

TORBAY COUNCIL

Report No: **143/2006**

Title: **Municipal Ports Review**

To: Harbour Committee on 19 June 2006

1. Purpose

- 1.1 To advise the Harbour Committee of the Municipal Ports Review that has recently been published by the Department for Transport, Ports Division.

2. Relationship to Corporate Priorities

- 2.1 Tor Bay Harbour and the Councils statutory port/harbour functions have strong links to the Community Plan themes of Improving Torbay's Economy, Valuing our Environment, Developing Torbay's Culture and Creating Sustainable Communities.

3. Recommendation(s)

3.1 It is recommended that:

- i) **Members note the Review of Municipal Ports recently published by the Department for Transport and**
- ii) **that Members consider how the Council may wish to go forward in response to the issues highlighted within the Review of Municipal Ports.**

4. Reason for Recommendation(s)

- 4.1 Torbay Council is the statutory harbour authority for Tor Bay Harbour and Tor Bay is therefore a municipal port. The Department for Transport (DfT) has recently published a Review of Municipal Ports in England and Wales. Under the heading "Opportunities for Ports in Local Authority Ownership" the document has the support of the Department for Communities and Local Government and the Welsh Assembly Government.
- 4.2 The Review of Municipal Ports sets out a number of recommendations and provides a clear indication of the way forward for ports under local authority management. Municipal ports are asked, by the Review, to consider adopting and adapting these recommendations.
- 4.3 If necessary the Department for Transport, Ports Division, would welcome the opportunity to discuss with local authorities the way forward for municipal ports.

5. Key Risks associated with the Recommendation(s)

- 5.1 There are no risks associated with these recommendations.

Likelihood	6	6	12	18	24
	5	5	10	15	20
	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
		1	2	3	4
Impact					

 Low risk
  Intermediate risk
  High risk

The "x" in the above matrix denotes where the author has assessed the level of final risk to fall

6. Alternative Options (if any)

- 6.1 Not to note the Review of Municipal Ports and not to consider the way forward for the management of Tor Bay Harbour.

7. Background

- 7.1 Following their work on ***Modernising Trust Ports*** the Department for Transport (DfT) have also been examining, jointly with the Department for Communities and Local Government and the Welsh Assembly Government, the accountability, governance and finance of the municipal ports sector. The DfT have published the report of this review, '***Opportunities for ports in local authority ownership***', A copy of the Review's Executive Summary is attached to this report as Appendix 1. The Review sets out the challenges for local authority-owned port operations and recommends a number of measures which the local authorities and the port managers may pursue together to align successful port operations more effectively with the new structures and obligations placed on local authorities. The central recommendation is that local authorities should consider restructuring the governance of the larger municipal ports into a Harbour Management Committee (HMC), resembling the structure of a trust port, and introducing a degree of operational independence from the parent authority and enhancing direct stakeholder input. This approach, modelled on the success of medium-sized trust ports, is already being adopted at Whitstable and Workington.
- 7.2 The Review does not, however, address the role of municipal ports as part of the wider ports industry. Most of the 62 municipal ports serve only leisure or fisheries markets, and only a handful are commercially significant. They are subject to the tight constraints of local government finance, and so are arguably less free than trust ports to invest in expansion that might impact on neighbouring company owned ports. Conversion to HMC status would not lower the appraisal hurdles that investment would have to clear.
- 7.3 Nonetheless, the DfT will need to be confident that municipal ports continue to justify their place in a mixed ports sector, and that local authority involvement does not distort the market for ports services. Indeed, the DfT indicate that there might be scope for synergies in a local authority's interest in ports through increasing its oversight of the activities of trust ports in its area.
- 7.4 As part of the National Ports Policy Review the DfT are considering whether there might be merit in a greater alignment of the approach to trust and municipal ports, strengthening their contribution as a "social" ports sector alongside the purely commercial company ports. The DfT ask the question "**Do the recommendations in the Municipal Ports Review satisfactorily address the range of governance issues and enable municipal ports to perform to their full potential ?**"

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Appendices

Appendix 1 Executive Summary of Opportunities for Ports in Local Authority Ownership:
A Review of Municipal Ports in England and Wales (DfT, May 2006)

Documents available in Members' Room

- Opportunities for Ports in Local Authority Ownership : A Review of Municipal Ports in England and Wales (DfT, May 2006)
- Modernising Trust Ports – A Guide to Good Governance (DETR, January 2000)
- Ports Policy – your views invited. DfT's discussion document for the Ports Policy Review (DfT, May 2006)

Background Papers:

The following documents/files were used to compile this report:

- Opportunities for Ports in Local Authority Ownership : A Review of Municipal Ports in England and Wales (DfT, May 2006)
- Modernising Trust Ports – A Guide to Good Governance (DETR, January 2000)
- Ports Policy – your views invited. DfT's discussion document for the Ports Policy Review (DfT, May 2006)