

## Environmental and Social Data Sheet

### Overview

Project Name: UK Ports Upgrade – Port of Southampton

Project Number: 2012-0385

Country: United Kingdom

Project Description:

The project aims at providing the infrastructure and maritime access needed to accommodate the current and next generation of ultra-large container ships at the port of Southampton, and comprises the following components:

1. Upgrading of existing container berths 201-202, including reconstruction of a 500 m-long and 16 m deep quay wall, deepening of the berth pocket (approx. 0.2 million m<sup>3</sup> of dredging), landside civil works and service networks, and provision of 4 ship-to-shore cranes.
2. Marine access channel improvements, comprising:
  - a. Widening works at Marchwood over a length 0.9 km to improve navigation safety for vessels accessing the container terminal (approx. 0.45 million m<sup>3</sup> of dredging).
  - b. Improvement of the port main access channel (approx. 6.6 million m<sup>3</sup> of dredging), including widening over 5.4 km to allow crossing, and deepening of the outer channel to improve the tidal window of access to the port.

EIA required: Yes (for all project components)

The EIA for component 1 above is completed. EIA procedures for components 2.a and 2.b are on-going and their completion will be a condition for disbursement.

Project included in Carbon Footprint Exercise<sup>1</sup>: No

### Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

The project is located in the water bodies of the River Test Estuary, the Southampton Water and the Solent, which host a number of nature conservation areas belonging to Natura 2000 network. The Masterplan 2009-2030 for the Port of Southampton, though not considered formally to be a plan or program by a national or local public authority subject to the Strategic Environmental Assessment (SEA) Directive, was subject of a “shadow SEA” in 2009, including public consultation. While EIAs and biodiversity assessments for the three main project components have been conducted separately, they all include an assessment of the cumulative and in-combination effects with each other.

The upgrading of berths 201/202 (project component 1) has been the subject of a full EIA. The final EIA consent decision was issued by the competent environmental authority, the Marine Management Organisation (MMO), on 2 May 2012. The biodiversity assessment has concluded that there will be no significant adverse impact on protected areas.

The marine access channel improvements (project component 2) are part of a broader dredging program aimed at improving navigation access to, and safety within, the port, known

<sup>1</sup> Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO<sub>2</sub>e/year absolute (gross) or 20,000 tons CO<sub>2</sub>e/year relative (net) – both increases and savings.

as the Southampton Approach Channel Dredge (SACD). The SACD is subject of an EIA, currently underway, which is expected to be completed by the end of Q1, 2013. MMO's biodiversity assessment for the SACD, dated 4 September 2012, concludes that an adverse impact of the proposed dredging works on protected areas cannot be excluded, due to the potential loss of 2.1 hectares of designated intertidal mudflats (not considered a priority habitat under the Habitats Directive). To compensate this potential impact, ABP has proposed to Natural England the re-creation of an inter-tidal habitat of at least similar size at Cobnor Point in Chichester Harbour. Works have already commenced on site and the breach of the sea wall is expected to take place in late spring 2013, before the start of the SACD works.

The widening of the channel at Marchwood (project component 2.a) is the most critical component of the SACD in terms of navigation safety, and MMO has advised ABP to submit a separate EIA application to expedite their implementation. The application and related ES were submitted to MMO in July 2012, public consultation is on-going, and the EIA consent decision is expected to be issued before the end of 2012. The biodiversity assessment is expected to conclude that the works have no significant adverse impact on protected areas, due to the limited volume of dredging involved.

EIB financing of project components 2.a and 2.b will be conditional to the issuance of the EIA consent and the fulfilment of the requirements of the Habitats Directive. Subject to compliance with the above environmental conditions, environmental procedures for the project are considered acceptable.

## **Environmental and Social Assessment**

### **Environmental Assessment**

#### **Compliance with environmental legislation**

The River Tess and Southampton Water are part of the South East River Basin District for which a River Basin Management Plan (RBMP) has been approved by the Environmental Agency in 2009. The various project components have been/are being the subject of a Water Framework Directive Compliance Assessment, as part of the corresponding EIA processes.

Although the Masterplan 2009-2030 for the Port of Southampton, of which the project is part, was not considered formally to be a plan or program by a national or local public authority subject to the Strategic Environmental Assessment (SEA) Directive, ABP undertook a 'Shadow SEA' in order to facilitate the integration of environment and sustainable development considerations into the Master Plan. In addition, ABP carried out, as part of the port master planning process, a 'Shadow Appropriate Assessment' of the Port Master Plan, designed to assess the environmental implications of the Plan in terms of the requirements of the Habitats Regulation. A public consultation on the Shadow SEA and Appropriate Assessment was organised by ABP from July to November 2009. In total 52 organisations, including the Environmental Agency and Natural England, and 100 members of the public responded to the consultation. From the summary of responses to the consultation provided by ABP, the consultation did not raise specific issues regarding the upgrading of container berths and the improvement of the port main access channel..

The EIAs for the various project components were/are being carried out in line with UK legislation, namely the Town and Country planning (Environmental Impact Assessment) (England and Wales) Regulations 1999 (as amended) and the Marine Works (Environmental Impact Assessment) Regulations 2007 (as amended). The status of EIA procedures and biodiversity assessments is as follows:

#### Upgrading of berths 201-202

Project component 1 has been the subject of a full EIA, including submission of an Environmental Statement (ES) and public consultation. In February 2011, the initial EIA consent decision was challenged by Hutchison Ports (UK), a competing container terminal operator at Felixstowe Port. After assessment of the complaint, a final favorable EIA consent decision was issued by the competent environmental authority, the Marine Management

Organisation (MMO), on 2 May 2012. The ES and its non-technical summary (NTS) have been provided to the Bank.

#### Marine access channel improvements

Projects component 2.a and 2.b are part of a broader dredging program aimed at improving navigation access to, and safety within, the Port, known as the Southampton Approach Channel Dredge (SACD), which is subject to a full EIA. The environmental consent application was submitted to the Marine and Fisheries Agency (MFA) - predecessor organisation of the MMO - in 2008 and an initial Environmental Statement (ES) submitted in December 2008, which was the subject of a full public consultation. In July 2012, the MMO requested ABP to submit further information on a number of matters and indicated that it would be necessary to re-consult on the revised ES, including the requested further information<sup>2</sup>, before being able to determine the application. The revised ES was submitted to MMO by the end of September 2012 and will undergo public consultation in Q4, 2012. It is expected that the EIA procedure will be completed by the end of Q1, 2013.

The Marchwood widening works (project component 2.a) are the most critical component of the SACD program in terms of navigation safety. In view of the limited volume of dredging involved (approx.. 0.45 million m<sup>3</sup>) and the worsening navigation safety problem due to the increasing size of container vessels in recent years, MMO has advised ABP to submit a separate EIA application to expedite the implementation of this component, as it is unlikely to be able to determine the application for the SACD before the end of 2012. These works are required in order to facilitate the passing of a large container vessel accessing the container terminal when a large cruise liner is alongside at the Mayflower Cruise Terminal. A scoping opinion was issued by MMO on 27 June 2012, and the environmental consent application and accompanying ES were submitted by ABP to MMO in July 2012. Public consultation was completed in October 2012 and the EIA consent is expected to be issued by MMO before the end of 2012.

The Environmental Statements for the upgrading of berths 201/202, the Marchwood widening works and the SACD all include an assessment of the cumulative and in-combination effects with each other as well as with other proposed developments.

#### **Environmental impacts**

The main project negative impacts are likely to be the following:

- Direct loss of protected intertidal habitats (about 2.1 ha) due to potential changes in water levels as a consequence of the deeper and wider port access channel (this concerns only project component 2.b), see section below).
- Disruption of water birds during construction due to the noise generated by piling works at berths 201/202;
- Short-term increase in water turbidity and potential disruption of marine fauna and flora during construction to due to dredging, disposal, and piling works.

The principal negative impact will be compensated by the creation of new habitats (see section on biodiversity below). The remaining negative impacts during construction will be mitigated through adequate works methodology, limitation of the quayside piling works to the period between 16 September and 31 March to mitigate any potential impact on Atlantic salmon, limitations in noise levels, limitation of the throughput of the container terminal to 2.8 million TEUs, and comprehensive environmental monitoring. Dredging sediments are not expected to be polluted and will be disposed at sea at the Nab Deposit Ground, located approximately 8 nautical miles east of the Isle of Wight, unless a beneficial use of the dredged material can be found.

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<sup>2</sup> The additional information comprises: (a) confirmation that the project will not result in terrestrial effects; (b) an update of the need for the project and potential alternatives; (c) an update on the potential for the beneficial use of the dredge arisings; (d) an update of relevant policy and guidance; (e) an update of the in-combination and cumulative effects with other projects; (f) a Water Framework Directive compliance document; (g) an assessment of vessel movements; (f) an assessment of deeper drafted / wider vessels; (g) an update on mitigation measures agreed with various parties; and (h) an update, as necessary, of the historic information provided in the original ES.

### **Biodiversity issues**

The project is located in the River Test Estuary, in the Southampton Water and in the Solent (for the marine access channel), which host a number of nature conservation areas belonging to Natura 2000 network, classified as Special Protection Area, Special Area of Conservation, Site of Special Scientific Interest and/or Ramsar site. The status of biodiversity assessments for the project is as follows:

- The upgrading of berths 201-202 (project component 1) has been the subject of a biodiversity assessment (Appropriate Assessment under the Habitats Directives) by MMO in consultation with Natural England, which has concluded that there will be no significant adverse impact on protected areas.
- The biodiversity assessment for the Marchwood widening works (project component 2.a) is being carried out by MMO in consultation with Natural England. It is expected that the assessment will conclude that the works will have no significant impact on protected areas, due to the limited volume of dredging involved.
- MMO's biodiversity assessment for the SACD (of which project component 2.b is part), dated 4 September 2012, reviewed the impacts during construction and operation against the conservation objectives of the following designated protected areas:
  - River Itchen Special Area of Conservation (SAC);
  - Solent Maritime SAC;
  - South Wight Maritime SAC; and
  - Solent and Southampton Water Special Protection Area (SPA) and Ramsar Site.

The Assessment concludes that an adverse impact of the proposed dredging works on the Solent and Southampton Water SPA and Ramsar site cannot be excluded, due to the potential loss of 2.1 hectares of designated intertidal mudflats as a result of potential changes to water levels following the capital dredging works. Intertidal mudflats are not considered a priority habitat under the Habitats Directive.

The promoter will submit to MMO before the end of 2012 a case for no alternatives and a statement of overriding public interest, which will have to receive the non-objection of the MMO, the Southampton City Council and the Secretary of State for Communities and Local Government. ABP will certainly bring forward as main reason for overriding public interest the fact that the non-implementation of the project would lead to the commercial decline of the Port of Southampton, one of the three main UK south-eastern ports with London and Felixstowe. Increasingly, the Port would only be able to accommodate smaller, aging vessels leading to a rapid decline in its attractiveness to users. This is especially the case with respect to container traffic where new, deeper-drafted ships are now coming into service. Without the project, many of the 2,000 jobs directly or indirectly supported by Southampton's container terminal would be put at risk, which would be a serious issue for the local and sub-regional economies.

A compensation site has been identified by ABP, consisting of the re-creation of an inter-tidal habitat of at least similar size at Cobnor Point in Chichester Harbour. The scheme will breach the existing sea wall of 6.5 hectare site and will create 2.1 hectares of intertidal mudflat and a further 1.5 hectares of saltmarsh. The compensation measure has received the preliminary agreement of Natural England, subject to the caveat that the endorsement of the compensation package does not imply acceptance that the case for no alternatives and overriding public interest has been successfully made, as Natural England still needs to make a determination on that point. ABP has an agreement with the owner to implement and maintain the scheme. Works have already commenced on site and the breach of the sea wall is expected to take place in late spring 2013, so that the compensation is in place before the start of the SACD works.

### **Environmental conditions**

EIB will condition the disbursement of the loan tranche financing project component 2.a to the issuance by the competent authorities of the final EIA consent decision and Appropriate Assessment under the Habitats Directive confirming that the project is not expected to have any significant adverse impact on nature conservation sites.

EIB will condition the disbursement of the loan tranche financing project component 2.b to (i) the issuance of the final EIA consent decision for the SCD by the MMO; (ii) the issuance of the SCD final project consent by the Southampton City Council; and (iii) evidence from the competent nature conservation authority(ies) that the requirements of the Habitat Directive have been fulfilled for the SCD (Form B or equivalent), including information obligations vis-à-vis the European Commission.

In addition, EIB will require the promoter to ensure that the environmental compensation measures will be implemented in accordance with the project environmental authorisations, and to notify the Bank in a timely manner of any adverse environmental impact identified during environmental monitoring.

### **Climate change mitigation**

Climate change has been taken into account in respect of the quay wall's flood defence capability. The new sea wall will match the existing quay wall height of +6.25m CD. This will maintain the 1 in 200 year protection provided by the existing quay wall and meets with the requirements of the Environment Agency.

### **Public Consultation and Stakeholder Engagement**

Extensive public consultation was/is being carried out from 2008 to 2012 as part of the "shadow SEA" for the Port Masterplan 2009-2030 and the EIA processes for the upgrading of berths 201/202, the SCD and the Marchwood widening works.

### **Other Environmental and Social Aspects**

ABP will put in place an environmental management and monitoring plan to follow-up on the proper implementation of the project environmental monitoring obligations. An Environmental Steering Committee, including ABP and key stakeholders in biodiversity issues will be established to follow-up on the implementation of the SCD and associated compensation measures and environmental monitoring.