



**Portsmouth International Port**  
**Port Infrastructure Development - Provision of**  
**Border Control Points**  
**Full Business Case – MHCLG Funding**

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# 1 Executive Summary

From 1st January 2021, the UK became a 3rd party country for trading with the EU and will be subject to new regulations when exporting and importing animals (live animals) and products of plant or animal origin (POAO). Ports must have new infrastructure in place by July 2021 to meet the government's Border Operating Model.

This requires a Border Control Post (BCP) to carry out government prescribed checks on specific imports and exports. A BCP is a government inspection facility designated and approved for carrying out statutory checks on plants and plant products, products of animal origin, food not of an animal origin and live animals. The checks need to be at the gateway for the entrance of goods into a trade area and are to protect animal welfare, public health and environmental health.

- ensure that only products that are safe to eat enter the food chain
- safeguard animal and public health
- check compliance with UK laws and international trading standards

To ensure compliance with the Border Operating Model (BOM), Portsmouth International Port (PIP) require additional infrastructure and facilities to enable customs and sanitary/phytosanitary checks to be carried out at ports following the end of the transition period. To fulfil the above PIP is construction a new Border Control Post (BCP) for products including Plants and Products of Animal Origin (POAO).

This project is programme driven as the Ports must have new infrastructure in place by 01 January 2022 to meet the government's Border Operating Model.

This report considers the economic benefits, affordability and management of the proposed Border Control Post (BCP).

## 2 Strategic Case

Pre Covid pandemic Portsmouth International Port (PIP) handled approximately 250,000 freight units per annum consisting of French, Spanish and Channel Island roll on roll off trade.

PIP is the second largest Cross Channel Port with more destinations to the EU than any other UK port. PIP is also the third largest Short Sea Passenger Port in the UK with 90% of all goods consumed on the Channel Islands exported from the port. The port was recognised by the Cabinet Office, Border and Protocol delivery Group (BCP) as a potential "high impact port" as a result of Brexit.

With Brittany Ferries expanded fleet (E-Flexers) and new routes planned for 2021 onwards, will expect to see an organic increase of 50,000 freight units. [REDACTED]

[REDACTED]

PIP is currently developing a masterplan to provide supplementary planning document to support the planning authority's local plan which will form the basis of further port expansion.

The western Channel is recognised within government as strategically important for the resilience of critical imports to UK PLC, particularly with the regulatory changes impacting on the short crossings in Kent. The Department for Transport is providing funding to maintain the flow of this trade into Portsmouth under a framework agreement with Brittany Ferries.

PIP applied to the government's Port Infrastructure Fund (PIF) to build this essential infrastructure and has been awarded £17.1 million. However, the main BCP which is needed for the critical freight imports (food products) accounts for 50% of the port imports, and associated developments is anticipated to cost £22.3million.

This infrastructure is essential for the port's critical freight routes and the resilience of supply for the UK.

The Border Operating Model will create a minimum of 140 direct skilled jobs, including Port Health Authority Officers, Veterinarians, Border Force Officials, Stevedores and Customs Agents.

### 3 Project Proposals

With the UK's departure from the EU PIP will need to construct a new border control facility in order to comply with the new Border Operating Model so that the port can continue to handle goods imported from the EU. The new border control facilities comprise a Border Control Post (BCP) where customs and sanitary/ phytosanitary checks can be carried out.

The facility is scoped to operate in compliance with the UK regulations. This will include Operational Requirements, Project Specific Requirements, Safety and Security, and Policy.

Some of those requirements are summarised below:

- The commodities will be unloaded and taken to the inspection area by the site operator.
- Consignments will be partially or fully unloaded from the means of transport where it is necessary to have access to the whole consignment for the purpose of physical checks.
- Technical sampling may be done as a result of the physical checks.
- The BCP will have appropriate arrangements for the proper handling of different categories of animals and plant goods and to prevent risks, which may result in cross-contamination.

The BCP facility is designed to be cost-effective and to be aimed at the largest market that is capable of delivering them. Modular building technique is proposed to minimise the construction program, with the superstructure designed with clear spans without columns

and obstructions for maximum flexibility in the internal use of the space and for different arrangements of accommodation units and storage spaces.

The facility is a new 4,400m<sup>2</sup> steel framed building with 14 no loading bays, storage area with associated offices, toilets and changing rooms.

To ensure the above capacity the Port is purchasing additional land (McKinley's yard) alongside the current site location.

#### Environmental Benefits:

- New build infrastructure will incorporate sustainability.
- PIP resilience for unaccompanied freight from southern Spain (as an alternative to driver accompanied travel) saves additional mileage during re-location of what would have been driver accompanied vehicles.
- The new infrastructure is designed to be a net contributor in terms of energy generated allowing for PV panels installations in the future.
- The port is now one of the very first in the country to have full time air quality monitors around the port and the site will benefit from this environmental check on emissions.

## 4 Economic Case

A number of options have been considered. The recommended option is to build a POAO BCP at a cost of £22.3m. This will allow the port to continue to accept products of plant or animal origin which forms a large part of the port's throughput.

Other options have been considered. Because central government funding is insufficient to finance the cost of the main POAO BCP, PIP has decided to no longer build a live animal BCP unless the government funds the facility. This was forecast to cost £7m. This lack of government funding has also meant PIP has also decided not to automate and extend the freight gates which would have streamlined the arrival of freight at the Port. This was forecast to cost £1.9m.

Another option considered was whether it was possible to reduce the size of the POAO BCP and therefore reduce cost. However, this option is not feasible due to the need for the BCP to be of a sufficient size to accept the forecast quantity of products of plant or animal origin.

The do nothing option would involve not having a POAO BCP. Without a POAO BCP, port income would reduce by at least £2m p.a. It could however, be greater than this and this would be a risky option. It would significantly impact on the desirability of the port / future business opportunities due to the significant number of imports it couldn't handle. [REDACTED]

[REDACTED]

There would be significant wider economic consequences of PIP not have a POAO BCP. Based on an Economic Impact Assessment of PIP undertaken by Oxford Economics in 2019, the port's contribution to UK GDP could reduce by £50m p.a., and the port's contribution to Portsmouth GDP could reduce by £25m p.a., together with 700 job losses, many of which are within the Hampshire area.

[REDACTED] The Port relies on its EU Ro-Ro trade and caters for a vast range of commodity and cargo types.

### **Evidence of the importance of the port for handling specific commodities**

The port is also strategically important to the Channel Islands with 90% of everything consumed on the islands exported from Portsmouth. Although the Border Operating Model is relevant to EU trade it is essential to the States of Jersey and Guernsey that PIP handles all freight efficiently so that their specific freight is not severely impacted.

## 4.1 Cost Benefit Analysis

The port needs a POAO BCP if it is to remain a viable going concern as identified above. The POAO BCP is the most cost effective way to enable the port to continue to operate and produce £189m of GDP to the City of Portsmouth and support 2,400 jobs in the local area.

## 4.2 Methodology for Job Creation

The local economic benefits that arise due to investment in a new BCP facility include the creation of additional employment. These jobs include those jobs created *directly* as a result of investment, including construction jobs and maintenance jobs, and jobs created *indirectly*, due to the multiplier effect of the investment within the local economy.

Total number of direct jobs are 140 skilled jobs (excluding indirect job creation). These include Port Health Authority, Veterinary, Border Force Officials, Customs Agents and Stevedores. Additional construction jobs up to 50 for the duration of the works, potentially up to 100 if project is accelerated.

## 5 Financial Case

### 5.1 Project cost breakdown

The total cost of the project is forecast to cost £22.3. A breakdown are costs are provided below.

- POAO BCP: ■
- Professional Fees: ■
- Land Acquisition: ■
- Terminal Operating System: ■
- **Total Cost: £22.3m**

### 5.2 Spend Profile

£4m of project cost is forecast to be in 2020/21.

£18.3m of project cost is forecast to be in 2021/21.

### 5.3 Revenue and Affordability Information

There will be a charge levied for products going through the BCP. However, it is forecast that there will be an overall net cost of running the facility, which will be funded by PIP/PCC.

### 5.4 Funding Contribution

The project is forecast to cost £22.3m. PIF funding totals £17.1m, which therefore leaves a funding gap of £5.2m. £1.4m funding is being sought from the LEP. The remaining funding of £3.8m will be from Portsmouth City Council and / or other sources still to be secured.

## 6 Management Case

### 6.1 Procurement route

Four Tier 1 Contractors, all with significant levels of relevant recent experience and all having Public Contract Regulations (2015) (PCR 2015) compliant direct award mechanisms via nationally procured framework agreements, were approached, issued with a brief & associated documentation and invited to interview / which took place in week commencing 12th October 2020.

Due to the time constraints dictated by the application process, the need to look across a number of different framework agreements and the scheme design at that point being at an



early stage of development [REDACTED]  
[REDACTED]

To ensure effective oversight, commercial input and prompt sign off in accordance with the Council's governance protocols the Council's Procurement Manager took part directly in the procurement process, attending all meetings and interviews.

The agenda for the interview / presentation covered the following points:

1. Introduction and scene setting;
2. Central Government strategy;
3. Top level funding and delivery requirements;
4. Principal contractor sourcing strategy;
5. Envisaged Port scheme and rationale;
6. Risks and challenges;

[REDACTED]

18. AOB

Following completion of the interviews the decision was taken on 14th October to proceed with appointment of Kier Construction Limited Regional Buildings Southern who demonstrated:

- A high level of relevant technical knowledge.
- Were able to immediately provide an experienced fully resourced pre-construction who had just completed a very similar project.
- A clear resourced programme which meets the required delivery timescales.
- Considerable experience of fast track programme 2 stage open book partner contracting.
- Responsibility for design from day 1 of appointment.
- Range of compliant direct award options via nationally leveraged framework agreements.

It was decided to appoint Kier via the [REDACTED] agreement due to simplicity of direct award process, [REDACTED], flexibility on call off contract forms and recent use of the framework agreement by the Council following application of diligence by the Council's Procurement Manager and

Principal Solicitor. [Redacted]  
[Redacted]  
[Redacted]

[Redacted] As per standard 2 stage open book protocol Kier will now develop the design, programme and cost model in full collaboration with the Council. Costs will be fully built up on a transparent open book basis under scrutiny of a client side professional quantity surveyor.

All sub-contract work packages will be subject competition unless pre-agreed VFM rates can be evidenced to the satisfaction of the client side surveyor.

## 6.2 Project Plan

The key project milestones as a result of the adjusted programme as a result of the impact of Covid-19 is presented in the table below.

### Stage 1 (Design and GI)

- Place orders for steel superstructure and precast concrete ground beams -31 January 2021
- Obtain Planning approval by 23 December 2020 – In Progress
- Complete Design to RIBA Stage 4 and receive DEFRA approval by 09 February 2021 – Design in Progress
- RIBA Stage 3 to be received by 12 February 2021
- Complete acquisition of McKinley's Yard 07 Dec 2020 – 31 January 2021
- Complete the Ground investigation by 31 Jan 2021
- Commence on site POAO Building 04 Jan 2021 – 01 February 2021 (if agreement in place)
- Agree Stage 2.1 Contract - Enabling Works 17 Feb 2021
- GI Final Report 08 Feb 2021
- RIBA Stage 4 design - Plants & POAO BCP 22 March 2021

### Stage 2 (Construction)

- Site establishment 02 Feb 2021
- Demolition of McKinley's / Top Park wall - 02 Feb 2021
- Break-up hardstandings/pile mat - 02 Feb 2021

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## 6.3 Project Management

### Procurement Strategy

We have a dedicated group procurement strategy in place which is between Portsmouth International Port and Portsmouth City Council which covers all processes concerned with asset management, procurement, planning criteria.

- Planning and specification of requirements
- Sourcing, tender evaluation and negotiation
- Contract formation, administration and management
- Requisition, purchase and receipt
- Payment to suppliers
- Contract performance management

### Project Team

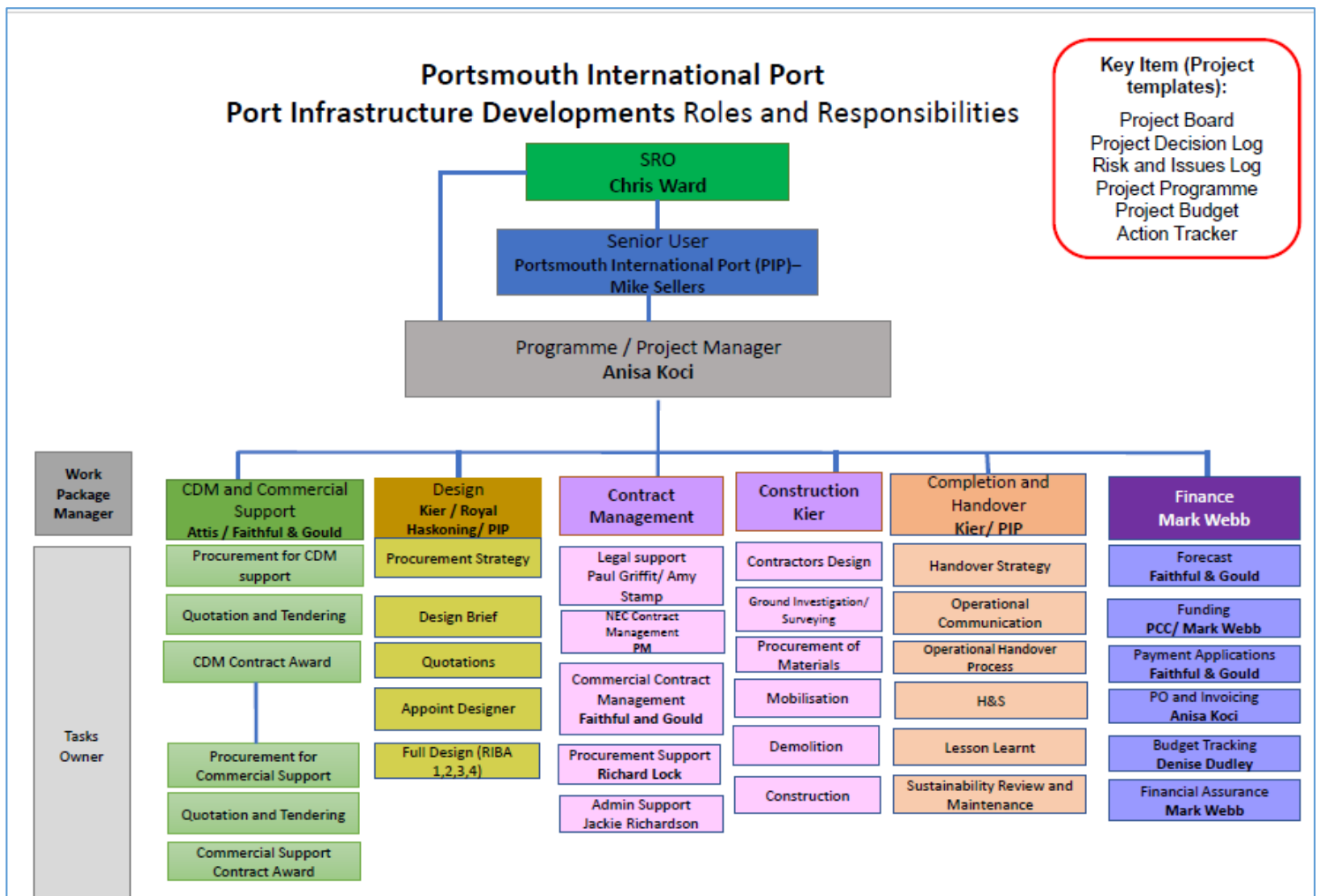
We have considerable experience of managing and delivering large scale port infrastructure projects including other Berth complex construction works, capital dredging, shed constructions etc.

A dedicated Project Delivery Manager is assigned to manage specification and contractor supervision to ensure the project is delivered on time and on budget.

PIP use PRINCE2 (Projects IN Controlled Environments) as the structure for their project management system, and via this approach the project will be divided into manageable and controllable stages.

A Project Team Organogram is illustrated below.

## 6.4 Internal Governance



## 6.5 Monitoring Performance

Performance of the scheme will be tracked through standard project management and governance processes during the construction phase. This process involves representation from the Head of Projects and Procurement.

The Programme Manager produces a monthly Highlight report which is presented to the Project Board that covers the current project stage, programme of works, risk and financial position each month. Any changes to scope, cost or project variations that are outside the project tolerances will be discussed and approved by the project board.

Control documents in place are listed below. These are presented on the board meeting for the board to review.

- Project Initiation – approval of PID (and any subsequent versions)
- Highlight reports – visibility of progress, prior to each project board meeting
- Change control reports – early warning of forecast deviation from plan/budget

- Project Closure – check all complete
- Quality management approach
- Risk Management approach

Construction works monitoring and handover will be in accordance with the NEC4 Engineering Construction Contract.

The Contractor and their Subcontractors will lead the Detailed Design stage (Stage 1) whilst working collaboratively with the Client, the Project Manager, the Supervisor and Others, to produce the Detailed Design.

- Whenever an area of the site has been completed, the Contractor is expected to hand back these areas to the Client for use as soon as practicable.
- The Contractor shall arrange and undertake a pre-completion joint walkover of the works with the Client to identify any outstanding defects and any failures on testing.
- Technical sampling will be done as a result of the physical checks.
- Additional information to be provided at Stage 2 Notice to Proceed.

Stage 2 should be considered the Construction stage. The Stage is entered once the Client gives a Notice to Proceed. Multiple Stage 2 Notice to Proceed may be required to align with the work activities required and include all enabling works. The Contractor will complete the Detailed Design and construct the Works in accordance with the Scope. The Contractor will provide Detailed Programmes for Acceptance at agreed intervals indicating the sequence and duration of Works to be completed.

## 6.6 Statutory consents and legal agreements

The project will be delivered by virtue of general permitted development powers under Part 8 of Schedule 2 of The Town and Country Planning (General Permitted Development) (England) Order 2015 SI 2015/596.

There's a potential that the part of the facility that will be built on the new purchased land (McKinley's Yard) might need planning permission. A planning consultancy is being assigned to investigate and undertake this task.

# 7 Risk Management

## 7.1 Project Construction Risk

Risk	Mitigation
<p>Project completion on time (facility substantially operational on 1st July 2021)</p>	<ul style="list-style-type: none"> <li>• Early contractor involvement (ECI) – appointment of Kier.</li> <li>• Construction Ltd (immediate start on design/ early ordering of long lead items).</li> <li>• Whole Team Approach – close collaboration and sharing of information.</li> <li>• Progress Monitoring – scrutiny of critical path items and wider programme (enable rapid identification and mitigate action).</li> <li>• Contingency – ability and flexibility to increase construction working hours (night/ weekend working).</li> <li>• Contingency – flexibility to procure alternative materials/ solutions (if availability issues arise).</li> </ul>
<p>Disruption due to Covid-19</p>	<ul style="list-style-type: none"> <li>• PIP recognised as Key Transport Hub - project construction team recognised as Key Workers by UK government.</li> <li>• Safe Working Methods – strict control of site access/ teams working in ‘bubbles’/ follow UK government advice.</li> <li>• Use of Technology - thermal imaging cameras.</li> <li>• Use of Testing – regular testing of construction team.</li> <li>• PIP infection control procedures.</li> <li>• Engagement with Local Resilience Forum (LRF) – organisations work together on the response to Coronavirus (COVID-19), as well as focusing on plans to help the residents, businesses and communities across Hampshire and the Isle of Wight to recover from the wider effects of the pandemic.</li> </ul>

Disruption due to exit from the EU	<ul style="list-style-type: none"> <li>• ECI – enable early procurement of materials (steelwork, piles, long lead items, etc).</li> <li>• Engagement with Hampshire &amp; Isle of Wight LRF (HIOW LRF) Operation Transmission - multi-agency partnership to assess risk, prepare plans and build capabilities to mitigate to those risks. In accordance with this duty HIOW LRF has planned for a 'reasonable worst case' scenario in the event of a no deal EU Exit.</li> </ul>
Disruption due to Weather	<ul style="list-style-type: none"> <li>• Contingency – ability and flexibility to increase construction working hours (night/ weekend working).</li> <li>• Adverse Weather Plan – construction methodology will incorporate procedures to enable working in adverse conditions (extreme wet, cold or hot weather).</li> </ul>

## 7.2 Project Finance Risks

The costings have been provided by a quantity surveyor and are inclusive of contingency. This means that it is unlikely that the project will exceed budget.

Cost overruns will be minimised by closely defined project specification informed by port engineering specialist knowledge and expertise. There will be regular budget meetings and a programme board where costs will be monitored and reported, and mitigation action agreed as appropriate.