.28 Gravesham similarly experiences pockets of deprivation, primarily due to fewer jobs available compared to the working age population. There are a number of Opportunity Areas located along the River in Gravesend, with ambitions to use commercial river activities and wider employment generation as an opportunities to encourage regeneration and provide high quality development. Improved connectivity to the Port of Tilbury through the passenger ferry service, along with wider job creation and multiplier effects, could play a role in supporting growth and regeneration in Gravesham. This extends to the housing market, whereby new employees may choose to live in Gravesham, and capitalise on improved river connectivity.

Local training and education

3.29 The Port provides a wide range and large number of training and education opportunities. Further, the development of Tilbury2 will not only expand these opportunities but also provide critical mass to support new ones:

Employee Training & Education	Around 1,200 employees undertook 300 learning events in the first half of 2017 covering accredited qualifications, technical, health and safety, personal and professional development, management and leadership subjects. It is estimated that Tilbury2 will increase training and education opportunities, demands and requirements by at least 30%.
Education & Training Opportunities for the Wider Community	PoTLL currently work with national, regional and local government agencies/bodies in the delivery of employability programmes to support people into the local jobs market. Including the ‘Access 2 Logistics’ programme and the ‘Youth Employment Initiative’. PoTLL will continue to participate in the development of additional employability programmes, and extend these opportunities to Tilbury2.
Education & Careers in Ports and Logistics – Schools, Colleges and Universities	PoTLL currently run a programme of support for local schools, colleges and universities by providing port and logistics insights days, career workshops and presentations, work experience placements, port tours and career engagement events. Tilbury2 will have a significant impact on the existing offer, providing new opportunities on a larger scale.
Graduates	Introducing a project on the scale of Tilbury2 allows for additional recruitment to the existing Forth Ports Graduate Programme from a broader range of degree disciplines. This has already been demonstrated at the inception of the Tilbury2 project planning stage with the recruitment of a Project Assistant Graduate. This offer could be extended to further graduates as the expansion progresses. The Tilbury2 project potentially increases PoTLL’s employer engagement offer to universities and the students by providing graduate internships and project support for those undertaking dissertations/academic projects.
Apprentices/ Traineeship	PoTLL currently has 49 people on apprenticeship/traineeship programmes port-wide. Tilbury2 could potentially generate a further 80 apprenticeship/traineeships over 24 months covering operations, admin and management. These figures reflect the introduction of the new apprenticeship levy which came into force in England from April 2017.

Benefits for businesses

3.30 Investments in transport infrastructure, increased supply chain activity and access to new markets is likely to make Tilbury, and particularly the Port area, a more attractive location for business. Job creation in the Port will contribute to footfall in local businesses, and could create new business opportunities. Some businesses on the River Thames will also benefit from increased shipping movements and ferry passengers.

3.31 Local businesses are expected to benefit from increased economic activity in Tilbury Town once Tilbury2 is operational. It is likely that businesses will enter the area to take advantage of the increase in demand and spending locally. This includes shops, restaurants, cafes, hair salons and pharmacies which will benefit from additional customers, as well as businesses located at the Riverside Business Centre which will benefit from increased port and supply chain activity. Two businesses on the River Thames are expected to be impacted directly; Gravesend-Tilbury ferry service will benefit from increased demand, and Thames Ship Repair Service is expected to benefit from an increase in local shipping activity. This could potentially bring new jobs, encourage spending and create opportunities for income generation.

Benefits for tourism

3.32 Paragraph 4.6 of the Ports NPS sets out the positive impact on tourism Port developments can have, and should be taken into account when assessing the overall benefits of a proposal. Ports can play a role in improving accessibility to tourist and leisure attractions, particularly in instances where heritage and other important assets are preserved or enhanced.

3.33 The Port supports the London International Cruise Terminal, which is London's only deep-water cruise facility, and accommodates over 100,000 passengers each year. The cruise terminal, along with associated passenger services such as the Tilbury-Gravesend ferry service (which will also be supported by the Tilbury2 proposals) is likely to improve access to tourism and leisure opportunities, including the Tilbury Fort.

3.34 This section outlines a number of economic benefits, at both the national, regional and local scale. These benefits demonstrate that the Tilbury proposals are in the public interest, in terms of tax generation, job creation, business potential, wider socio-economic benefits, contributing to tourism and capitalising on technological investment. These considerations help to build a compelling economic case the for the Tilbury 2 Port development proposals.

4.0 COMMERCIAL CASE

- PoTLL have a track record in ensuring procurement strategies include risk assessment and management plans.
- The proposals have been considered a ‘Nationally Significant Infrastructure Project’. PoTLL are following DCO procedures, with a PEIR submitted in June 2017, and an ES to be submitted in October 2017. Non-statutory and statutory consultation and engagement has informed the proposals and commercial case.
- The expansion to Tilbury2 will provide the existing site with additional capacity. This is expected to be quickly backfilled by new tenants and increased activity at the existing site.

OVERVIEW AND PURPOSE

4.1 The purpose of this commercial case is to demonstrate the commercial viability of Tilbury2. Typically a procurement strategy and contract approach are set out in a project’s commercial case.

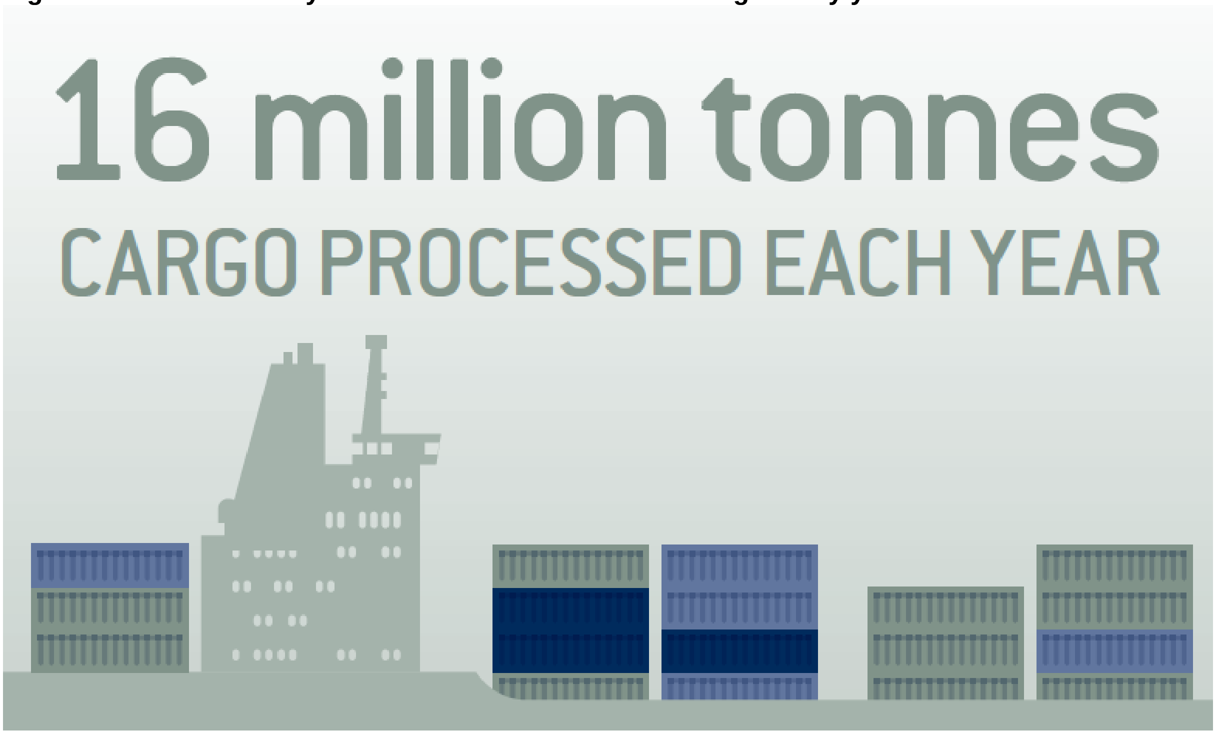
LATENT DEMAND AT TILBURY1

4.2 The expansion to Tilbury2 will provide the existing site with additional capacity. This is expected to be backfilled quickly by new tenants and increased activity at the existing site.

4.3 As set out in the Scope and Approach (paras. 1.33 to 1.38), there is a growing demand for Ro-Ro and aggregates within the industry. Recent trends have shown a decline in Ro-Ro capacity across some European markets, combined with growing Ro-Ro volumes and increasing freight traffic around the Port of Dover. Forecasts[15] show that the Port of Tilbury is expected to see year on year volume growth, and therefore the demand for infrastructure capacity forms a key driver for development proposals.

[15] Sourced from the Port of Tilbury London Limited

Figure 10: Port of Tilbury handles 16 million tonnes of cargo every year



4.4 As mentioned as part of the Economic Case, a key driver of the business case for Tilbury2 is the fact that any capacity freed up at the existing Tilbury1 site by the expansion to the Tilbury2 site will be backfilled by latent demand from tenants wishing to occupy space becoming available. Business opportunities have already been lined up in advance of the development proposal, supported by a healthy pipeline of enquiries. Operators for the Ro-Ro terminal have been identified, and there are ongoing discussions with potential operators for the CMAT.

4.5 Tilbury2, assuming the existing Tilbury1 site reaches capacity by 2020, can accommodate additional volumes of approximately 320,000 tonnes for Ro-Ro and 1.4 million tonnes for aggregate products. With around 16 million tonnes of cargo handled at the Port every year, the proposals will present the opportunity to increase tonnages beyond this amount.

5.0 FINANCIAL CASE

- Tilbury2's capital cost is expected to be around £120 million.
- Maintenance costs for Tilbury2 are expected to be around £115 million over the 15 years following completion of the proposal's construction.

OVERVIEW AND PURPOSE

5.1 A typical financial case demonstrates that the proposal is fundable and affordable. It requires the spending party to set out the capital requirements for the proposals over their expected lifespan and an assessment of how balance sheets and income and expenditure accounts will be impacted.

5.2 With Tilbury2 being funded privately, there is no requirement to demonstrate the proposal is fundable and affordable. Instead, this financial case will set out in brief the proposal's costs and high-level financial information about Forth Ports and PoTLL. This demonstrates that the proposal is financially achievable and worthwhile from a business perspective.

TILBURY2 COSTS

5.3 The costs for the Tilbury2 proposals have been set out below. They have been split by capital expenditure and maintenance expenditure for both new terminals.

Capital expenditure

5.4 The capital expenditure (Capex) for the Tilbury2 proposal has been outlined below in Table 8, broken down by Ro-Ro terminal and CMAT. The former's higher Capex is predominantly due to higher construction costs for the terminal itself, with costs of fees, common allocation and the infrastructure corridor split proportionately between the two terminals.

Table 8: Tilbury 2 Capex

	Ro-Ro terminal	**CMAT**
Fees	£4.47 million	£4.47 million
Terminal construction	£58.30 million	£23.25 million
Rail terminal	-	£6.82 million
Infrastructure corridor	£9.10 million	£12.58 million
Common allocation	£2.95 million	£1.75 million
Sub Total	£74.82 million	£48.87 million
Capex Total	**£123.69 million**	

Maintenance expenditure

5.5 Maintenance expenditure is expected to be in the region of £115.46 million for the 15-year period following the start of construction of Tilbury2 in 2020.

FINANCIAL INFORMATION

5.6 The financial activities of Forth Ports Group and PoTLL have been summarised below. They demonstrate the Group's profitable and secure position as a large, successful and sustainable employer and whose diverse cargo base and geographic footprint provides resilient cash flows, security and growth.

Forth Ports Group

5.7 Forth Ports Group's turnover for the year ending 31st December 2016 was £214.4 million, up by £11.5 million or 5.7% on 2015. The principal reasons for the increase were strong revenues in both the Scottish Operations and good growth in revenues at PoTLL, with most operations across the Group delivering year-on-year growth.

5.8 Gross profit was £101.2 million, up £5.7 million or 6.0% on 2015. This was as a result of increased profitability of the core port and marine operations which benefited from increased revenues and good cost control.

5.9 Group operating profit, before exceptional items and revaluations, was £77.1 million, up £6.2 million or 8.7% on 2015. There was an improvement in the operating profit margin to 36.0% from 34.9% in 2015 reflecting good cost control across all operations and a change in the mix of our overall business away from the lower margin container related activities.

5.10 The Group has set out in its financial report its focus for developing core port operating assets, with Tilbury2 being identified as a key development for future growth. Other key future developments include further growth of Ro-Ro activities, consolidation of PoTLL's position as the UK's leading waste and recycling port, development of Port Centric initiatives across both Tilbury and Scottish Ports and further growth of PoTLL's position as the UK's leading import and export Grain Terminals by utilising the new storage facilities currently under construction.

5.11 The purpose of the financial case is to demonstrate that the proposal is both fundable and affordable, and will be financially beneficial over the expected lifespan of the proposal. The figures set out above show increased profitability across the Forth Ports Group, with annual growth in most operations. This shows that the proposal is financially worthwhile and is supporting current and future growth whilst through investment and technological improvement delivering improved productivity.

5.12 The NPS sets out that the developer is expected to fund the provision of infrastructure required to accommodate users of the development. This should not have detrimental impacts to pre-existing users of the Port. The Forth Ports Groups is in a strong financial position, and is well placed to drive forward development proposals. Good cost control, along with predicted profit growth, will ensure funding security in the project delivery, and will help to mitigate uncertainties and delays. PoTLL is an experienced port operator and developer which, with the backing of its parent company Forth, has sufficient financial resources to deliver the scheme, and meet any blight or other compensation obligations as they fall due. The Funding Statement sets out the funding position of PoTLL in further detail.

6.0 MANAGEMENT CASE

- PoTLL is a competent and proven port management firm, with a track record of delivering successful projects which safeguard the Port's position, further the economic 'punch' of Tilbury and create employment and business opportunities.
- The Port provides and creates a wide range of training and apprenticeship opportunities.
- The Port takes its role with and as an integrated part of the local community seriously, through supporting schools, clubs and charities.

OVERVIEW AND PURPOSE

6.1 The purpose of this management case is to demonstrate that the proposals can be delivered successfully. In doing this, this case will articulate Forth Ports' and PoTLL's track record for delivering major projects, details of its 'good neighbour' relationships with other businesses and stakeholders, and mitigation measures.

PROCUREMENT STRATEGY

6.2 PoTLL is not an organisation which is within the scope of the Public Procurement Regulations, but its internal procurement processes will be developed to ensure Tilbury2 can be implemented efficiently building on established track record and practice. Clearly, any legal requirements will also be complied with.

Internal procurement processes

6.3 Whilst the Regulations reflect and reinforce the value for money (VfM) focus of the government's procurement policy, as defined by the optimum combination of whole life costs and quality to meet users' requirements, PoTLL's internal procurement processes also reflect a VfM focus from a business perspective. PoTLL has a track record in ensuring the procurement processes include risk assessment and management plans, and considerations for mitigation and sustainability; for example risk workshops and registers have been used to identify risks and determine who should own each risk.

6.4 PoTLL's Procurement Department reflect and support Forth Ports' aims by working with suppliers and other stakeholders to optimise procurement. The department defines the type, size and phasing of the procurement to determine the most appropriate approach. It ensures all procurement is compliant with current legislation, consents and licences, determining any activity falling outside guidelines to be construed as a breach of policy.

6.5 All suppliers must complete the Group's evaluation process prior to any requisition being raised.

TRACK RECORD IN PROJECT DELIVERY

6.6 PoTLL has delivered a number of major infrastructure projects in recent years, proving it has arrangements in place for programme and project management, for change management and for the delivery of benefits and mitigation of risk through established funding measures.

London Distribution Park

6.7 Having acquired the site and secured outline planning consent, PoTLL worked in partnership with Roxhill Developments Limited to deliver a new multi-modal development, located adjacent to the Port's existing site. The London Distribution Park offers 70 acres of land for industrial and logistics development. It is located approximately 6.5 miles from the M25, with dual carriageway access via J30/3, making the most of the strategic south east location. In the region of 18 million people live within a 75 miles radius of the park, meaning it is located in one of Europe's biggest consumer markets. Three rail terminals provide daily connections to the rest of the UK, and with the Port serving all major deep sea routes. A number of uses currently occupy the multi modal site, notably an Amazon distribution centre (2.2 million sq ft), a warehouse for Travis Perkins (110k sq ft) and a high quality, secured HGV park.

6.8 PoTLL have invested heavily in infrastructure for the park, and for the local area. Flood mitigation measures have been put in place for the site, and the ASDA roundabout and dock road have undergone reconfiguration to reduce congestion and improve access to the site. Pedestrian links between Tilbury and Grays are also in the process of being enhanced to improve pedestrian amenity, with the improvement of walkways and the addition of a small park for children. PoTLL also support the Tilbury-Gravesend ferry service with an annual contribution of around £20,000. The service is an important part of the local passenger transport network, and a key mover of workers between the two towns.

New Chill Store

6.9 NFT Distribution has recently developed a new c.21,000 sqm temperature-controlled handling and distribution centre, located within the existing Port. The facility opened in April 2016 and has capacity for 25,000 pallets of chilled or ambient food.

6.10 The New Chill Store was delivered through a £20 million investment. Both the location and the facility itself have enabled 'end to end' efficiency improvements to customers' supply chains.

6.11 PoTLL supported this development through estates, liaison and management services. Previous challenges surrounding consolidation helped to identify and prime the site for relocation. PoTLL provided support by ensuring the required skills and networks were readily available. The outcome of this development has contributed to employment security locally, and greater food security for London and the wider South East.

Enterprise Distribution Centre

6.12 The Enterprise Distribution Centre (EDC) is the automated paper terminal at PoTLL. Opening in 2005, following a £36 million investment by PoTLL, underpinned by a 15 year lease and cargo agreement with Stora Enso, the EDC created a combined port and logistics facility capable of storage, consolidation, repacking, stock control and distribution to support just in time delivery.

6.13 Capable of handling around 800,000 tonnes of paper per year in the form of reel and pallets of paper, the EDC has four storage locations across the port.

London 2012

6.14 The Port of Tilbury was chosen by the London Organising Committee of the Olympic and Paralympic Games (LOGOC) to help deliver the 'Greenest Games in modern times'[16] using its expansive logistics and warehousing facilities. The Port acted as receiver for a wide range of construction and operational equipment and materials. This provided a site for efficient receipt, storage and then transportation to the site, including delivery of containers by water direct from the Far East through to the Stratford Olympic Park without ever touching a road vehicle.

6.15 The successes of the project included the ability to work in partnership, to tight deadlines, with large quantities of varied shipments, in a sustainable manner.

6.16 The idea of Olympic 'Legacy' was a key feature of the 2012 London Games and from this sprung the London Construction Link collaboration concept. This would allow just in time marshalling, assembly and delivery to support construction projects in Central London such as Battersea Nine Elms, Thames Tideway, Crossrail 2 and the Northern Line Extension.

6.17 To further demonstrate the latent demand for facilities at the Port of Tilbury, the 0.5m sq.ft. of warehousing used by the London Olympics was re-let within a year of being vacated.

6.18 These recent examples demonstrate a number of successes and, in relevant cases, the operational and dynamic nature of the Port. The examples reinforce the need for facilities to be kept up to date, and remain open to the delivery of commercial solutions within the parameters of a port operation.

OTHER GOOD NEIGHBOUR RELATIONSHIPS

6.19 Lastly, PoTLL also demonstrates its management credentials through a range of 'good neighbour' support activities to the local community. PoTLL manage the Port as part of and with the community in mind. Examples include:

- Governors from The Port at The Ockenden Academy, Adult Community College, St Marys Primary School and Gateway Learning Trust, along with wider support through sponsorship or donation of resources.
- School sponsorship for fundraising events at Lansdowne County Primary School, Gateway Academy, Herringham Academy and Pioneer School.
- Work experience placements at the Port throughout the year, and wider support on careers advice through participating in mock interviews and young enterprise skills days.
- Sponsorship of Thurrock Education Awards and Thurrock's Next Top Boss.
- Presentations to local schools on the work of the Port.

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[16] Forth Ports: https://forthports.co.uk/media/archive/813/Port+of+Tilbury+recognised+for+key+role+in+the+logistics+success+of+the+London+2012+Olympic+Games/

- University visits and study tours (both national and international), as well as support for dissertations and other research.

- Membership of a number of local and regional business groups, including:

  - URBACT – helping the local authority tackle youth unemployment through urban regeneration projects;

  - Thurrock Skills & Economics Development Partnership – both strategic and delivery groups;

  - Tilbury Programme Board – concerned with the social welfare and environment of Tilbury and its residents;

  - Chair of the South-East Region National Apprenticeships Service (NAS) Employer Ambassador Network;

  - Thurrock / NFT Employment Action Group;

  - Essex Logistics Sector Action Group; and

  - Opportunity South Essex – Skills Czar.

- Support for schools, clubs and community groups including the Sea Scouts and Scouts, for example through the donation of projectors.

- Sponsorship of multiple local sports clubs including Tilbury Town Football Club, Thurrock Rugby Club, Thurrock Athletic Club, Thurrock Swimming Club, Chadwell and Tilbury Boxing Club and Orsett and Thurrock Youth Cricket Club.

- PoTLL are the headline sponsor for the 2017 Orsett Show.

- Partner of St. Luke's Hospice in Basildon.

- Use of training facilities and premises (for meetings) by small local companies and community groups, including a local care home.

- Support for the film industry through use as a film location. Most recently, a number of Hollywood films as well as television programmes have made use of the Port and surrounding area, including: *Murphy's Law* (2003); *Alfie* (2004); *Batman Begins* (2005); *Fish Tank* (2009); *Paddington* (2014); and *Grimsby* (2016).

- Opportunity Thurrock, a careers event for all year 10 students (over 3000 students) from across the borough to find out about local jobs, career prospects and training.

- The use of the cruise terminal for border force and police training

- Military training (Logistics)

- Civic Awards sponsorship - Mayors Award

- Remembrance service

- Public Sector tours of the Port to promote understanding of the sector and develop community relations.
- Community Group sponsorship and support for the Tilbury Riverside project and the Thurrock Park Residents group.
- Tilbury Hub funding for display materials to promote heritage and local activities.
- Royal British Legion - Wreaths and memorial care.
- Merchant Navy Association – Wreaths
- Essex Wildlife Trust - Gold sponsor.
- Thurrock Soup – supporting community entrepreneurs with seed start-up funding
- Jo Cox memorial picnic to bring community together
- Thurrock African Group Easter Celebration
- Rotary Club – Cycle marathon
- Tilbury on the Thames Trust - Funding support and resources. Working collaboratively with the Port of Tilbury, the trust blends community and commercial uses to safeguard the heritage of the Cruise Terminal Grade 2 star listed buildings for the future.