



Chatham Docks: After four centuries, how bright is the future for one of Britain's most historic ports?



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FOREWORD

This document assesses the future potential of Chatham Docks as a working commercial port. It draws on the most significant findings from three recently published technical reports, listed below. It is hoped that all those who have an interest in the Docks – this four centuries old jewel in Medway's maritime crown – will find it useful to have key data from those reports available in one single place.

Facts and figures matter greatly when examining the case for safeguarding the Docks. So does the wider context in which those statistics exist. Any decision to close what is a thriving port has to be considered against the backdrop of post-Brexit/post-Covid economics. It has to be seen in terms of the long-term viability of the Docks and the environmental challenges we all face as a result of climate change.

But the individual human cost of what closing Chatham Docks would mean mustn't get lost amid the statistics. To the people of Medway high-skilled, well-paid, local jobs matter. Medway's riparian heritage matters and those 400 years of Docks' history form part of a living, breathing, *continuing* tradition.

Happily, the facts tell us this: with sound political choices, proper investment and the ongoing commitment of the people who work at the port, there is no reason why Chatham Docks' future cannot be every bit as successful as her illustrious past.

Carvil Ventures
March 2021

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> Chatham Docks Economic Impact Report (Feb 2020)

Author: Prof. Tim Strangleman
Professor of Sociology,
School of Social Policy,
Sociology and Social
Research, University of Kent.

> Analysis of CO2 emissions of Vessels importing and exporting via Chatham Docks and the potential impact of those vessels being transferred to Sheerness Port or being replaced fully by road vehicle transport.

Author: Dave Sheedy CQP MCQI
MICRS, (March 2020)

> Viability Report – Economic conditions surrounding commercial tenancy at Chatham Docks

Author: Crossley Group
(March 2021)

INTRODUCTION

Britain's island geography means that ports have always played a central role in the nation's economic and military history.

Whether hosting the navy's fleets or serving as the access point for global commerce, sea and coastal ports have been essential to the development of the British Isles since as far back as AD43, when Claudius's occupying armies began trading out of Rutupiae (Sandwich) and Londinium.

Over the intervening centuries, while the military function of the nation's ports has vastly diminished, their commercial importance has not. Despite the successive technological advances that have seen the arrival of the railway, of roads and of air freight, almost all of our imports and exports are still transported by sea¹ so that water freight transport remains as essential to our economic lives today as it was for those first Roman settlers, almost 2000 years ago.

CHATHAM DOCKS – HISTORIC OVERVIEW

Like many of Britain's surviving ports Chatham Docks began its life – in 1613 – as a naval base. Over the course of four hundred years it served a key role in the defence of the nation and provided livelihoods for generations of Medway families.

In 1984 the MOD closed Chatham Dockyard as an active naval base and the Docks were redeveloped. One third of the site was converted into the Chatham Historic Dockyard, another third was given over for new build homes; St Mary's Island and Gillingham Marina. The final third was retained as a commercial port which incorporated the functions of the old Chatham Commercial Dock – the designated strategic port for the Medway Towns and environs – along with newer manufacturing operations. This newly reconfigured port was named Chatham Docks.

A WORKING PORT

The UK remains the world's 9th leading manufacturer with exports worth £191bn in 2019. The largest manufacturing region by far is London & the SE which is worth £30.7bn.²

Though slow, sea freight transport is highly energy efficient and increasingly low carbon. Container shipping accounts for 37% of the sea borne freight market. Of that, manufacturing – cars, oil, gas & construction – are the largest markets for sea freight. UK specialist ports like Felixstowe dominate container freight handling while the majority (43%) of freight is dealt with at the plethora of working ports that still exist around UK coasts. Unsurprisingly, ports serving the construction industry are clustered around London, the East of England and the South East.

It is in this context that Chatham Docks should be seen.

¹ *Sea & Coastal Freight Water Transport in the UK*
John Griffin | June 2020 (UK INDUSTRY (UK SIC) REPORT H50.200)
p.11 "95% of all imports and exports ... transported by sea."

² *MAKE UK* 10 September 2020



ECONOMIC VALUE

Chatham Docks is now a thriving operation. With over 800 direct employees and more than 10 on-site businesses – bringing in £258 million per annum – the port delivers significant economic benefits locally, regionally and nationally.

“Chatham Docks has been falsely portrayed as a dying facility, financially unviable, underutilised and unsustainable in its current format. Nothing could be further from the truth.” Prof. Tim Strangleman.³

In his recent report into the economic impact of Medway Council's plans to close Chatham Docks, Prof. Tim Strangleman of the University of Kent found that the decision would in fact cost Medway's economy £258 million worth of business every year. It would also have a devastating impact on jobs and the environment far beyond the authority.

The report is the first in-depth, academic assessment of the value the 400-year-old Docks bring to Medway. Prof Strangleman's findings show that Chatham Docks is the largest private sector single source of revenue in the town, generating almost 10 times more than Chatham Historic Dockyard.

His findings paint a damning picture of what closure would mean:

- £258 million worth of business lost per annum.
- 800 highly skilled, well paid jobs will go at the Docks. 1,440 more local jobs will be lost from the supply chain / local stakeholders who rely on Docks trade. 200 planned new on-site jobs will not happen.
- Environmental cost: There would be a massive increase in CO₂ emissions (12,610t/CO₂ per year) through loss of on-site recycling, engineering & transport of finished goods that can currently be done by water.

GLOBAL ECONOMIC PICTURE AND COVID

It is too soon to have an accurate assessment of what impact the on-going COVID crisis will have on the national economy. We can safely assume it will trend negatively but that is about all.

For context this was the predicted direction of travel according to the IMF in January 2020 just before the pandemic was declared:

- Slow but stable growth of 1.6% in advanced economies by 2021 (5.8% China/6.8% India).
- By 2050 the world economy was set to double – led by tech.
- Share of GDP: China; India; USA. Only Euro nation in top 10 was Germany at no. 9.
- EU predicted to have slow growth – 5% net lost budget contribution due to Brexit.
- UK: pre-Covid19 the Chancellor was hoping for 2.8% growth.

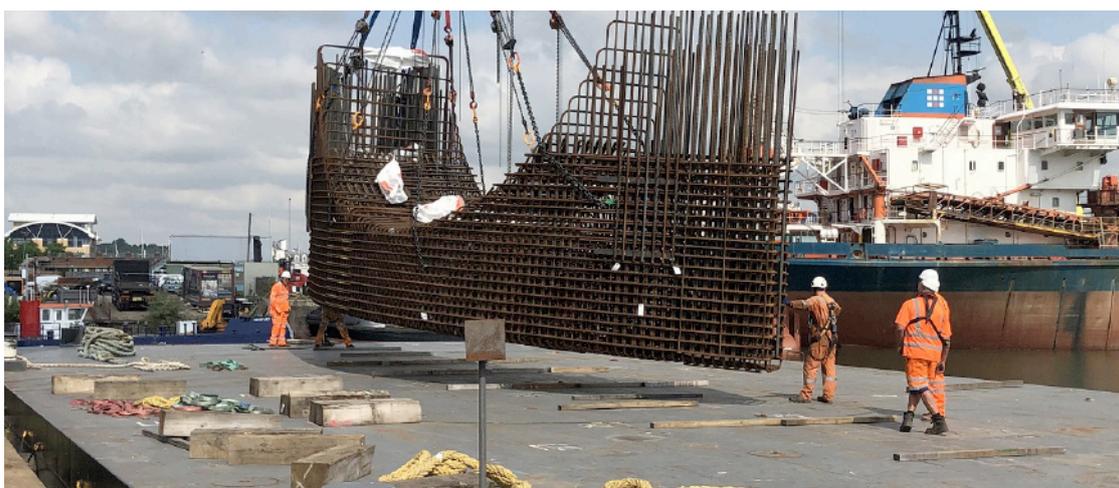
³Chatham Docks Economic Impact Report (Feb 2020) Prof. Tim Strangleman Professor of Sociology, School of Social Policy, Sociology and Social Research, University of Kent.

WHO WORKS AT CHATHAM DOCKS? A SNAPSHOT, SPRING 2021

More than 10 businesses currently work out of Chatham Docks, though with better optimisation of space, room could be made available for more. Among them they employ 800 highly-skilled workers, all of whom tend to earn considerably more than the Medway average. 1,440 additional local jobs are provided indirectly, through the supply chain / local stakeholders who rely on Docks trade. A further 200 planned new on-site jobs are planned.

The port businesses include manufacturers that make the steel that builds London's infrastructure; hi-tech specialist recycling firms and ship repair and maintenance operators.

The business landscape changes over time but clearly the value of the site as a working port and manufacturing hub for highly skilled, well-paid employment for the people of Medway is not in question. So long as Britain is surrounded by water, ports will need ship repairers, while the proximity to cargo berths is eternally attractive to a whole range of diverse operations.



ArcelorMittal Kent Wire

Indeed some of the current Docks tenants have been here for a very long time and are fully committed to the Docks. The principal tenant, ArcelorMittal Kent Wire occupies 65% of the lettable site and intends to either renew its leases for a further 25 years in 2025 or be involved in an ownership arrangement for the freehold of the site. It was one of the first businesses to make the newly reconfigured Chatham Docks its home, back in 1988. Its parent company ArcelorMittal is the world's leading steel company, with operations in more than 60 countries.

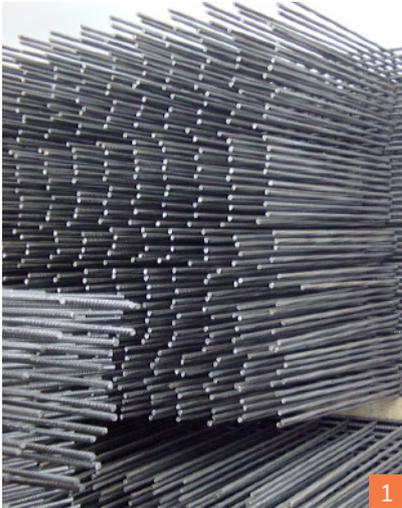
Kent Wire – in addition to being the hub of UK operations – is this country's leading manufacturer of fabric reinforcement, which it supplies to the construction industry in the UK, Ireland and Norway. The UK consumes c.1.1MT of steel reinforcement annually which translates as UK Construction accounting for £12bn worth of GDP every year.



Given the expected harmful impact of COVID on UK growth, the Government's planned capital investments on infrastructure projects over the next 20 years have become even more critical. They include:

- HS2 – High Speed Rail connection between London and the North
- Lower Thames Crossing
- Silver Town Tunnel
- Expansion of Heathrow Airport
- Crossrail 2

Steel Reinforcement is the basic fabric of UK construction and without it these projects cannot be delivered. ArcelorMittal is already contracted to deliver the core materials for several of these key projects.



Kent Wire's Products: 1. Steel reinforcements. 2. Anthony Gormley RA show. 3. Tunnel lining sections for Cross Rail.

Street Fuel Ltd

Street Fuel Ltd made Chatham Dockyard its base in the very early part of 2013 and since that time has operated continuously in the waste reprocessing market. The site has environmental permits issued by the Environment Agency to handle and recover up to 290,000 tonnes of waste per annum.

The recycling plant has been specifically designed to accommodate waste material that has already been processed through a recycling plant (MRF) by other waste operators and would otherwise be sent to incineration or landfill.



The *Chatham Dock Material Recycling Facility* is able to extract the 'missed' recyclate in the processed waste, namely cardboard, paper, plastic bottles, plastic film, glass and metals which are subsequently sold back into the UK "Circular Economy" or exported for further recycling into commercial products.

Following substantial investment and commissioning the facility commenced operation in 2017 and is capable of extracting 75% recyclate from the imported MRF residue. The remaining residue that cannot be recycled from the plant is exported to a suitably licenced facility for subsequent export as Refuse Derived Fuel (RDF)

The preparation and recovery of RDF and Solid Recovered Fuel (SRF) includes the sizing, baling and wrapping of the product within the RDF/SRF fuel processing area.

The fuel processing area receives waste that has been part of a recovery process, it is processed and placed on ships which are sent to energy recovery facilities in Scandinavia and other parts of Europe.

The business, along with an associate company in Kent is at the forefront of processing plastics recovered from WEEE waste streams which re-enters the circular economy for recycling and reuse

Total Ship Service

Every year around 150 TSS vessels transport more than 250,000 tonnes of cargo in and out of Chatham Docks. Steel; aggregates; refuse derived fuel (RDF) for green energy generation. And timber – Wicks DIY stores across the South East are all supplied via Total Ship Services.

A number of the staff employed to handle the cargo are from nearby HMP Swale; TSS is proud to support the rehabilitation programme for men coming to the end of their sentences.

TSS are a successful company and would like to expand the scale of their operation at Chatham Docks but since they joined the campaign to Save the Docks landlord Peel has unilaterally reduced the size of their existing worksite, forcing them to reassess their plans.



A UNIQUE REGIONAL ASSET

Chatham Docks is the beating heart of the river Medway. What it offers cannot be replicated elsewhere. If the Docks close there is every likelihood that commercial activities on the river will simply die, signalling the loss of many hundreds of skilled jobs and ending 400 years of maritime tradition in Medway.

Chatham Docks is a unique port & manufacturing hub. It's the only non-tidal, enclosed dock in the whole of Kent. It is a feeder port for European trade and a manufacturing hub. Significantly, the Docks provides the only commercial berths on the whole of the Medway, upstream of the Isle of Grain.⁴

Chatham Docks keeps the ships of the South East afloat. Quite literally. From river dredgers to barges filled with the aggregates that will build the capital's new homes, the capacity of ship repairers at Chatham Docks outweighs anything available on the Thames and Medway combined.

All of the businesses that operate at Chatham Docks have chosen to be based there precisely because of these unique features. Relocating to another port such as Sheerness is not a viable business option.

THREAT FROM MEDWAY COUNCIL'S PLANNERS

Chatham Docks is an active operating commercial port on either side of a basin linked to the River Medway by double locks. It is in the freehold of Peel Land & Property who have announced to close the Docks in 2025. More than 10 businesses currently operate on-site. They vary widely in terms of activity and include port-related waste and recycling operations, ship repairers, cement imports, a national logistics company and a steel fabricators. Together they generate returns of £258 million per annum.

Medway Council's current development plan, The Medway Plan 2003, protects existing employment uses for Chatham Docks and states in policy ED1: Existing Employment Areas that *"proposals for development resulting in the loss of existing industrial, business or storage and distribution development to other uses will not be permitted."* In addition, policy ED9: Chatham Docks states, *"port-related development and an expansion of the commercial port, as defined on the proposals map will be permitted."*

Medway Council is currently working to produce a new development plan that will set a framework for the area's growth up to 2037. In preparing the Medway Local Plan 2018-2037 (MLP 2037), Medway Council prepared a Strategic Land Availability Assessment (SLAA) in 2018 to demonstrate the availability of potential development sites within their administrative boundary. Included with the SLAA 2018 was a proposal for Chatham Docks that had been put forward by Peel to provide a range of uses including housing, retail and leisure. In particular, site 824, an area of 29-45 hectares that contains ArcelorMittal Kent Wire's current site as well as site 1143, the current Chatham Waters development, was identified.

⁴ GPS Marine Contractors Ltd

CHATHAM DOCKS AND THE ENVIRONMENTAL AGENDA

In the year when the UK is hosting and chairing COP26 assessing the future environmental sustainability of a port like Chatham Docks mustn't be shirked.

Chatham Docks provides huge environmental benefits both by virtue of simply being a port and in terms of the businesses that operate out of it. It's been calculated that some 12,610t of CO₂ emissions are saved every year through on-site recycling, engineering plus the transport of finished goods that are currently done by water.⁵

Steel reinforcement is manufactured from more than 98% recycled steel scrap, making it one of the greenest recycled products in the world. Within the next 5 years steel will become even less CO₂ polluting due to new greener production technologies being pioneered, such as the use of hydrogen in place of fossil fuels.

The UK reinforcement industry is highly regulated by UK CARES, a third party accreditation authority providing assurance of quality, safety, sustainability & environmental standards. Supplies of reinforcement into the market is not possible without approval from UK CARES. In February 2020, believing that the Council's plans to close the Docks would have a detrimental effect on both the local and wider environment, ArcelorMittal Kent Wire commissioned a report into the environmental impacts of the Council's plans to close Chatham Docks. The report highlighted that any decision that led to closing the Docks would have a devastating impact on health and wellbeing for Medway residents.

The report – by environmental and sustainability specialist Dave Sheedy – examined the impact of Medway Council's plans to close Chatham Docks as a working port, allowing it to be sold off for housing.

The report's main findings were damning:

- Rezoning Chatham Docks from industrial to mixed use would worsen air quality by a staggering 300% from its current level.
- Air quality levels would be so harmed that Chatham would become “one of the worst affected areas in the UK outside of Central London”.
- The businesses currently at the Docks are all legally required to meet very high environmental standards on pollution and emissions. The same standards would not be required by future residential/mixed use developers.

The report considered in detail the consequences on CO₂ emissions of transferring freight – currently travelling via Chatham Docks – either to Sheerness Port or by road. The conclusions were stark:

“Increases to CO₂ levels will worsen local air quality by 300%, turning Chatham into “one of the worst affected areas in the UK”.⁶

^{5&6} Analysis of CO₂ emissions of Vessels importing and exporting via Chatham Docks and the potential impact of those vessels being transferred to Sheerness Port or being replaced fully by road vehicle transport. Author: Dave Sheedy, CQP MCQI MICRS.



FUTURE POTENTIAL

Chatham Docks has been identified as an under-utilised resource in financial terms; opportunities for youth employment and training; and the growth in volume of shipping that uses the port. When it comes to generating environmental gains it is also failing to maximise its potential.

Financial viability

The current and long-term financial viability of Chatham Docks has just been assessed by industry experts Crossley Group. They judged the Docks to be financially viable “as a combined working port and manufacturing site”. While acknowledging the need for greater on-site capital spend (Peel’s failures to upgrade the lock-gates and to dredge the Medway & approach channels are just two of the longstanding bones of contention) they still found that overall return on investment was “above average for the sector.” On this basis their judgment was that “Chatham Docks can be seen as commercially viable in its current format.”

It is therefore striking that Landowner Peel’s current business model for the Docks does not appear to be viable going forward, which might explain their enthusiasm for redeveloping the port for housing, a business strategy they have previously employed in several other of their UK waterside land-holdings.

This discrepancy is certainly curious. It does not mean that the continued operation of the Docks is *inherently unviable*. On the contrary. It is noteworthy that despite the landlord’s longstanding underinvestment and their evident under-utilization of the site, Chatham Docks nonetheless flourishes. More, the Docks have now been independently assessed by several respected experts and have been judged to bring immense and irreplaceable value to Medway and to the wider region.

Green Potential

“The potential growth of the site as an operational Dock, along with its manufacturing facilities, are the optimal environmentally friendly option.”⁷ As Dave Sheedy concludes in his analysis of CO₂ emissions at Chatham Docks, the port is not currently reaching its ‘green’ potential.

- Currently only four of the seven available berths are used, addressing this shortfall would have a startling impact on freight handling capacity: “the docks would be capable of handling in excess of one million tonnes of cargo if all the available berths would be usable for material handling.
- “CO₂ emissions savings for the area would then be in excess of 60,000 tonnes as this would potentially reduce vehicle use within the area for commuting by staff members and also by the cutting of heavy goods vehicle deliveries to the area. This would also be greatly increased by the use of the zero emission biofuels potentially being created by steel manufacturers.”
- “Solar panels could be installed on all of the buildings within the docks... which would therefore mean that the docks could create its own power supply”.⁸
- Investment in Green Technology – Greater emphasis could be placed on generating energy from waste.

⁷ Analysis of CO₂ emissions of Vessels importing and exporting via Chatham Docks and the potential impact of those vessels being transferred to Sheerness Port or being replaced fully by road vehicle transport. Author: Dave Sheedy, CQP MCQI MICRS.

⁸ Analysis of CO₂ emissions of shipping activities in Chatham Docks compared with the use of road haulage. Author: Dave Sheedy.

Realising the Potential

Three things need to happen in order for Chatham Docks to reach its full potential and tap into the unique opportunities that BREXIT presents to coastal ports – and the businesses that trade out of them – that are nimble enough to seize them:

- 1 Chatham Docks future as a commercial port and manufacturing base must be secured - Medway Council needs to honour its existing planning designations for the Docks, securing it as a commercial port. This would not only protect existing skilled jobs but would allow for the development of many more.
- 2 Decades of underinvestment in the site must be reversed – if the present owner cannot be encouraged to invest for the Docks future then the best way of achieving this might be through exploring new ownership options.
- 3 The environmental opportunities that have been identified for the Docks should be actioned as a matter of urgency.

All of these aims are eminently achievable. If they are not done and the Docks are forced to close because of the short-sightedness of the few, future generations will be mystified as to how this vibrant and historic Medway asset was wilfully destroyed in exchange for a few more waterside flats.



CHATHAM DOCKS

