

ANNUAL REVIEW 2007/8



CHAIRMAN'S
STATEMENT

3

CHIEF
EXECUTIVE'S
REVIEW

7

PORT
DEVELOPMENT

10

A SAFE &
SECURE RIVER

14

COMMUNITY,
LEISURE & SPORT

18

ENVIRONMENTAL
STEWARDSHIP

22

REPORT &
ACCOUNTS

26



HIGHLIGHTS

The Port of London handled 52.7 million tonnes of imports and exports – an increase of 800,000 tonnes on 2006. This was the seventh year running that trade was over 50 million tonnes



Over £2 million invested in river safety and long-term efficiency

The Port welcomed its largest ever container ship, the 'Sovereign Maersk', which called at Tilbury Container Services in August

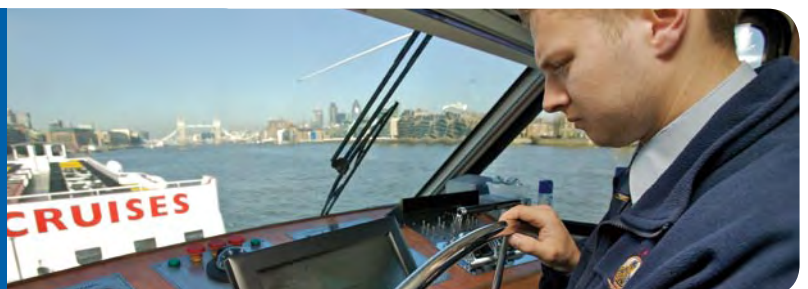
A £1.5 million project to deepen the Princes Channel was substantially completed, making this simpler, shorter, straighter southern access to the port available to more than 2,000 extra ships a year



The first year of our new Rowing Code of Practice was a real success, with a notable decrease in incidents on the river

In May, the British Government finally gave the go-ahead for the London Gateway deepwater container port and logistics centre. The developers, DP World, expect to start construction in summer 2008

In June the new Thames AIS – Automatic Identification System – became mandatory for all passenger and freight carrying boats throughout Central London, significantly improving safety in this busy part of the river





CHAIRMAN'S
STATEMENT



CHAIRMAN'S STATEMENT



The volume of trade through the Port of London in 2007 increased to 52.7 million tonnes (2006 51.9 million). The prospects for the future look promising with a number of major investments in port infrastructure planned.

The 800,000 tonne rise in volumes was due to increases in tonnages of cement, aggregates, coal, unitised cargo and oil. This growth was to some extent off-set by the decline in other trades, notably forest products.

Enabling all users of the river, from heavy commercial craft to light weight rowing boats, to stay safe is our core responsibility. I am pleased to report therefore that there was no major navigational incident during the year.

Financial Results

The profit before tax for 2007 was £0.4 million (2006 £2.4 million). This reduction masks a successful result as 2007 was affected by two major one-off costs together with a reduction in landfill income, a matter beyond our direct control.

The rationalisation of the working arrangements for staff who man our vessels, designed to improve efficiency and generate operational savings in the future, gave rise to a one-off cost of £0.6 million. In order to improve navigational safety we introduced in June a byelaw making it mandatory for certain river craft to carry Automatic Identification System equipment. To ease the financial burden of the implementation for river operators, we offered grants totalling £0.3 million to cover half the equipment cost for each vessel.

The operator of our landfill site decided during the year to make a temporary change to a site not owned by us which resulted in a reduction of £0.8 million in landfill royalties compared to the previous year.

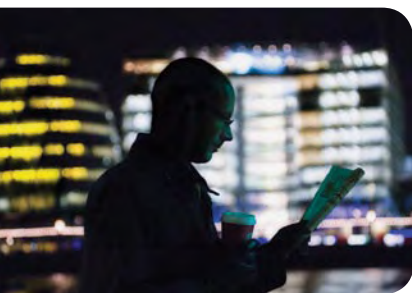
Notwithstanding capital investments during the year of £1.8 million, our cash position reduced only slightly by £102,000 to close at £24.3 million.

The increasing efficiency with which we deliver our services has enabled us to restrict the increase in our charges for 2008 to one per cent below the rate of inflation for the third consecutive year.

Princes Channel

Our project to deepen the Princes Channel in the mouth of the estuary was substantially completed during the first three months of 2008. The Channel will accommodate all but the largest ships approaching the port, offering a shorter, simpler and safer route to and from the berths with the associated time and fuel savings.

Material dredged in an earlier phase of the project had been used in the Rochester Riverside development. Unfortunately, we were unable to find an acceptable purchaser for the balance of the material. Rather than delay the project we felt it important to continue the programme to provide our customers with the increased flexibility and savings arising from the improved access channel at the earliest opportunity.



Port Development

We were particularly pleased to see Dubai Ports World receive the long awaited Government approval for its plans to develop the London Gateway port on the site of the old Shell Haven Refinery. However, certain of the enabling documentation still remains to be signed off. Assuming current plans are not delayed, construction is expected to start during the course of the current year with the first ship berthing in late 2010.

This development, which will be the most significant addition to port capacity for over a century, will bring much needed new container handling capacity to the South East of England, the need for which has been highlighted by a number of events over recent months.

We are at present working on a record number of projects seeking to use the river to move cargo in and out of Central London. This interest reflects the environmental friendliness of moving goods by water as well as the associated financial benefits. It fits well with one of our major objectives, maintaining a working river and bringing disused wharves back into port operation.

Olympics

We see the river as being an important artery for the provision of materials, in particular aggregates, to the Olympic site and the removal in due course of waste and other unwanted materials at the appropriate time.

British Waterways continues to make good progress with the development of Prescott Lock which will allow barges to navigate up to the main Olympic site. We are working with them and other stakeholders to ensure that maximum

use can be made of this facility. To this end, we have undertaken to manage the flow of vessels between the river and the Lock using our existing navigational control service and expertise.

London was successful in winning the Olympic Games owing to the legacy opportunities that the project will create. The PLA will be playing its part to ensure that increased use of the river, particularly for cargo handling, is part of that legacy for the benefit, particularly environmental, of the public at large.

Tourism

The opening of the O₂ Arena (formerly The Dome) has created major opportunities for increased use of the river by the public. The Anschutz Corporation has invested a substantial sum in increasing the water taxi capacity through their Thames Clippers subsidiary and this will increase the ability of the public to use the river for their journeys. This mode of transport would become even more attractive if Transport for London were to extend its Oyster Card payment method to boats on the river.

After considerable work by our property team, a development is now underway at Greenwich Promenade to create a fitting entrance to this World Heritage site. In conjunction with the joint site owners, Greenwich Hospital, we have made available our land for a project being undertaken by Stonehurst Estates. This will be complete in 2009 and will provide a much more satisfactory environment for passengers boarding and disembarking river vessels and will be of particular benefit to Greenwich in its role as host to the equestrian events of the 2012 London Olympics.



Policy on Ports

In contrast to previous years, none of the ports-related initiatives arising either at a European or national level present a threat to the market-based approach to determining when and where to invest in new port facilities, an approach which has served the UK well and results in the efficient handling of goods and ultimately lower costs to consumers.

The United Kingdom has however been badly served by the inability of Governments to make timely decisions in respect of major infrastructure projects, in our case London Gateway Port referred to earlier. We welcome the fact that this is being addressed by the Planning Bill which is now before Parliament. We exhort our legislators to ensure that the outcome of this Bill results in a much speedier approval process together with a greater degree of certainty for those investing in the UK's essential ports infrastructure and clarity on the levels of contribution to be paid by developers for inland transport links.

In Europe officials decided not to make any further attempt to progress a Port Services Directive. This ill-considered proposal would have created artificial competition in the provision of port services, something we see as unnecessary in the already competitive UK environment. The conclusions of the Department for Transport's interim report on the Ports Policy Review also look to maintain the benefits of the existing highly competitive marketplace.

Staff

Our staff continued to do a remarkable job during 2007. There were many highly commendable acts by employees, including in some cases rescuing members of the public and animals. These acts are too many to list individually, but on behalf of the Board, I would like to thank them for their hard work and enthusiasm.

Outlook

While the economic outlook in the immediate future is uncertain, the Port of London and the tidal Thames are in robust health. We ourselves continue to make investments both to improve the competitiveness of the Port and to enhance the already high level of safety for all river users. In addition, we see investments by terminal operators and increasing use of the river for pleasure and recreation. All of this creates an encouraging background to the year of our Centenary in 2009.

Simon Sherrard
Chairman
March 2008



CHIEF
EXECUTIVE'S
OPERATIONAL
REVIEW

CHIEF EXECUTIVE'S OPERATIONAL REVIEW



During 2007 the PLA continued to evolve as an organisation – an essential process as we embrace the challenges of the changing environment in which we operate. The changes, which continue into 2008 cover the way we operate as an organisation and the way that we can ensure that the Port operates more efficiently for customers.

People

The 360 people who work in the PLA embody a well recognised PLA commitment to 'going the extra mile'. They are at the heart of our organisation and I would like to thank them for their support and commitment.

It is essential that we maintain high standards of health and safety in the workplace. To help make sure we achieve this, during 2007 we commissioned an independent audit of our approach to Occupational Health & Safety management. The overall grading for our operations was good; a programme of work is in hand to address the areas for improvement which were identified by the audit.

Operational improvements

A significant number of our employees work on our boat fleet in operations from safety patrols to driftwood clearance. Last year we successfully integrated most of the employees who work in these varied operations into a single team. This change has given us greater flexibility to focus resources where they are needed. It has also provided the employees involved with more varied work and greater prospects for progression.

The creation of this single marine workforce also resulted in the creation of three positions for river inspectors. The experienced PLA

employees selected are using their knowledge of the river and the PLA to improve further river safety and our service to river users.

The next step in improving this part of our operations is rationalising the patrol boat fleet for the river below Putney. Currently we have five patrol boats of varying designs which have little equipment in common. This makes their operation and maintenance unnecessarily complex and inefficient.

We are looking to draw on the success of the catamaran river patrol boats that came into full service on the river above Putney last year by replacing our existing boats with a slightly larger twin-hulled design. This design has significantly less 'drag' in the water and dramatically lower fuel consumption as a result.

We will commission a single boat initially that we can test on the river to prove the concept. This will enable us to identify any improvements that can be made before we place the order for the remaining boats.

Port efficiency

We are uniquely placed to take an overview of operations in the Port and to see how they can be improved for customers. During 2007 we looked at this closely and identified three key areas for improvement – timely availability of the right, up-to-date port operational information; efficiency of pilotage operations; and improved forecasting of demand for use of the Port and our associated services.

We are developing an improved port information system to provide a common information base on ship arrivals for everyone in the Port – ourselves, terminal operators, agents, shipping lines and tug companies. The objective here is for everyone to have up to date information so they can provide their services at the right time – in our case that means supplying pilots.



63

samis



The effectiveness of our pilotage operation in meeting customer requirements has also been the focus of much attention. After a comprehensive review, a programme of potential changes has been developed which should result in improved efficiency. We are now working with our pilots and other members of the department on refining the possible changes.

Barge traffic

The outlook for the use of the river as a freight highway within London is very promising, with barge traffic through to wharves in central London growing by 15 per cent in 2006. Congestion in London and the introduction of the Emissions Charging Zone has prompted enquiries from more than 20 different organisations, all keen to start using the river to move freight.

Long term demand looks very firm with two major civil engineering schemes, Crossrail and the Tideway Tunnel, adding to the prospects for the Olympics to provide a 15-20 year demand for barge traffic. A key hurdle to turning the potential into reality is riverside infrastructure. We are looking to address this by, for example, securing a site for container handling in the West of London to enable containers to be barged from East to West London and in pursuing the reactivation of dormant wharves.

A river for leisure

We continue to make the upper river – the main centre for leisure activity on the Thames from Teddington to Putney – increasingly attractive for river users. Improvements include the implementation of the Rowing Code, the introduction of our new river patrol boats, the first phase of attending to trees that are destroying the bank and flood defences and the restoration of the Chiswick Causeway.

Stakeholder engagement

Our recent work in the upper river is a good example of our contribution to the users of the river and the communities that enjoy it. Some aspects of this effort are reflected in this report – from our support for marine training on the Thames to the Automatic Identification System programme for the middle district, reducing our main fee in real terms to support for research into the 'Gresham' Ship. All our operations are informed by the feedback that we get from stakeholders, such as that gathered at our annual public meetings.

Prospects

For the coming year we are optimistic for external trade growth and for tonnage being barged within the Port, notwithstanding a potentially difficult economic climate.

We expect to see work starting on London Gateway, full use being made of Princes Channel and more dormant wharves being brought back into use. Our focus will continue to be on safety, both of navigation and that of our employees, and the improvement of our performance in terms of efficiency and service to our customers.

In summary, 2007 was a year of progress, laying the foundations for a sound future. The work we have to do during 2008 will make the Port and the PLA more competitive and well set for further improvements.

Richard Everitt
Chief Executive
March 2008



PORT
DEVELOPMENT

PORT DEVELOPMENT – TRADE AND TRENDS

AT A GLANCE:

- OVER 2 MILLION TEUs HANDLED FOR THE FIRST TIME
- PRINCES CHANNEL DREDGING PROJECT SUBSTANTIALLY COMPLETED
- NEW SERVICES INTO TILBURY CONTAINER SERVICES
- MAJOR INVESTMENT AT TATE & LYLE'S SUGAR REFINERY
- SUCCESSFUL SAINSBURY BARGE TRIAL
- LONDON HANDLES ITS LARGEST EVER CONTAINER SHIP

The Port handled 52.7 million tonnes of cargo in 2007 – an increase of 800,000 tonnes (1.6 per cent) on 2006 volumes. The largest increases in tonnage were in the aggregates, cement, oil, coal and unitised trades. The most significant decline was in forest products.

Fuels

Fuel traffic overall increased by 354,000 tonnes.

Oil and petroleum products

Crude oil in 2007 was 133,000 tonnes less than in 2006, owing to a maintenance shutdown early in the year and a fire in November which temporarily curtailed refining at Coryton.

Petroleum products in 2007 were up 375,000 tonnes compared to 2006. Shell, Vopak, Oikos and Calor all handled more petroleum than in the previous year.

Coal

Coal throughput in 2007 was two million tonnes, an increase of 112,000 tonnes on the previous year.

Building materials – aggregates and cement

Aggregates and cement trades both had a good year. In total 8.4 million tonnes of aggregates were handled which was 10 per cent or 737,000 tonnes more than in 2006. The majority of the terminals handled more aggregates in 2007 than in the previous year. Cement tonneages were up 42% at 912,000 tonnes.

Unitised trades – roll-on/roll-off; containers

Overall this sector rose by four per cent to 15 million tonnes. Trade at the Port of Tilbury was 671,000 tonnes higher than the previous year, due to the Ferryways service from early in 2007 and the P&O service from the summer onwards.

Tilbury Container Services (TCS) saw a significant increase in business in 2007 as the terminal continued to handle record sized ships and volumes. Total throughput for the year at TCS was 473,011 TEU, up by 10 per cent.

In August, TCS handled the Sovereign Maersk which at 8,050 TEU capacity is the largest ever container ship to navigate the Thames. During the second half of the year TCS also handled two services operated by the Grand Alliance and a weekly eastern Mediterranean trade operated by Hapag Lloyd and NYK. The EPIC2 service with ships from CMA CGM, Hapag Lloyd and Hamburg Sud started regular weekly calls as of November 2007. TCS has handled the EPIC 1 service successfully for several years.

Trade at Ford's Dagenham facility was 140,000 tonnes above that in 2006.

Total vehicle traffic in 2007 was 818,000 tonnes, 49,000 tonnes up on 2006.

PRINCES CHANNEL

The £1.5 million project to deepen Princes Channel is now substantially complete. This gives more vessels heading from the south a simpler, shorter, straighter route to and from the berths in the Port.

The project involved the removal of nearly 1.5 million tonnes of sand, making this the largest dredging project in the Port of London for 40 years.

The deepened channel improves our competitive position by giving all but the largest ships coming to London an alternative to the previous main access route via the Sunk – saving 30 to 40 minutes each way.

The environmental benefits of using the route include reduced fuel consumption and lower emissions. It has been predicted that vessels switching to the Princes Channel could collectively save 2,200 tonnes of CO₂ emissions in one year.



Highlight



Agricultural products

Cereal trades were 626,000 tonnes, 42,000 tonnes above the previous year. Cereal imports in the autumn were higher than usual due to the wet weather in England throughout the summer.

Vegetable oils and oil seed tonnages were 563,000 tonnes which was a decrease of 147,000 over 2006. Vegetable oil throughput in 2006 was increased due to oil imports at Littlebrook Power Station as part of a fuel trial.

The majority of sugar is handled by Tate & Lyle, with a small quantity handled at Thunderer Jetty. Sugar trade in 2007 was 1.1 million tonnes - 72,000 tonnes down on the previous year. During the year Tate & Lyle installed two new 16-tonne capacity cranes at its Thames Refinery in Silvertown to increase productivity and reliability of raw sugar discharge operations.

Forest products

Forest products was the commodity to experience the most significant fall, 404,000 tonnes lower than the previous year, with a total of 1.75 million tonnes handled. Most of the fall was due to the loss of Norske Skog from Tilbury but all three terminals handling forest products handled less in 2007.

Metals – steel and scrap

Metals trades declined in 2007, but remained over 1.25 million tonnes. Steel tonnage handled declined due to the closure of Arcelor Wharf.

Intraport trade

Around 2 million tonnes of intra-port traffic were handled during 2007, including waste, construction materials and bulk liquids. This activity removed thousands of lorry journeys from the capital's roads, underlining the River Thames' vital role and its enormous value as London's "green" transport artery.

New enquiries about making use of the Thames for freight movements continue at a high level. We help companies explore the possibilities by matching them with suitable riverside sites and helping with trials. During 2007 we worked with supermarket chain Sainsbury on a trial using barges to move goods from its Charlton distribution depot to a wharf in Wandsworth.

London Olympics

We continue to work with operators within the Port of London, the London Olympics Organising Committee and other agencies to ensure that some of the needs for the construction phase of the main Olympic site are served by waterborne transport.

Work on Prescott Lock, which is critical to the idea of serving the site via the Thames and Bow Back Rivers, is well underway and due to be completed by autumn 2008. We have agreed to manage the vessel traffic between the Thames and the Lock using our existing facilities at Woolwich. We are also installing new moorings in the Thames as a staging point for barges waiting to head up to the Lock.



A SAFE &
SECURE RIVER

A SAFE & SECURE RIVER

AT A GLANCE:

- NAVIGATIONAL SAFETY MANAGEMENT SYSTEM PASSED INDEPENDENT REVIEW
- THAMES AUTOMATIC IDENTIFICATION SYSTEM INTRODUCED; £300,000 FINANCIAL SUPPORT FROM PLA
- NEW BOATMASTERS LICENCE INTRODUCED; TRANSITION SUPPORTED BY PLA £50,000 MARINE TRAINING FUND
- MULTI-MILLION POUND, PROGRESSIVE REFURBISHMENT OF PLA RADAR NETWORK CONTINUED
- 'EXERCISE SWANSCOMBE' SAW MANY ORGANISATIONS AND EMERGENCY SERVICES TEST OUT EMERGENCY RESPONSE

A busy year saw important enhancements to the foundations of safety on the tidal Thames. The introduction of the new Thames Automatic Identification System for vessels working on the river in Central London was complemented by the transition to the Maritime & Coastguard Agency's (MCA) new Boatmasters Licence and the continued development of our radar network.

Navigational Safety Management System

The Port's navigational Safety Management System (SMS) is at the core of the work we do to help keep river users safe. The need for all UK ports to operate an SMS was established in 2000 through the newly developed Port Marine Safety Code. A dedicated risk assessment identified hazards to navigation and the possible risk control measures that can be established to reduce the risk to acceptable levels.

The SMS is subject to regular review by independent experts from the ports/maritime industry. During 2007, the system was audited in this way and found to be satisfactory.

Thames AIS

In the summer of 2007 it became necessary for larger vessels working in the busy central reaches of the river, above Blackwall Point, to carry an adapted form of Automatic Identification System (Thames AIS).

This is one of the most important enhancements to safety on the river in recent years. It means that each vessel is aware of and can identify other vessels near to it, reducing the risk of conflicts. The system also enables passenger vessel operators to pass to us the number of people on board a vessel when its leaves a pier, vital information should the vessel be involved in an incident.

We gave substantial financial support to this initiative, meeting half the cost of the equipment and providing 'soft' loans for the balance. In total this investment in river safety has cost the PLA more than £250,000.

New Boatmasters Licence

The MCA's new national Boatmasters Licence (BML) came into force in January 2007, replacing the PLA's Watermen and Lightermen licences.

We played an active part in the formulation of the BML standard and certification regime, which is for the masters of both freight and passenger vessels operating on inland waterways. Its introduction is part of a welcome drive to improve safety on all inland waterways, with certification based on candidates demonstrating a comprehensive understanding of essential maritime basics, such as practical boat handling and using charts.

To help smooth the transition to the new system, we have committed to invest £50,000 in marine training for trainees working on the tidal river over the next few years.

EMERGENCY EXERCISE

In the autumn we undertook a significant 'live' exercise. Exercise Swanscombe involved a simulated explosion in a ship's engine room, fake casualties, a mock fuel leak and a ferry "drifting" downstream near the QEII Bridge.

During the exercise we worked alongside personnel from the Kent Fire Brigade, HM Coastguard, the RNLI, South East Coast Ambulance Service and Kent Police, as well as Cobelfret, its ship manager Euroship Services, terminal operator CdMR, tug operator Svitzer Marine and the Maritime Volunteer Service.

Valuable lessons were learnt from testing the emergency systems under pressure, showing the benefits of practising working together and rehearsing procedures and protocols.



Highlight



Radar network

We have a system of 15 radars currently serving the operations, which provide us with comprehensive coverage of all traffic in the estuary and river up to Blackwall Reach.

We are in the process of a progressive refurbishment of the network in order to ensure that the radars remain robust and reliable. This work represents a total investment of £ 2.12 million over the last 10 years, for radars alone.

During 2007 and early 2008 work was completed at Holland Haven, Cliffe and Crayfordness with the buildings housing the radars being refurbished and the equipment itself being upgraded to the latest specification. We have also connected the Maritime and Coastguard Agency at Dover to the Holland Haven system to assist in the management of Sunk Vessel Traffic Services.

We started working with the Department for Transport's Transport Security and Contingencies Directorate (TRANSEC) during the year on the implementation of the new EU Port Security Directive. This Directive will introduce the requirement for a new "Port Security Authority" for each port area.

Business Continuity and emergency planning

As a statutory port authority, we provide an essential service, facilitating the trade lifelines of the nation. In order to ensure that we can continue to provide this service in the face of disruption we have actively been working on a business continuity programme.

The process has involved identifying our key activities and services, and considering how we would continue to provide them in the face of severe disruption – which might include flood, fire, flu pandemic or terror alert.

River events

Ensuring navigational safety for the range of waterborne events a capital city naturally attracts involves a significant element of work. 2007 saw the first visit of the Red Bull Air Race to the river and an array of major movies using the Thames as a backdrop.



COMMUNITY,
LEISURE & SPORT

COMMUNITY, LEISURE & SPORT

AT A GLANCE:

- NEW RIVER MANAGER FOR UPPER REACHES OF THAMES BASED AT RICHMOND
- RIVER INSPECTOR POSITIONS CREATED
- OVER 10,000 CHILDREN HEAR RIVERSIDE SAFETY MESSAGE
- OVER 50 MAJOR SPORTING EVENTS FACILITATED
- TIDEWAY SCULLERS SCHOOL WIN FIRST ROWING CODE PRIZE
- HISTORIC CHISWICK CAUSEWAY RESTORED

The year saw the continued development of our increasingly community facing approach. We have made changes to our organisational structure so that our staff members are more directly accessible to river users. We also continued to provide many benefits to users and the wider community through our refurbishment of historic river structures, our presence at events and a wider community support programme.

A community facing organisation

During 2007 we made two significant changes to enable river users to have easier access to our team. We appointed a river manager for the upper reaches of the tidal Thames and created three new river inspector positions.

The river manager, based at Richmond Lock, is building closer links with the leisure, boating and rowing communities between Putney and Teddington. He takes the lead on all the major sporting events on the river, including the University Boat Race, Heads of the River Races and the Great River Race. He is also in regular communication with our many riverside stakeholders in the area.

The river inspector posts have been created to help improve safety on the tidal Thames and increase our personal presence on the river. The inspectors give advice to both leisure and commercial river users and act as the harbour masters' eyes and ears on the river. While they do have enforcement powers, their main role is an advisory one to provide help, to prevent incidents and to act as a point of contact for Port customers.

Rowing Code

In October we celebrated the first year of the new Rowing Code of Practice. Since it was introduced we have seen a welcome reduction in the number of incidents involving rowing boats.

To mark the first anniversary of the Code's launch we presented our first prizes for rowing safety on the river, with the three rowing clubs judged the best at adopting the new Code receiving prize money totalling £2,000.

Tideway Scullers School was overall winner; Auriol Kensington Boat Club runner up; and Imperial College Boat Club was awarded a special prize for making the most dramatic improvements since the Code was launched.

Riverside Code trailer

2007 saw the first full year of operation for our new Riverside Code trailer. The £30,000 trailer is used for educating children about riverside safety at Junior Citizen and other community and weekend events.

The new unit, which replaces the innovative trailer we introduced in 1999, has been designed to provide improved access for those with limited mobility. It features a wall of water to represent the rising tide and a large digital television screen with inbuilt DVD player to run educational programmes such as a BBC News broadcast of two children who nearly drowned in an incident at Isleworth.

During the year some 7,000 schoolchildren passed through the trailer at Junior Citizen/Safety In Action events. We also had a presence at eight weekend family events in central London, Havering, Gravesend and Leigh-on-Sea.

CAUSEWAY AT CHURCH FERRY STAIRS, CHISWICK

Our restoration of the causeway at Church Ferry Stairs in Chiswick saw us working with concerned local residents to restore and preserve a piece of the river's historic infrastructure. Local groups had been anxious to see the structure renovated and our survey confirmed its fragile state after heavy erosion over the years.

The drawdock linking the highway to the causeway did not need work, but the timber and stone causeway, which stretches down to low water, was falling apart.

We liaised with the relevant authorities and local groups, who collected from the foreshore a lot of the materials that had been eroded away, prior to commencing the work. These materials were reused in the restoration work, together with sympathetically matched new work.

The project is part of our continuing programme to renovate access points on the river.



Highlight



Temple Pier ruling

A planning inquiry was held to consider and decide whether vessels mooring on the river for the purposes of navigation needed planning permission. The debate followed Westminster City Council's decision to take enforcement action against the operator of Class V boats using Temple Pier for mooring vessels when not in service.

The council, as local planning authority, argued that planning permission was required because the vessels were effectively "permanently" moored. Together with London River Services and the operator, we appealed to the Secretary of State. The inquiry inspector agreed with the PLA's case that mooring is essentially part of what ships do for the purposes of navigation and, as this requires no planning permission, quashed the enforcement notice.

Community Support

Our support for community projects and those linked to the Thames included welcome news that the project to restore the historic Thames sailing barge, Cambria, had attracted a Heritage Lottery grant of nearly £1 million. We have supported the project since its inception and will be donating £20,000 in cash as the restoration progresses, with a similar additional level of support in kind as we refurbish various ironworks from the ship in our workshops.

Other notable initiatives included support for Ifield's School in Gravesend's bid for specialist status, and Dockland Scout Project's involvement in the Scout Movement's centenary celebrations.

Stakeholder engagement

We continued to broaden our growing programme of stakeholder engagement during the year with further public meetings in the Museum in Docklands, and venues in Kent and Essex. A number of consultations were run during the year seeking views on how we calculate the fees we charge for river works, licences, navigational safety issues and prospective changes to the operation of Richmond Lock and Weir.

We had a presence at the Thames Festival for the first time in a number of years, with our team kept busy over the two days helping people learn about our work and the tidal Thames.

In the summer we launched a new quarterly magazine, Tidal Thames, a showcase for all activities on the river. This replaced the long established Port of London News which had predominantly focused on the heavier cargo-handling operations.



ENVIRONMENTAL
STEWARDSHIP

CHELSEA

PORT OF
LONDON
AUTHORITY

ENVIRONMENTAL STEWARDSHIP

AT A GLANCE:

- EMISSIONS AND FUEL CONSUMPTION OF BOAT FLEET REDUCED AGAIN
- OVER 450 TONNES OF RUBBISH REMOVED FROM THE RIVER SURFACE AND FORESHORE
- UNIQUE PROJECT CONSIDERS RECREATING A SALT MARSH AT CANVEY ISLAND
- FIRST ENVIRONMENTAL REPORT PUBLISHED
- AGREEMENT REACHED FOR RESEARCH INTO THE 'GRESHAM' SHIP

Our core environmental work, which includes licensing structures and clearance of driftwood, was complemented by new projects to improve our own environmental performance.

Operational improvements – boat fleet

In October 2007, our two new low-wash patrol boats for the upper part of the tidal Thames were officially named by MPs Justine Greening and Susan Kramer at Richmond Lock. 'Chelsea' had entered service in October 2006, followed by 'Richmond' in spring 2007.

The new boats create smaller wash waves than the ones they replace. These waves can be a hazard for rowing boats and small craft as well as sometimes eroding the river bank and disturbing wildlife habitats. In addition the sleek shape of the new boats, combined with smaller, more efficient engines, cuts fuel consumption by over half.

Building on this success we looked at improving the performance of other boats in the fleet. As a short term measure, fitting new engines and generators in three vessels - the pilot cutter 'Patrol', dive support vessel 'PLA Diver' and patrol launch 'Gunfleet' - cut fuel consumption by 15 per cent.

To achieve a longer term step change in performance we have been studying replacing our harbour patrol boats on the river between Putney and the Estuary with a design based on the low-wash, low-resistance concept proven in the upper reaches of the river. This work will be taken forward over the coming years with an order for a first boat expected this year.

Canvey Island

We are working with Natural England (formerly English Nature, the Countryside Agency and the Rural Development Service) and RSPB on a project to consider the feasibility of creating a salt marsh at Canvey Island. If practical, this new habitat would be part of a compensation package following a dredging project to improve access to the Island Yacht Club. This was the first dredging operation we have licensed within a Special Protection Area (SPA).

Personal Water Craft Code of Conduct

We are working to create a Code of Conduct for users of personal water craft, such as jet skis, particularly on the Essex creeks. The Code will consider the different needs of the various users of these areas, drawing in protection of bird sites and the prevention of salt marsh erosion.

A workshop was held in which issues were identified and discussed. We will be publishing a leaflet shortly that aims to promote a balanced approach to the compromises needed for all interested parties' aspirations to be met.

Environmental Report

When our Environmental Management System (EMS) was first certified to ISO14001 by Lloyd's Register Quality Assurance two years ago, one of our key commitments was to publish a report annually outlining our environmental performance, main impacts, improvements and objectives.



THE 'GRESHAM' SHIP

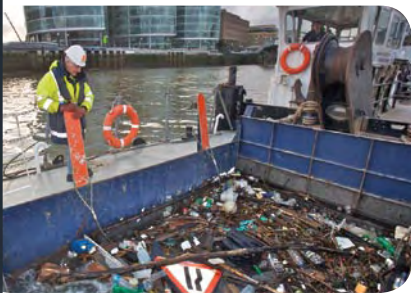
We reached agreement with University College London, English Heritage, Gresham College and a number of major museums to support a programme of archaeological research on the remains of an Elizabethan shipwreck.

The 'Gresham' ship was found in the Thames Estuary seabed five years ago, when we conducted a survey in advance of the Princes Channel dredging project. Our vessels and divers worked with specialists from Wessex Archaeology to lift the bow and hull timbers, and retrieve artefacts ranging from cannon and iron bars to candle holders and leather shoes.

We are providing £40,000 funding to enable the archaeologists to produce and publish technical reports and research papers on the ship and carry out further study and analysis of the artefacts. They will also present their findings through a series of conferences, the first in our Centenary year, 2009.



Highlight



The first of these reports, based on data from 2006, was published in 2007. The report covers all of our environment-related activities, including energy efficiency, projects in both marine and riverside environments, and the operations of the Thames Oil Spill Clearance Association (TOSCA). We have also circulated it to stakeholders, seeking their views on how we can improve future reports.

Cleaning the river

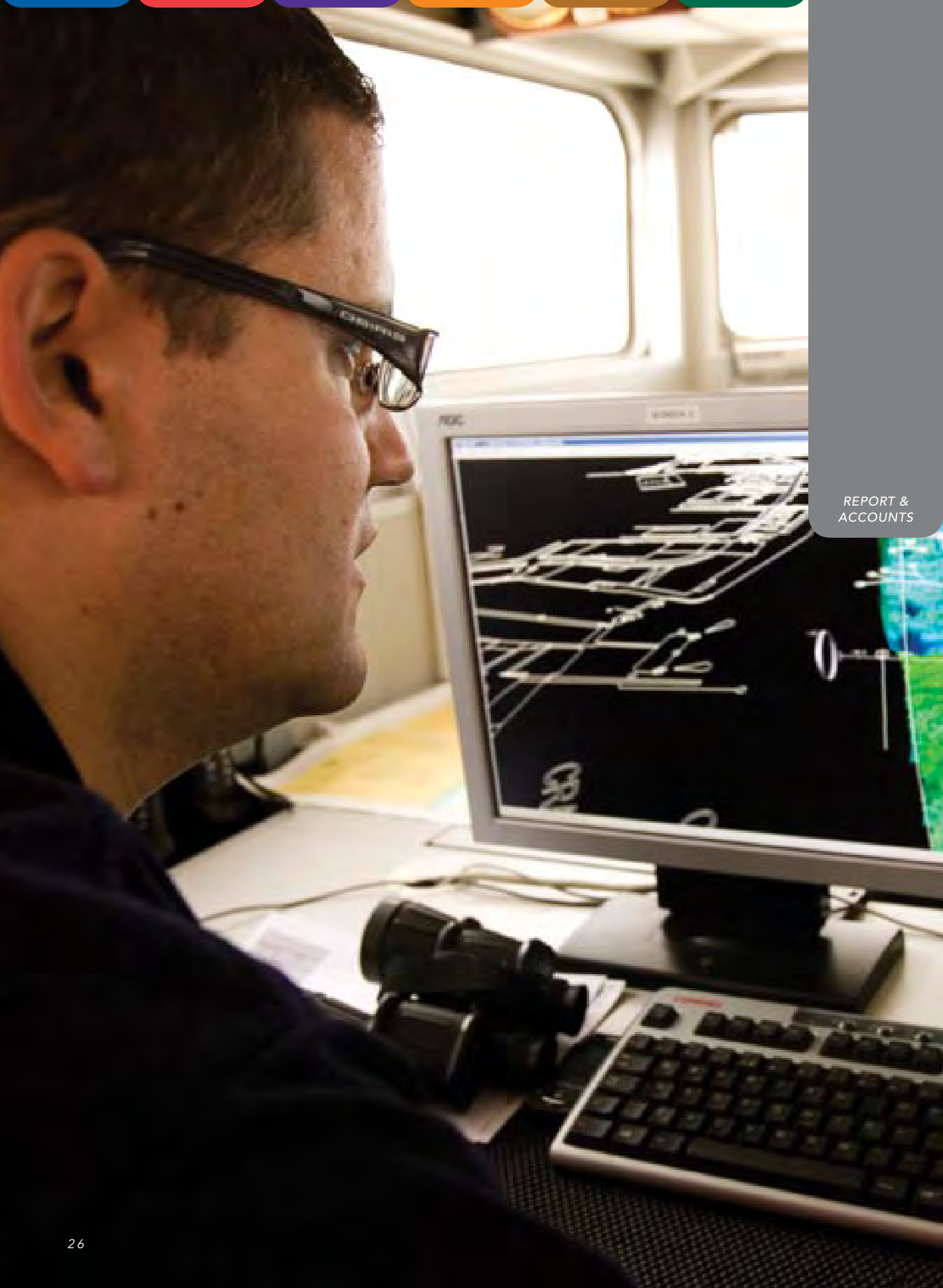
We help keep the river clear of obstructions that could pose a risk to vessels using the river. This includes an operation to remove large items of rubbish floating in the river such as tree trunks.

As part of our engagement with communities along the river, we work with Thames21 and groups who do volunteer work to clean up the foreshore. During the year more than 450

tonnes of rubbish was removed from the river surface and foreshore, with a further 50 tonnes of scrap from recovered moorings, cars, old boats and other river obstructions sent for recycling.

The variety of help we provided included craft, personnel, skips, rubbish baskets and waste disposal for 28 Thames21 clean-up events spread between Egypt Bay in the east and Richmond in the west. We also supported a further five clean-ups organised by London Arcadia, Deptford City Challenge and Strand-on-the-Green Residents Association.





REPORT &
ACCOUNTS

REPORT & ACCOUNTS

THE FOLLOWING PAGES CONTAIN THE STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007.

THE ANNUAL REPORT AND ACCOUNTS ARE AVAILABLE IN FULL VIA THE PLA WEBSITE (WWW.PORTOFLONDON.CO.UK).

Statement of the responsibilities of members of the Port of London Authority

The members of the Port of London Authority are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Port of London Authority and of the profit or loss of the Authority for that year. In preparing those financial statements, they are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis.

The members confirm that the financial statements comply with the above requirements. The members accept responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority and enable them to ensure that the financial statements have been properly prepared in accordance with Section 42 of the Harbours Act, 1964 as amended by the Transport Act, 1981.

They also accept responsibility for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

If the Authority's annual report and financial statements are published on the Authority's website, the members will be responsible for the maintenance and integrity of the website and any uncertainty arising as a result of the financial statements being available via the website in different legal and accounting jurisdictions.

PROFIT & LOSS ACCOUNT

For the year ended 31 December 2007

	Note	2007 £000	2006 £000
Turnover including share of joint venture		41,251	41,187
Less: share of joint venture		596	584
PLA turnover		40,655	40,603
PLA operating expenditure		41,798	40,900
PLA operating loss	2	(1,143)	(297)
Share of operating profit of joint venture		83	124
Operating loss including joint venture		(1,060)	(173)
Net interest	7	1,313	1,185
Other financial income	25	175	1,363
Profit on ordinary activities before taxation	4	428	2,375
Taxation	8	(230)	(586)
Profit for the financial year	20	198	1,789

All results are in respect of continuing activities.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above, and their historical cost equivalents.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)

For the year ended 31 December 2007

		2007 £000	2006 £000
Profit for the financial year		198	1,789
Actuarial gain/(loss) on pension schemes	25	12,180	(7,979)
Movement in deferred tax relating to pension schemes		(3,598)	2,394
		8,780	(3,796)
Share of STRGL of joint venture		193	107
Total recognised gains/(losses) relating to the year		8,973	(3,689)

The PLA also has unrecognised gains of £753,000 for the year ended 31 December 2007 (2006 £1,786,000) in relation to two pension schemes which have irrecoverable surpluses (see note 25).

BALANCE SHEET

At 31 December 2007

	Note	2007 £000	2006 £000
Fixed assets			
Intangible assets	9	280	287
Tangible assets	10	25,772	25,482
Joint venture:-	12		
Share of gross assets		750	758
Share of gross liabilities		(189)	(249)
Share of pension deficit		(90)	(296)
		26,523	25,982
Current assets			
Stocks		183	210
Debtors	16	7,629	6,607
Investments		20,164	17,817
Cash and bank balances		4,404	7,400
		32,380	32,034
Current liabilities			
Creditors: amounts falling due within one year	17	7,988	7,632
Net current assets		24,392	24,402
Total assets less current liabilities		50,915	50,384
Creditors: amounts falling due after more than one year			
Other amounts	18	657	859
		657	859
Net assets excluding pension surplus/(deficit)		50,258	49,525
Pension surplus/(deficit)	25	1,678	(6,562)
Net assets including pension surplus/(deficit)		51,936	42,963
Reserves			
Profit and loss account	20	51,936	42,963

These financial statements, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes were approved by the Board of Members on April 2008 and were signed on its behalf by:-

S P SHERRARD
Chairman

R L EVERITT
Chief Executive

B CHAPMAN
Chief Financial Officer

CASH FLOW STATEMENT

At 31 December 2007

	Note	£000	2007 £000	£000	2006 £000
Net cash inflow from operating activities	21		816		5,030
Dividends received from joint venture			0		130
Returns on investment and servicing of finance					
Interest received		1,329		1,270	
Interest paid		(31)		(96)	
Interest paid on finance leases		(8)		(6)	
Net cash inflow from returns on investments and servicing of finance			1,290		1,168
Taxation					
U.K. Corporation tax paid		(420)		(361)	
			(420)		(361)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(1,768)		(3,798)	
Sale of unsecured loan notes	11	0		25	
Sale of tangible fixed assets		17		84	
Net cash outflow from capital expenditure and financial investment			(1,751)		(3,689)
Net cash (outflow)/inflow before use of liquid resources and financing			(65)		2,278
Management of liquid resources					
Increase in short term investments			(2,347)		(4,815)
Net cash outflow before financing			(2,412)		(2,537)
Financing					
Bank loan principal repayments		0		(2,890)	
Principal repayments under finance leases		(37)		(68)	
Net cash outflow from financing			(37)		(2,958)
Decrease in cash in the year	23		(2,449)		(5,495)

NOTE: RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET FUNDS

	2007 £000	2006 £000
Decrease in cash	(2,449)	(5,495)
Cash outflow from net increase in liquid resources	2,347	4,815
Cash outflow from repayment of loans	0	2,890
Cash outflow from decrease in obligations under finance leases and hire purchase contracts	37	68
Change in net funds resulting from cash flows	(65)	2,278
Change in net funds resulting from other changes	8	0
Net funds at 1 January	24,343	22,065
Net funds at 31 December	24,286	24,343

TRADE & FINANCIAL HIGHLIGHTS

TRADE

	2007 million tonnes	2006 million tonnes
Imports	44.3	43.2
Exports	8.4	8.7
Total	52.7	51.9

UNITISED TRAFFIC

(included in above tonneages)

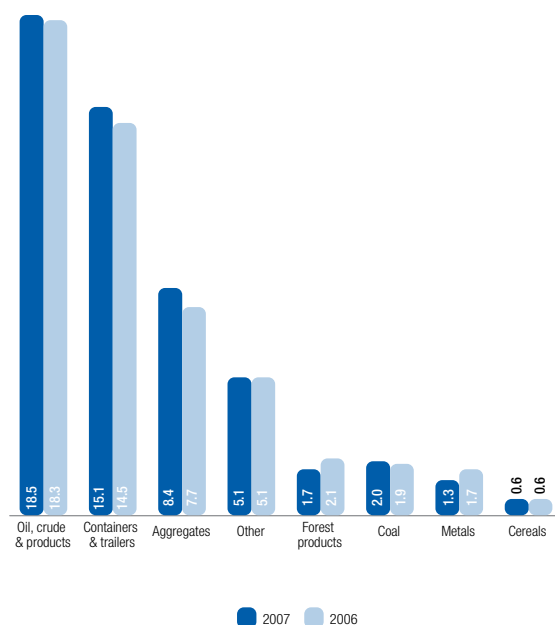
	2007 000 twenty-foot equivalent units	2006 000 twenty-foot equivalent units
Imports	1,066	999
Exports	961	700
Total	2,027	1,699
Number of chargeable vessel arrivals to the Port of London	10,815	11,224

FINANCIAL HIGHLIGHTS

	2007 £m	2006 £m
Turnover	41.3	41.2
Profit before taxation	0.4	2.4
Net cash flow from operating activities	0.8	5.0

TRADE

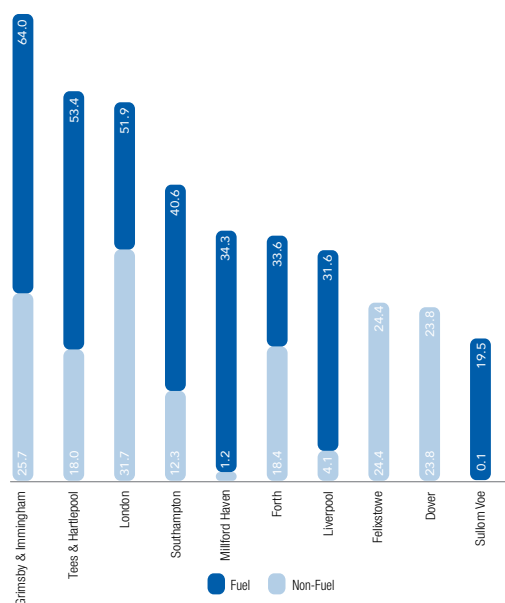
(million tonnes)



UNITED KINGDOM PORT TRAFFIC 2006

(million tonnes)

Source: Department for Transport, Note: 2007 Statistics not yet available



WORKING IN PARTNERSHIPS

TO ACHIEVE MAXIMUM EFFECTIVENESS, OPENNESS AND TRANSPARENCY WE HAVE SET UP A NUMBER OF CONSULTATIVE AND LIAISON GROUPS AND COMMITTEES WITH CUSTOMERS AND STAKEHOLDERS AND ACTIVELY PARTICIPATE IN A LARGE NUMBER OF PARTNERSHIP ORGANISATIONS MOST OF WHICH ARE LISTED BELOW.

PLA CONSULTATIVE AND LIAISON COMMITTEES

Major Customers Forum
PLA/PetroPlus Marine Liaison Group
PLA/Environment Agency (EA) Liaison
PLA/London River Services (LRS) Liaison
PLA/Maritime and Coastguard Agency (MCA) Liaison
PLA/Medway/Harwich Tripartite Group
PLA/Metropolitan Police Liaison
PLA/London Port Health Authority Liaison
PLA/Watermen and Lightermen's Company Liaison
Port of London Health and Safety Liaison Group
Port Security Committee
River Users Consultative Forum (Estuary)
River Users Consultative Forum (Lower)
River Users Consultative Forum (Upper)
River Users Strategic Advisory Panel
Thames Oil Spill Clearance Association (TOSCA)
Thames Strategy Group
PLA REPRESENTATION ON OUTSIDE BODIES
All Hallows Business Houses Council
Association of Diving Contractors
Association of Inland Navigation Authorities
Association of Police Health & Safety Advisors
(London & South East Group)
Bexley Emergency Planning and Liaison Group
Central London Local Resilience Forum
Cleanaway Havering Riverside Trust
Cliffe Conservation and Community Partnership Steering Group
Committee on Shipping Hydrography (MCA)
Cory Environmental Trust in Thurrock
Cross River Partnership
Defra/DfT Marine Consents Liaison Group
Defra Water Framework Directive Stakeholder Groups
Defra Ports Liaison Group
District Marine Safety Committee
Dredging Liaison Group
Emergency Planning Society Oil Pollution Professional Interest Group
Essex Resilience Forum
Gravesham Chamber of Commerce
Gravesham Local Business Partnership Steering Group
Greater London Authority (GLA) Working Groups
Greenwich Emergency Planning and Liaison Group
Havering and Thurrock Riverside Environmental Strategy Group
Health and Safety Executive and Statutory Harbour
Authorities Committee (HESHA)
IMarEST Small Ships Group Integrated Coastal
Hydrography Steering Group (UKHO)
International Association of Lighthouse Authorities
International Association of Ports & Harbors
International Harbour Masters Association
Kent and Medway Oil Pollution Group
Kent Resilience Forum
London Borough of Richmond Emergency Planning Forum
London Borough of Southwark Emergency Planning Forum
London Chamber of Commerce and Industry
London Emergency Services Liaison Panel (LESLP)

London Home and Water Safety Council
London Regional Resilience Forum
London Resilience Media Group
London Resilience Transport Group
London & SE Port Welfare Committee
London Waterways Commission
Maritime Advisory Group
Maritime London
MCA/DfT MARPOL Consultative Panel
MCA Hire Boat Licensing Working Group
MCA Inland Waterways Freight Vessel Standards Technical
Working Group
MCA Seagoing and Inland Waterways Commercial Vessel
Regulatory Working Parties
MCA Sunk Users Group
Medway Partners Emergency Planning Group
National Inland Waterways Freight Standards Steering Group
National Marine Safety Co-ordinating Committee
National Maritime Security Committee (Ports Panel)
National Offshore Renewable Energy Liaison Group
National Sea Training Trust
North Central London Local Resilience Forum
North East London Local Resilience Forum
North Kent Chamber of Commerce
North West Kent College Training Trust
NW Kent College Corporate Board
ODA Transport Security Working Group
OFCOM/MCA Maritime Advisory Technical Committee
Olympic Safety, Security and Resilience Strategy Committee
Parliamentary Maritime Group
Port Skills and Safety Limited
River Basin Liaison Panel
River Users Health & Safety Forum
Sea & Water Inland Waterways Committee
SITPRO Port Procedures Policy Group
South East London Local Resilience Forum
South Essex Environmental Protection Group
South West London Local Resilience Forum
Thames21
Thames Counter Terrorism Partnership
Thames Estuary Partnership
Thames Estuary Research Forum
Thames Estuary Standing Environment Group
Thameside Partners
Thames Landscape Strategy Hampton –
Kew Officers Working Groups
Thames Strategy Kew – Chelsea Officers Working Groups
Thames Traditional Rowing Association
Thurrock District Association of Industries
UK Delegation to International Maritime Organisation (IMO)
UK Harbour Masters Association
United Kingdom Major Ports Group
UKMPG/BPA Environmental Policy Group
University College London Geomatics Faculty
Westminster Biodiversity Action Plan Steering Group

ANNUAL REVIEW 2007/8



Printed on Satimat, a paper produced under the guidelines of the Forest Stewardship Council. This ensures more trees are planted than are harvested. Satimat is a carbon neutral paper.

BAKERS' HALL
7 Harp Lane
London
EC3R 6LB

LONDON RIVER HOUSE
Royal Pier Road
Gravesend
Kent
DA12 2BG

Tel +44 (01474) 562200
Fax +44 (01474) 562281

Email: info@pola.co.uk

Copies of the Annual Report and Accounts can be downloaded from our website.

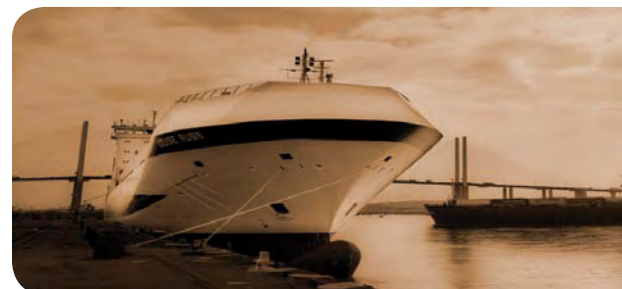
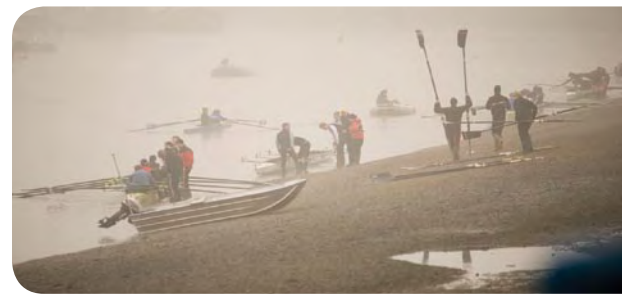
www.portoflondon.co.uk

The Port of London is at the centre of one of Europe's most prosperous markets, with over 23 million people living within a three-hour drive of the Port.

The Port continues to play a crucial role in the economy and wellbeing of the south east region, as well as regions further afield. Not only is it the UK's third largest port and the biggest in the south by volume, but it is the largest port in the UK for non-fuel cargoes.

The Port of London plays a pivotal role in thousands of supply chains, with a huge variety of cargoes handled by some 70 independently operated wharves, terminals and port facilities along the tidal River Thames. Research shows the Port of London's economic contribution to the capital and surrounding regions amounts to over 35,000 full-time jobs and £3.4 billion to the economy each year.

The Port of London Authority (PLA) is a Public Trust. Its prime responsibility is for safety of navigation and conservancy on the Thames from Teddington in west London out to the Sea - a distance of 95 miles - where there are more than 30,000 commercial vessel and 200,000 leisure craft movements a year.



Photography by Samuel Ashfield and Andy Wallace