

Paris Smith committed to vibrant future for port and city of Southampton

The Port of Southampton contributes £2.5 billion annually to the UK economy. As part of Paris Smith's 200th anniversary celebrations *The Business Magazine* sees how the law firm's client, port owner operator ABP, is committed to ensuring the city and southern region continue benefiting from the port's success

The UK ports industry ranks as Europe's largest, according to ABP, which operates 21 in the UK, including the 750-acre Southampton port. "Our activity is divided into four core areas: cars, containers, cruise and commodities," explained Alastair Welch, Port director.

ABP Southampton is the UK's number one export port, critical for UK manufacturers, with nearly one million cars, vans, tractors and other industrial vehicles passing through every year. Southampton can handle the world's largest container ships – in excess of 400 metres long and carrying over 21,000 containers. The port processes 1.1 million containers each year and is the most efficient UK container terminal. Southampton shifts thousands of tonnes of imported commodities like gypsum and animal feed and shiploads of grain exports. The city is also the northern Europe's number one cruise port, welcoming over two million passengers and 500 ships annually, Red Funnel, which operates at the port also welcomes 3.4 million passengers a year.

A wide range of businesses rely on the port, from shipping agents, transport companies and government bodies, to the caterers, florists and laundry companies who serve the cruise liners. Carnival, with brands P&O and Cunard, employs more than 1,200 people in Southampton and other cruise line companies also have a major presence.

Shared ambitions

Like Paris Smith, ABP is strongly committed to Southampton's future. Peter Taylor, Paris Smith's managing partner, said: "ABP has a high level of engagement with the city. Alastair and his team work closely with various partners to improve the fortunes of Southampton. The port is central to creating a legacy for future generations to flourish and prosper."

Paris Smith has provided legal services to ABP for over a decade. This is centred on property advice and is led by property partner Mark Withers and a team of four lawyers.

Welch commented: "We have hundreds of tenants on the port estate, and on our industrial land at Eling and Marchwood, all a variety of different tenancy and property arrangements. Some are very complex. We work closely with



Alastair Welch

Paris Smith on a host of property matters that are critical to the port. We have to make sure we maintain very constructive relationships with all our tenants, and be open and transparent on lease terms."

He added: "Paris Smith people are technically current, commercially astute and able to give us pragmatic commercial advice."

Cruise control

Southampton's docks are close to the city centre and the arrival of cruise ships is an impressive sight. "The number of cruise ships coming to Southampton has doubled in the past 10 years to over 500 annually. Southampton City Council estimates that each cruise ship visit brings about £2.5 million to the local and wider economy. We have been investing in improvements for many years and are the only UK port that can accommodate the largest cruise ships," said Welch.

Of the cruise passengers in Southampton on transit calls, typically around a third will visit the city and another third will go on excursions around the area, while the others might remain on board. Many crew members with a few hours of shore leave head straight to the city's retail outlets.

"There's a real opportunity to make the city more attractive to cruise visitors. We are currently working on a six-month project in partnership with the city council, the Chamber of Commerce, and other interested parties to see how we can raise the profile of the city. Southampton has so much to offer," said Welch.

Auto focus

As well as passengers flocking into the city, another familiar sight around the docks are rows of cars parked on the quayside. The port can accommodate up to 60,000 vehicles with around 60% destined for export, mainly Jaguar Land Rover, BMW Mini and Honda.

"One of the prime reasons car manufacturers choose Southampton is that we are the first and last deep sea port in and out of northern Europe, which makes us a hub for the automotive industry. Cars imported and then trans-shipped on or exported from Southampton go via 110 services per month to over 50 ports and 42 countries – we're the Heathrow of the seas," observed Welch.

"We've seen significant growth in automotive volumes in the past few years," he added. "Just In Time manufacturing means materials are imported, cars made and then exported in a matter of days. We're investing significantly in ways to continue attracting car manufacturers to the port."

Brexit: business as usual

While Brexit uncertainty continues, it's business as usual at the port. "Like any business, we want clarity around the trading environment. You need to know the rules to play the game. We can see scenarios where Brexit will be an opportunity for the port and where there could be risks. At the moment, all we can do is continue operating under the current rules. We think the port should be resilient whatever the outcome because 90% of our port trade is currently outside the EU," said Welch.

Breath of fresh air

ABP has identified air quality as one of the port's most important legacies. The company recently published its Cleaner Air for Southampton report. "Air quality in Southampton is much better than it used to be, but ABP recognises the work we must do to make it even better," said Welch.

Examples include investment in electric vehicles used around the port and ships owners investing in cleaner propulsion technology, such as using LNG, to reduce emissions when ships are in a port. It's a question of balancing the need for cleaner air with commercial demands, as Welch noted: "We have a responsibility to make sure continuous improvements are being made while avoiding unintended consequences that might have a negative impact on the city's success."

Moving containers and cars by rail is another area where ABP is reducing emissions caused by vehicle traffic. Southampton port has the highest proportion (about 36%) of containers coming and going by rail of any UK port. ABP also operates the UK's largest inland rail terminal in Birmingham. About 20% of vehicles for export come by train.

Around two thirds of cruise liner passengers embarking on a cruise arrive either in their own vehicles or are dropped off. Congestion pinch points are something ABP and the council are looking to address through more effective traffic management. In fact, most passengers arrive after the morning rush hour and passengers finishing a cruise generally leave Southampton before the evening rush hour. "Cruise lines typically book 12-24 months in advance, so to an extent we are able to work with the council to plan for and alleviate traffic flow issues in advance," said Welch.

ABP has been working with partners to encourage more cycling around the city and port and is investing in low-energy LED technology for the hundreds of lights in the port. The latest solar panel installation on the Ocean Cruise terminal generates surplus electricity that is sold back to the grid. ABP is also looking at an

interesting emerging technology that will enable solar panels to be installed on road surfaces and which could be used in its short-stay car parks.

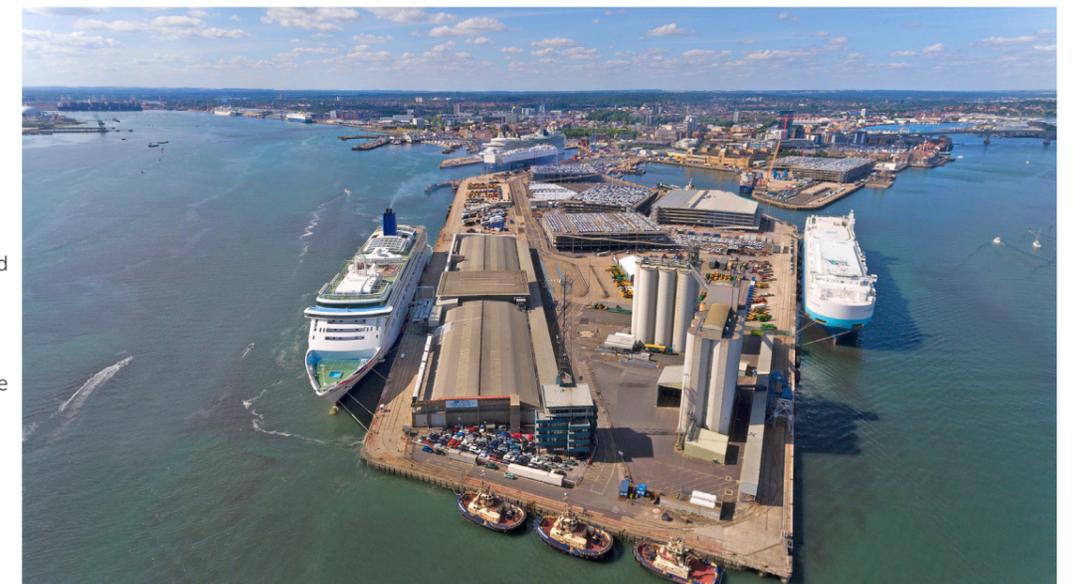
"The port uses 25% less power than we did 10 years ago, even though it is far busier," said Welch.

Investing in the future

ABP's main challenges include finding space to expand and ensuring the road and rail infrastructure can support growth. The company owns land on both sides of Southampton water and is considering this and other options to develop the port.

ABP expects to invest £150 million in the port over the next five years, but while expansion is key it is not being done at any cost, as the company's commitment to improve air quality and its work with the council on plans to improve access via the M3 and M27 demonstrates. Welch said: "We are investing to maintain the port's leading position in the world and are committed to looking at options for growth that ensure our environmental responsibilities are balanced with the needs and considerations of the local community."

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