2. Setting the Scene

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2.1 Tradition is of limited significance as a determinant of future prosperity. Sometimes, it can obscure the true picture. To an extent this is the case with marine industries in the Solent. Marine industries have long been central to popular imagery of the Solent. Portsmouth is the 'Home of the Royal Navy', Southampton the 'Gateway to the World' and Cowes the 'Mecca of World Yachting'. A century or more after they were coined, these descriptive tags remain in common use.

2.2 Whilst it is true that the area has kept the core of its marine industries at a time when many other British coastal conurbations have lost theirs, or have struggled to retain them in the face of widespread social and economic change, it would be delusional to believe that the Solent has retained the dominance in marine industries it once enjoyed. Over the past two or three decades, significant parts of the Solent's earlier maritime industrial base have disappeared.

2.3 It would also be a serious error to believe that the upheaval that has affected the Solent's marine industries over recent decades is over. Change is endemic and the Solent faces significant challenges if the traditional slogans are to remain relevant for much longer.

2.4 One obvious long-term trend has been the decline in naval activity, which has been reflected in the Royal Navy's reduced presence in the Solent. The Government has recently announced that that the Navy's surface fleet will still mainly be based in Portsmouth, but until that decision was made, the future of the Base and Dockyard hung in the balance. Although there are grounds for optimism that both the Base and Dockyard will remain the focus of a significant marine industry cluster, the future fleet will, at least in numerical terms, be reduced.

2.5 The tag 'Gateway to the World' can still reasonably be applied to the Port of Southampton, but its historic dominance over other such 'gateways', implied in the slogan, is less apparent. Since the passenger liner trade, which gave rise to the original slogan, succumbed to the competition of air travel in the 1960s, the Port has concentrated on freight and cruise. For freight, it is now better connected than in its so-called 'heyday', with regular services to over 100 countries. Last year it handled more freight (40.6 million tonnes) and more passengers (840,000 this year) than ever before in its history.

2.6 Notwithstanding these facts, the overall picture over the longer-term is of decline in some trades relative to competitor ports. Felixstowe, which was a small dock when Southampton opened its first container berths in 1968, overtook Southampton more than a decade ago to become the UK's largest deep-sea container port and has consent to expand, as does its sister port of Harwich. Consent has also been given for a new deep-sea container port on the Thames at Shellhaven. North continent competitors, such as Le Havre, Zeebrugge and Antwerp, have grown faster than Southampton. Backed by their national and regional governments, these ports have all built additional capacity and have more planned.

2.7 It is also true that Cowes, Lymington and the Hamble remain among the best addresses in the yachting and marine recreation world, but they now have many challengers worldwide. Many local marine industries that previously supported that image have disappeared or declined significantly, with several household names in recreational boat building failing to survive.

2.8 As a context for the study, the following paragraphs outline how each of the main marine activities represented in the Solent has faced and responded to change over the past few decades.

Defence and shipbuilding

2.9 Changes affecting the defence industry have been substantial, wide-ranging and global. The Royal Navy has downsized from a force designed to protect an Empire to the very much smaller one needed in a new and unpredictable world order. This process has resulted in large-scale reductions in service and civilian employment. Although Portsmouth remains a base and a dockyard (unlike, for example, Portland in Dorset and Chatham in Kent) the last decades of the twentieth century saw civilian employment in Portsmouth's naval dockyard decline from an estimated 20,000 in 1950 to around 2,000 today. However, Portsmouth's future as a base and dockyard has, at least for the foreseeable future, recently been secured. Whether there may still be some further contraction in Ministry of Defence (MoD) land requirements, as some of our consultees suspect, remains to be seen.

2.10 The post-war decline of British shipbuilding from its former position of world eminence has locally meant that large shipbuilding has disappeared from the Test, Itchen and Medina, where it once had a significant presence. However, although Vosper Thorneycroft's ("VT") 2006 move from its Woolston site marked the end of an era for Southampton, it reintroduced warship construction to Portsmouth. Recent confirmation that the aircraft carrier replacement programme is to proceed and of the merger between BAE Systems and VT, give grounds for optimism that a period of consolidation and opportunities for growth may follow. VT are shortly to extend their main building in the Dockyard, and there is scope within the base for further expansion if required. Some further rationalisation will take effect shortly with VT's intended relocation of its Halmatic division from Portchester to the Naval Base.

2.11 It should also be noted that the margins between ship and boat building are indistinct. Some of the recreational craft now being constructed in the Solent are large vessels. Increasing affluence worldwide has seen demand for larger 'super yachts', which could be constructed in the Solent if suitable sites were available.

The Port of Southampton

2.12 The recent history of the Port of Southampton shows that its fortunes depend on its ability to exploit its unrivalled assets as a sheltered, lock-free port at the head of a deep estuary centrally located on the UK's coast and facing the main trade route between Europe and the rest of the world.

2.13 When the passenger liner trade disappeared, the advantages that had made Southampton the UK's premier large ship liner port were precisely what the world's container lines also sought - along with the flexibility to introduce entirely new methods of working. Over the past fifty years, the shipping container has revolutionised world trade and permanently changed ports and freight transport. The revolution continues to spread into other trades and new markets, both as an enabler of trade and a reactor to its subsequent growth. This has presented ports such as Southampton, which can in principle meet the shipping lines physical and locational requirements, with both great opportunities and formidable challenges.

2.14 The shipping lines have increasingly sought to integrate all modes of freight transport from the origin of an international journey to its destination. The greatest obstacle to the achievement of this objective has been found to lie less in the sea voyage and more in the capacity of ports and national transport systems (road, rail and water) at either end of the journey.

2.15 Southampton has been fortunate, as a result of strategic development decisions made as long ago as the 1920s, to have been able to expand up river along the east bank of the River Test. This potential has now been exhausted. Without consents for further expansion, the Port can only make more efficient use of its existing land. This process cannot continue indefinitely.

2.16 The size of the largest containerships has significantly increased. Whilst increased length and breadth also have considerable consequences for port operation and the space required for berthing and cargo handling, for most ports the defining parameter tends to be the provision of sufficiently deep water over as long a tidal window as possible. Southampton's main approach channel was last deepened in 1997 and the port is shortly to seek consent for a further dredge to enable it to continue to handle its customers' ships.

2.17 Until recently the planning history of the Port shows an unusually thorough (and in a national context, arguably unique) degree of strategic anticipation of the long-term needs of the Port. However, the measures that were taken several decades ago to secure the Port's future have failed to deliver that objective. The circumstances bear brief retelling because of their relevance to this study.

2.18 In 1965, the Government of the day sanctioned the purchase by the nationalised British Transport Docks Board of partially reclaimed land at Dibden Bay for expansion of the Port. The land was then allocated in the statutory development plan for deep-water activities. Further land was allocated at Nursling between the railway and M271 to be reserved, by the use of legal agreements, to port-related uses, such as storage and distribution.

2.19 In the 1970s and early 1980s, the Port of Southampton struggled to survive in the face of a succession of labour problems that hampered its ability to adapt to new ways of working. Its performance fell far below its potential. Although many of the world's container lines reaffirmed a preference for Southampton as their UK base, the Port was unable to take full advantage of opportunities offered. Ports that were not subject to the National Dock Labour Scheme (NDLS) such as Felixstowe, profited at Southampton's expense. The Port made virtually no call on the allocated land at Nursling and the, by now fully reclaimed, expansion land at Dibden. Under pressure to avoid unnecessary allocation of greenfield land, the planning authorities removed the requirement that occupiers of premises at Nursling should be Port-related. Today, the Nursling Industrial Estate, which is now developed, contains few Port-related industries.

2.20 In 1989 the NDLS was abandoned and trade through the Port grew fast. In 2000, the Port submitted applications for consent to develop Dibden reclaim for a new deep-water container, ro-ro and aggregates terminal. Following a public inquiry, during which the reclaimed land was designated as a Site of Special Scientific Interest, in 2004 the Government refused consent for the proposal. The reasons for refusal ultimately rested on the inquiry Inspector's inability, and the Government's subsequent unwillingness, to identify an overriding policy need for the proposal in the face of its environmental impacts.

2.21 The current policy position is described in Section 3. In summary, the reclaimed land remains identified for port development (subject to the satisfaction of environmental and infrastructure criteria) in the current development plan, the latest part of which was adopted in 2006. Also in 2006, the Government also decided to exclude the reclaimed land from the New Forest National Park.

2.22 The period of labour unrest was also one of economic uncertainty. As a consequence, and also because of increases in vessel size and draught, in the early 1980s the shallower parts of the Docks became underused. The oldest group of docks were given over to urban use - these became Ocean Village. The expectation grew that the Docks generally would be a continuing source of land for 'urban regeneration'.

2.23 Had the decision to pass the Ocean Village land out of Port use been delayed until after the abandonment of the NDLS, it would probably not have been made. Unconstrained by the NDLS, Southampton could compete more evenly with north Continent ports and non-Scheme UK ports, at a time when world economic confidence and trade volumes were also rising. These were the triggers for revival of trade through the Port, which has recently accelerated.

2.24 Not all trade through Southampton is containerised. Deep-sea ro-ro trades have similar locational and water depth requirements and our consultations confirmed that, as with deep-sea containers, Southampton is considered to be the preferred location to serve the UK. The constraint on expansion is space on land to handle cargoes. In an effort to create more land, the Port has constructed two multi decked vehicle storage areas, effectively adding to the available land at the cost of reducing its flexibility in port use. A third is planned, but the scope for more is limited.

2.25 Recent growth has been rapid. In 2006 9% more containers were handled than during the previous year and in the first half of 2007 the total grew by an unprecedented 35%. These compare with forecasts contained in the governments recent interim ports policy review document that there is likely to be a 4 to 5 % per annum growth in load on – load off container traffic in the period up to 2030. In 2006, Southampton also recorded 250 cruise ship calls a rise of 9% on the previous years (according to a 2004 cruise tourism study study, each call was then worth an average £1m to the local economy).

2.26 To date the Port has coped with such high rate of growth by reclaiming occupation of a number of sites in the Docks that have historically been let to uses that once were either not port related or once related to the port but no longer are. This source of 'additional' land is almost exhausted. The Port has also begun a large-scale investment programme to re-equip the container terminal - modernising the internal infrastructure of the terminal, and re-quaying and deepening the two original container berths so that they can handle the world's largest vessels. Provided it gains consent for these works, the Port forecasts that it will be able to cope with growth rates as advised by the Government to around 2020. However, since recent growth has been far in excess of those rates, additional land is likely to be required several years before then.

2.27 The direct connectivity between increased activity in the Port and intensification of residential and other urban uses in the encircling urban area has important lessons for planning policy. A consequence of the overall intensification of the use of the Dock Estate for operational use is that subsidiary activities such as transport depots, open storage, warehouses and distribution depots, have progressively been excluded from the Docks. The Nursling site, which was intended to provide for such activities, has now been developed for other uses. Port-related uses have to look for alternative locations in the surrounding area. This is not easy because the land on the periphery of the Docks, which used to accommodate lower value uses related to the Port, continues to be redeveloped for high value uses such as residential and retail. Our consultees recorded that land for port-related industries is in short supply, and for larger areas the only available sites are at a considerable distance, for example Andover. The unavailability of suitable back-up land outside the Port is clearly a constraint on the amount of trade that can be handled but also means that business decisions are currently being made not to pursue opportunities to expand trade.

Other Ports

2.28 We have dealt at length with the position of the commercial Port of Southampton because of the scale of its needs and economic significance. However, the statutory Port of Southampton includes not only the ABP Commercial Docks but also wharves on the Itchen and Test; ESSO's Fawley Marine Oil Terminal, the largest free-standing oil terminal in Europe; BP's Hamble Oil terminal; the Isle of Wight and Hythe ferry terminals and the MoD's Marchwood Seamounting Centre, the UK's only military port, which is a strategic naval facility under the command of the Portsmouth Naval Base Commander.

2.29 Wharves on the Test and Itchen (and others in Portsmouth and Langstone Harbours) are largely used for the import of marine aggregates, which is an important construction and maintenance material, in shallow draught vessels. The number of operational wharves has reduced over the past few decades and the operation of several of those that remain are constrained by poor vehicular access and the growing proximity to residential areas and to nature conservation designations.

2.30 There are no known plans to extend the capability of the marine oil terminals, both of which are significant elements of national energy infrastructure. The MoD intends to expand the capacity of the Marchwood Seamounting Centre generally within its existing footprint.

Marine Leisure Industries

2.31 As will be evident from the above, the ports sector is populated by a number of large organisations including many multi-national companies. The same is true of the Solent defence industry. Both sectors also contain many smaller firms, but the basic infrastructure around which they operate is normally in the hands, or is the responsibility, of the larger players, who have the resources to maintain, amend and extend it where and when necessary. In contrast, the marine leisure sector is largely the province of smaller, often much smaller, enterprises, few of whom are in a position to fund or implement large-scale changes in infrastructure should they be required. This is reflected in the way the sector has responded to past change and is also fundamental to its future prospects.

2.32 The changes with which the Solent's marine leisure industries have had to contend have been as fundamental as those that have affected the other two main marine sectors. The post-war decades saw a rise in the popularity of boat ownership, and a significant expansion of moorings in estuaries such as those of the Hamble, Lymington, Medina, Test and Itchen, as well as Chichester, Langstone and Portsmouth Harbours. This was accompanied by the introduction at several locations in the Solent of the marina concept, latterly associated with residential and other marine leisure facilities.

2.33 These trends took the marine leisure sector directly into the realm of the planning authorities and environmental conservation agencies much earlier than other marine sectors. The number of moorings in the Solent grew rapidly in the 1970s but stabilised under a ceiling figure of around 25,000, fixed by planning policies and substantially unchanged for two decades. Increasing affluence has led to an increase in the average size of recreational craft. From the moorings perspective, this probably means that fewer craft are being accommodated on moorings, with more onshore storage. Planning policies have also restricted the development of further marinas to the redevelopment of the existing built coastline. Planning policies have so far had a much greater role in shaping (usually by constraining and restricting) the marine leisure industry of the Solent than has been the case in the other two sectors.

2.34 For the majority of recreational craft, wood has given way to glass fibre and other modern materials, although mastery of both the newer and traditional types of construction remains a premium skill, especially for the manufacture of custom-built boats and equipment, which is well represented in the Solent. As a leisure, and therefore essentially consumer-led, industry the marine leisure sector has suffered at times of economic uncertainty and when consumer confidence is low.

2.35 At a particular time, the health of the marine leisure industry has tended to reflect relative affluence and consumer confidence and preferences. The price of an inability or unwillingness to react to changes in economic conditions or adapt to new consumer preferences has been down-sizing or closure. Some well-known and previously respected names have disappeared from the Solent over the last twenty years. Others remain, along with a mix of smaller firms, often making bespoke products, a number of them with a worldwide reputation.

2.36 Whilst the nature and scope of water recreation has widened to include new leisure activities, such as sail boarding and kite surfing, sailing and racing remain the backbone of the industry in the Solent. The marine leisure industry itself has also broadened so that activities such as education, crew training, and eventing have assumed a greater status.

2.37 As with the other staple marine industries in the Solent, a most significant trend has been the globalisation of manufacturing and other skills. Competitors can be in any of several established and newly founded areas in the world. Consultees explained that in several locations the basic infrastructure has been provided with government assistance. The UK generally has become a high cost location for manufacturing, with the price of land and premises being a significant factor in the Solent. This has meant that the industry has therefore found it difficult to establish new manufacturing capability in the face of competition from other land uses.