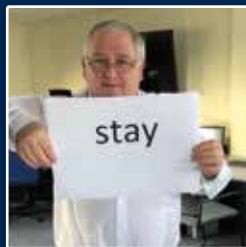


ANNUAL REPORT & ACCOUNTS 2020



CUSTODIANS OF
THE TIDAL THAMES

PROTECT / IMPROVE / PROMOTE

ANNUAL REPORT & ACCOUNTS 2020

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OVERVIEW

ABOUT THE TIDAL THAMES

The tidal Thames is 95 miles of river from Teddington Lock, through central London, out to the North Sea. The river is home to the UK's biggest port, the busiest inland waterway for freight and passengers and a growing centre for sporting activity.

The tidal Thames is also a thriving habitat, home to 125 different species of fish, 3,000 seals and more than 300,000 overwintering birds.

Economically, the port plays a key role as part of supply chains serving the UK markets of London, the south east and beyond. Over 48,000 jobs depend on the port, which generates more than £4.5 billion in economic value added annually. In addition, there are over 100,000 jobs related to the river as an amenity and economic activity generating a value added of over £2 billion.

2020 AT A GLANCE

RIVER USE

47.4m 

Tonnes of goods handled

3.4m 

Tonnes of inland waterways freight

168 

Sporting events

2.7m 

Passenger journeys

NAVIGATION & SAFETY

0 

Serious navigational incidents

12,715 

Pilotage Acts

OVERVIEW



ENVIRONMENTAL STEWARDSHIP

214 

Tonnes of driftwood recovered

1,426 

CO2 emissions (equivalent tonnes)

67,722 

Kilowatt hours generated

2 

Thames21 clean-ups supported

STAKEHOLDER ENGAGEMENT

340* 

People attending public and online forums

* From end March 2020, public meetings and event moved online due to pandemic restrictions

FINANCE

£42.2m 

Stakeholder benefit

£5.3m 

Cash invested

£4.4m 

Operating surplus

HEALTH & SAFETY

146 

Near miss reports

0 

Lost Time Accidents

ABOUT THE PLA

At the Port of London Authority we are the Custodians of the tidal Thames. We hold the river in trust, working to hand it on in a better condition to future generations and realising the goals of the Thames Vision.

OUR STRATEGY TO ACHIEVE THIS IS CENTRED ON KEY THEMES TO:

PROTECT

Targeting Zero Harm and improved sustainability

IMPROVE

Running efficient operations and investing to support growing river use

PROMOTE

Leading the Thames Vision to unlock the potential of the Thames

ABOUT THE THAMES VISION

The Thames Vision is a 20-year development framework for the river, created with stakeholders over 18 months from early 2015 to mid-2016. Across six goals, the Vision targets greater river use, alongside an improving environment.

The Vision is being delivered in partnership by the PLA and stakeholders; key elements of the Vision are reflected in the London Plan and the Mayor of London's environment and transport strategies.

In 2021 we will be refreshing the Vision to reflect progress since its launch and to draw a greater focus on sustainability, diversity and recovery.

THE SIX GOALS FOR THE THAMES VISION 2035 ARE:

- The busiest ever Port of London, handling 60 – 80 million tonnes of cargo a year.
- More goods and materials routinely moved between wharves on the river – every year over four million tonnes carried by water – taking over 400,000 lorry trips off the region's roads.
- Double the number of people travelling by river – reaching 20 million commuter and tourist trips every year.
- The river the cleanest since the Industrial Revolution, with improved habitats and awareness of heritage.
- Greater participation in sport and recreation on and alongside the water.
- A riverside which is a magnet for ramblers, historians, artists and others, whether living nearby, on the river or travelling from further afield.



WWW.PLA.CO.UK/THAMESVISION

2020 HIGHLIGHTS



OPERATIONAL RESILIENCE

PLA provided uninterrupted services, sustaining essential supply chains delivering food, fuel and medicines.



SAFETY

A good year for safety, with zero significant marine incidents; and zero Lost Time Accidents.



TILBURY2

New unaccompanied freight ferry terminal at Tilbury2 completed and started operations with tenant, P&O Ferries.



HMM ALGECIRAS

The world's biggest container ship, *HMM Algeciras*, called at London Gateway port in June at the end of her maiden voyage from the Far East to Europe.



SUSTAINABILITY

Net Zero delivery programme developed and launched, committing to a Net Zero PLA by 2040, and its own emissions more than halved by 2025.



FREIGHT

Light freight first on the Thames, with DHL launching a river operation into its London parcel delivery service.

STRATEGIC REPORT

“High service levels were maintained, and food, fuel and medicines arrived on supermarket shelves, petrol station forecourts and hospitals without delay.”



CHAIRMAN'S STATEMENT

CHRISTOPHER RODRIGUES CBE



In 2020, COVID challenged the nation in ways last seen in wartime. Our frontline staff, on whom so many shippers depend, rose to the occasion and, thanks to the flexibility, commitment and hard work of all my colleagues, essential supply chains remained open and flowing.

High service levels were maintained, and food, fuel and medicines arrived on supermarket shelves, petrol station forecourts and hospitals without delay.

The focus on resilience spanned the operational and the financial. We took the steps needed to keep people healthy and safe. We minimised spending - until we had greater clarity on the economic outlook.

We entered 2021 fit and ready to support economic recovery as lockdown restrictions are relaxed.

Alongside the delivery of those essential day-to-day services on which our customers rely, we also maintained momentum on long-term, strategic projects. These included charting and announcing our path to decarbonise our business - to reach Net Zero by 2040. The majority of our targeted improvements will be delivered within this decade.

The Port of London Act, which governs our operations, was last substantially revised almost 30 years ago. In 2020, we submitted a draft Harbour Revision Order (HRO) to the Marine Management Organisation (MMO) for review. The HRO seeks to modernise our processes and will be the subject of a formal MMO consultation process.

During the year we deepened our partnership with the Thames Estuary Growth Board, with whom we share the goal of increasing river usage and in 2021 we will refresh the Thames Vision, our development framework for the river.

As custodians of the Tidal Thames, we use the Vision to inform our priorities and to engage other stakeholders to take the actions needed to achieve the river's full potential. With the businesses of some of our partners, particularly the passenger vessel operators, so badly affected by the pandemic and related restrictions, this work has never been more important.

To inspire our thinking, we commissioned research into how the other Great River Cities of the World were dealing with COVID and the effect it was having on their medium- and longer-term plans.

This became the topic for the first Great River Cities webinar, curated and hosted by the PLA and attracting over 200 delegates from more than 21 countries. As all such cities wrestle with common problems of post-virus recovery, we are looking to work more closely in the future, as collaborators, not competitors.

Every year I end this statement by thanking the PLA team, on behalf of the Board. I wholeheartedly do so again - for the courage shown by our frontline staff in getting out and continuing to deliver our services; and for the adaptability shown by all those who have continued to work hard behind the scenes from home.

Thank you for all you have done in 2020 and thank you in advance for all you will do as we build back together. Also, my personal thanks to the strong support given by my fellow Board members.

A final note of thanks is due to the world's seafarers on whose services we all depend for the passage of so many of our supplies. For many of them, 2020 was a year of enforced, lengthy absence from home. It is our pleasure to welcome and support them when they call at terminals on the Thames. They have our thanks for their selfless service.

Christopher Rodrigues CBE

Chairman

9 April 2021

CHIEF EXECUTIVE'S STATEMENT

ROBIN MORTIMER

2020 was a year which showed the capability and strength of the PLA at its best. Responding to the coronavirus pandemic demanded that we continually flexed our approach, working patterns and much more in order to keep our teams safe and deliver our essential services. COVID-19 changed everything and all members of staff rose to the occasion.



Throughout the year, we enabled operations in the Port of London to continue, with critical supply chains for food, fuel and medicines sustained uninterrupted. We continued providing our essential services without recourse to Government financial assistance packages, making available our full range of services through the year, with all our employees working throughout the pandemic response.

As we adjusted to the continuing flow of COVID-related requirements, we placed a premium on communications with our stakeholders, employees, river users and others, to keep people regularly updated about river developments.

This statement captures the impact of COVID-19 and associated restrictions on the port, wider river community and how we continued to shape and commit to future developments.

PORT & RIVER OPERATIONS

Port trade in 2020 was 47.4 million tonnes, a 12% fall from 54 million tonnes in 2019. The reduction in cargo throughput reflected reduced economic activity, following the introduction of COVID-19 restrictions. London was the UK's biggest port nevertheless as essential supplies continued to flow and, later in the year, demand for unaccompanied freight ferry services increased, ahead of Brexit.

Resilience in the provision of our essential services to support port operations was our prime concern in 2020. Our pilotage service was uninterrupted, and we achieved a service level of 99.5%. We acted quickly to provide pilots with appropriate PPE, to ensure they were protected when boarding ships to navigate them into and out of the port. Pilots, cutter crews, VTS operators, taxi drivers and all others working to support essential port operations showed resilience and flexibility in continuing to operate effectively throughout the year, for which I express thanks on behalf of all river users.

The designation of a Thames Freeport, announced in March 2021 is great news for the port, PLA and the operators behind the bid, DP World London Gateway, Forth Ports and Ford Dagenham. It has potential to create new trade flows and



technological innovation, drawing in new investment and helping level up the opportunities for some of the country's most deprived communities.

Investment at Thameside terminals continued, with several major projects completed during the year. P&O Ferries started operations at phase one of Forth Ports' Tilbury2 scheme from May onwards. The new terminal was operational within 18 months of the Development Consent Order (DCO) having been approved by the Secretary of State, which was an impressive achievement. DPWorld London Gateway welcomed the World's largest container ship, *HMM Algeciras*, and attracted further new services, while planning for the construction and opening of Berth 4 continues apace.

Thames related developments by building material operators continued too. The new discharge facility at Northfleet for CEMEX, developed with investment from the PLA, was officially opened and its new marine aggregate dredger left the shipyard for sea trials. Hanson took on the latest phase of developments at its Dagenham depot and also has a new dredger, *Hanson Thames*, soon to come into operation.

The Tideway project continued to progress with the last tunnel boring machine, *Selina*, delivered to Chambers Wharf by river in a complex, PLA-coordinated operation. *Selina* will be used on the final 5.5 km main stretch of the super sewer to be tunnelled eastwards to Abbey Mills. The £4 billion project is expected to be fully operational by 2025, after a nine-month COVID-19 related delay was announced. Its legacy will be a cleaner river, seven new areas of public space along the Thames and wharf space released for long-term river use.

Inland waterways freight fell to 3.4 million tonnes, following the suspension of the majority of operations in the early days of the first lockdown; they resumed thereafter. Cory Riverside Energy operated throughout. The total volume of project related cargo transported on the river for Tideway topped four million tonnes in the Autumn.

COVID-19 had a major impact on the river's passenger operations, with only 2.7 million passenger trips, compared to ten million in a normal year. However, plans for new piers continue to be advanced, the latest at Barking Riverside. During the year we released the findings of a study, jointly commissioned with TfL and carried out by ARUP, which sets out the scope and steps needed for growth in passenger travel on the river. The findings will inform the emerging plans for building back better, post-pandemic.

Hammersmith and Fulham Council's closure of Hammersmith Bridge to river traffic from August onwards proved particularly challenging for all river users. Arrangements for a weekly transit system has brought some respite, but a long term solution is much needed. We are members of the Government-led taskforce set up by the Department for Transport (DfT) in September 2020, working towards the safe reopening of the bridge and will be assessing applications for a temporary ferry service to serve local communities while the bridge is closed.

FINANCIAL PERFORMANCE

We delivered a resilient financial performance in 2020. With the financial outlook very unclear at the end of quarter one, we focused on preserving cash and managed our spending very closely. Our operating surplus was £4.4 million (2019: £7.3 million) on a turnover of £63.9 million (2019: £67.4 million).

We contributed an additional £3 million, over the agreed recovery plan payment for the PLA pension scheme. The value of the funds in the pensions schemes in which we have an interest has been adversely affected by financial markets volatility prompted by the pandemic.

As a Trust Port we were well placed to provide focused support to customers affected by COVID-19, where it was needed. Through wide and continued engagement with our customers, we developed solutions tailored to individual circumstances. With passenger vessel operations suspended for the majority of the year, we repaid all Class V passenger vessel operators 2020 port dues and are waiving those same dues through to the middle of 2021.



SAFETY

2020 was a positive year for safety, both on the river in general and for our employees. No serious navigational incidents were reported, down from six in 2019.

There were also no Lost Time Accidents (LTAs) to PLA employees, visitors or contractors in 2020 (2019: two LTAs). Near miss reporting continued at a high level, with 146 near miss reports, compared to 172 in 2019.

One strong area of focus going forwards is pilot ladders. Analysis of near miss and incident reports in 2020 showed that problems with pilot ladder deficiencies had increased markedly. It is not acceptable for vessel operators to provide substandard or poorly rigged equipment on which our pilots rely for their safety, so we will be working on this with our customers, the Maritime & Coastguard Agency (MCA), and other relevant organisations.

INVESTMENT

We invested £5.3 million in the business in 2020. This was principally sustaining capital investment, maintaining our key assets such as radar equipment. We also made the final payments related to the refurbishment of our main Gravesend base, London River House, upgrading infrastructure and delivering a building with a significantly improved environmental performance and more modern facilities for staff and visitors.

Under the PLA Investment Plan, our focus in 2020 was on seeing projects, such as that with CEMEX at Northfleet, reach fruition; we also selected two tenants for Royal Primrose Wharf and developed site improvement plans essential for its reactivation. Looking to the future, we have identified and are pursuing several opportunities to secure riverside sites that will support future river use.

The investment we made in supporting habitat improvements at a number of RSPB reserves in North Kent and South Essex was completed and we look forward to seeing the results.

SUSTAINABILITY

Caring for the environment and improving our environmental performance is integrated into the way we do business at the PLA.

After some 18 months of development, we ended the year with a detailed plan to achieve Net Zero PLA greenhouse gas emissions by 2040, agreed by the Board. Actions are already in hand that will deliver the first phase of the plan, more than halving emissions by 2025, in particular through switching our vessel fleet from diesel to sustainably sourced biofuel. As we push forward with this, we will continue to work with partners to support wider progress towards Net Zero within the Thames as a whole.

Our work around air quality continued. We published the results of our comprehensive and detailed air quality monitoring programme for the Greenwich Ship Tier and the first update of the Air Quality Strategy for the tidal Thames was released in June. Alongside this, we released the first roadmap for inland vessel emission reduction and launched the Thames Green Scheme to help operators demonstrate and be rewarded for environmental performance achievements. These and other developments were discussed at our Greening Inland Shipping webinar in the autumn. At the end of the year we submitted to Defra the third Adaptation Report on our preparedness for the predicted impacts of climate change.



LOOK AHEAD

We reached the end of 2020 as an organisation that had shown collective resolve and resilience through the first nine months of the pandemic and one which is fit for the future.

We are ready to support the imperative to build back better. We have an increasingly diverse workforce, a culture with health, safety and wellbeing at its heart, communal spaces in our main office better suited to collaborative working, a strong commitment to training, an Investment Plan delivering results and a path charted towards Net Zero.

These are strengths on which we will need to draw as we look ahead. We will need them as we support the recovery of a pandemic affected economy, river users coming back to the Thames after extended breaks, and others driving to Net Zero. The shaping of an updated Thames Vision will capture these ambitions over the longer term, looking out to 2050.

Like many other providers of key services, the PLA team was called on to respond in unique and trying circumstances through 2020. I am proud to have led an amazingly capable organisation who, together with our partners on the river, helped ensure that families across London and the south east continued to receive essential supplies through this very challenging time for all of us. My appreciation and thanks to everyone for all we have done together so far, and for the work we will continue to do in the coming year.

Robin Mortimer
Chief Executive
9 April 2021



CHIEF HARBOUR MASTER'S STATEMENT

BOB BAKER



Last year saw markedly different activity levels on different parts of the river. While the commercial port continued to operate strongly, ensuring essential national supply chains were maintained, the river through central London and west of Putney was far quieter, in light of COVID-related lockdowns.

As we adapted our operations to be COVID secure, our prime concerns through this unique year were maintaining navigational safety and operational resilience.

There were no serious marine incidents on the tidal Thames in 2020, compared to six incidents in 2019. While welcome, this was clearly an exceptional year with river use reduced overall; the focus for the next Marine Safety Plan (2021-2023) is to reduce incidents by 10% over the next three years, compared to the previous three years. The resulting target for 2021 is no more than four serious incidents, ideally none.

We expect river safety performance in 2021 could be challenging, with many companies restarting their operations after several months shut down due to COVID restrictions.

To help reduce the number of safety incidents on the river we look at the root causes behind them. In 2020, pilot ladder deficiencies emerged as the leading factor, with 114 reports, up from 85 in 2019. The main points of concern were securing arrangements, together with the condition of the ladder itself and sub-standard rigging.

This increase is deeply concerning. 'Fit-for-purpose' ladders are vital to the safety of our pilots, and through them the safe conduct of the vessels they are boarding. It is a topic on which we shall continue vigorously to press.

SEA PILOT ACTS SERVICE LEVEL

2018	95.4%
2019	98.0%
2020	99.5%

PILOTAGE ACTS (NO.)

2018	13,372
2019	14,248
2020	12,715

SERIOUS NAVIGATION INCIDENTS (NO.)

2018	9
2019	6
2020	0



To underpin the developing safety culture on the Thames, we targeted increased Near Miss Reporting. A Near Miss Report promotional campaign in Summer 2020, when river operations were largely unfettered, boosted reports, but we ended the year down on target due to the reduced level of activity in some parts of the river.

Pilotage acts fell from the 2019 record of 14,238 to 12,715 in 2020, as a number of trades, particularly tankers, called less frequently on the Thames. Our pilotage service level was 99.5% of all ship calls served as booked.

We continued to recruit pilots to match our pilotage team to demand. Short-term our ability to progress their training has been limited by lockdown restrictions. This is a position we are looking to recover just as soon as things open up again. We also invested in equipment for pilots, buying two more portable pilot units, which are key to handling the larger vessels now arriving more frequently at London Gateway.

Towards the end of the year, we restructured the Harbour Masters team, adopting a 'whole river' approach, from the previous structure based on river districts. The new arrangement will enable us to provide a more consistent and resilient service to river users and stakeholders.

More detailed information on our safety work can be found in the River Navigation section of this Annual Report.

Bob Baker
Chief Harbour Master
9 April 2021



CHIEF FINANCIAL OFFICER'S STATEMENT

JULIE TANKARD

The port remained operational throughout 2020, with our services delivered uninterrupted, sustaining essential supply chains. The fall in economic activity and reduction in some cargo volumes prompted by the pandemic impacted us financially, with overall turnover down by 5% compared to 2019, at £63.8 million.

OPERATING SURPLUS (£M)

2018	£5.8m
2019	£7.3m
2020	£4.4m

CASH INVESTED (£M)

2018	£4.3
2019	£19.5m
2020	£5.3m



Delivering resilient operations was our main priority. Fundamental to this was looking after the health, safety and wellbeing of our colleagues, providing the personal protective equipment (PPE) they needed as part of a COVID-secure operation. We did not furlough any PLA employees or access any UK Government COVID-related loan facilities.

All non-core spend was reduced as soon as the potential impact of the pandemic on the economy and our finances became clear. These early steps enabled us to deliver an operating profit of £4.4 million (2019: £7.3 million), a year-on-year fall of 40%. Overall profit after tax was £2.6 million (2019: £10.3 million).

Our marine related income for conservancy, pilotage and other marine services fell to £48.6 million (2019: £52.2 million), all depressed by the slowdown in the economy. Income from river works license, rents and investment properties rose by 9%, as our investment strategy started to generate increased income.

We took the decision during 2020 to reclassify some of the sites we own as investment properties, as they are held principally to generate future income for the PLA. This resulted in an improvement in the balance sheet of £46.3 million. There was an overall loss of £1.7 million on existing investment properties, after a comprehensive external revaluation exercise.

We continue to hold sufficient cash and reserves to service our long-term goals and reflective of our long-term liabilities. This stood us in good stead during the pandemic as we saw significant fluctuations in income in the first lockdown. Volumes of oil cargoes moved through the Thames were markedly depressed, with shipments of aviation fuel essentially ceasing, due to the dramatic reduction in air travel. Until there is a return to international travel, this income stream will continue to be reduced.



Despite a reduction in the demand for pilotage as volumes fell, we continued to recruit pilots. This is part of the investment we have been making in our pilotage operations for more than five years, to deliver the high level of service our customers expect. The financial impact of this continued investment was a £1.9 million operating deficit on pilotage operations in 2020, compared to breakeven in 2019.

Pilotage is strategically important and fundamental to our business. Our 2021 charges reflect an increased fee for providing pilotage on containerships over 345 metres in length, where two pilots are required. As a post balance sheet event, we acquired Peel Ports' 50% share in Estuary Services Limited, the pilot boarding and landing service joint venture we had with them. This strategic investment will give greater control over an important part of our operation.

Over the last three years we have focused closely on diversifying our income, by investing in property and assets that will support greater use of the river, a key aim of the Thames Vision. Our rental income grew to £12.7 million in 2020 (2019: £11.7 million). This increase resulted from market-related river works licence income rises, rent from investment land where safeguarded wharves are brought back into use and income from the CEMEX Northfleet project, completed in 2019.

No new assets were acquired as part of our Investment Plan in 2020. We have identified and reached advanced stages on several new opportunities, which will come to fruition in 2021.

We invested £5.3 million in improving our operational assets during the year. A large part of this was upgrading London River House, the main building from which we operate in Gravesend, which required extensive updates to mechanical and electrical services. The completed project delivers lower energy consumption and new renewable energy generation, in line with our goal for the PLA to be Net Zero by 2040, or earlier. We also upgraded some of our IT systems and equipment, which was vital to flexible and agile working during the pandemic.

The main PLA pension scheme continues to be a significant liability. We developed and consulted on a new defined contribution pension scheme in 2020. From 1 January 2021, all new employees enter this scheme, rather than the defined benefit scheme. This removes our exposure to future asset volatility in the defined benefit scheme, a long-term benefit to the PLA.

We continue to address the liability in the main PLA pension scheme. In late 2020 we put an additional £3 million into this scheme, on top of the £4 million paid into the fund under the deficit repair plan agreed with the Trustee. The total £7 million contribution to the main pension fund represented 11% of our 2020 income. Despite the agreed and additional payments, the net liabilities on the pension schemes in which we participate increased by £4.2 million (£66.1 million in 2020, compared to £61.9 million in 2019).

After a challenging year, the overall outlook for the PLA is positive. We are well placed for increased river activity and demand for our services. Our healthy cash balance will underpin the Investment Plan, as we continue to look to diversify our income. The pandemic showed the importance of this part of our strategy, supporting long-term sustainable growth.

Julie Tankard
Chief Financial Officer
9 April 2021

OPPORTUNITIES AND CHALLENGES

At the PLA we manage and respond to a range of opportunities and challenges. This section sets out our headline view of key opportunities and challenges. The Governance section of this report provides details of the full array of factors we address through our risk management process.

OPPORTUNITIES

Despite the downturn in trade, the mix of cargo helped to lessen the impact of the decline in oil products volumes in 2020. Long-term port trade growth remains a major opportunity for the PLA, with significant investment continuing by operators including DP World at London Gateway and Forth Ports at Tilbury.

Securing designation of a Thames Freeport represents a major opportunity for the PLA and the operators leading it, DP World London Gateway, Forth Ports and Ford Dagenham. It will provide a substantial boost to economic development, innovation and port trade.

The economic certainty following the conclusion of negotiations around the trading terms between the UK and the European Union presents opportunity for increasing trade on the Thames. The 'unaccompanied freight' model used by freight ferry operators on the river is well suited to the new customs requirements.

Supporting carefully selected and assessed riverside property acquisition and development schemes under our Investment Plan supports growing river use. Completed projects demonstrate solid returns and are increasing tonnages on the river, as well as diversifying our income streams, improving financial resilience. There is a strong pipeline of further investment opportunities identified for the short- and medium-term.

The Thames Tideway Tunnel project has provided both opportunity and challenge. The principal long-term benefit of the scheme is a cleaner river. In terms of construction operations, the project's use of the river has underpinned investment in vessels, tugs and barges and embedded higher standards on the river, a legacy for the future.

Notwithstanding the pandemic-related dip in river freight and passenger services in London, the expected long-term growth in activity means that more skilled people will be needed to work on the river. On a busier river, the skills of existing workers will need to be maintained and improved. This is being

addressed through our work with the Thames Skills Academy, the Company of Watermen & Lightermen and Thames operators themselves.

New trade and business opportunities are emerging in a decarbonising economy. As a business we have a commitment and route to achieve Net Zero by 2040. We are working with companies on the Thames and beyond to embrace the opportunities for decarbonisation that new technology affords, for example through the Roadmap for Inland Vessels Emissions Reduction. In addition, the launch of a Sustainable Innovation Fund will act to support 'greenhousing' new, Thames-relevant technologies to the benefit of the PLA, river users and riverside communities.

The scope of opportunity set out here will be captured in the refreshed Thames Vision. This development framework for the river, which targets increasing all aspects of river use, will be shaped through 2021. The time horizon will be taken out to 2050, from 2035 in the original Vision. The review of the Vision will reflect the evolution of stakeholder expectations, technical, environment and economic developments in the society we serve.

CHALLENGES

In dealing with the coronavirus pandemic we have faced both operational and economic challenges. Operationally we took steps to create a COVID secure workplace to protect our key operational staff from exposure to the virus in order that port control, pilotage services and essential marine maintenance services could continue to play their role in supply chains. In line with Government requirements, we facilitated home working for those of our staff who could work from home.

Ensuring cyber security remains a challenge, with attacks on IT systems increasing during lockdown. We operate rigorous systems for checking emails and links. During 2020 we adopted enhanced user authentication to further address this issue.



The national lockdowns and other restrictions introduced in order to manage the spread of the virus had a marked impact on economic activity. This saw port trade in 2020 fall by 12% overall. At the same time, responding to the virus accelerated trends in retail and logistics that make prospects for recovery difficult to anticipate.

Alongside the economic impact of the coronavirus, other developments with potential to impact on the economy, and PLA specifically, include the possible economic impact on trading patterns of leaving the European Union and the switch away from fossil fuels for transport. The latter trend is already manifest and is expected to accelerate, following the Government's 2030 ban on the sale of new internal combustion engine powered cars.

Increased volatility in financial markets prompted by COVID-19 has impacted the value of the pension schemes in which the PLA has an interest. It has increased deficits in the pension schemes, to which we will have to respond, potentially impacting on our financial flexibility.

Demand for our pilotage services has remained strong through the pandemic as the river sustains essential national supply chains. As the hoped-for recovery establishes, we will need to continue meeting the 'on demand' requirements of our customers. We are investing in both new pilot recruitment and equipment to meet this demand. The national restrictions introduced through 2020 to ensure greater COVID security impacted on our ability to advance new pilots' training quickly. It is a position we will work to recover as restrictions start to be lifted.

The Tideway scheme presented a navigational safety challenge linked to the operation of 12 construction sites in and alongside the river. Having a dedicated Tideway harbour master and Tideway focused group within our licensing team enabled us to manage the high level of consenting and other demands linked to the project.



Useable river space is finite. We work to balance the competing demands for this space, for trade, travel and recreation. Developments with potential to encroach on usable river space include new crossings and new or expanded windfarms.

There is a clear need for more river crossings in London and their development is something we support as essential to continued economic development. We engage around specific proposals to ensure they are compatible with an increasingly busy maritime city river, with established rights of navigation unimpeded.

The closure of Hammersmith Bridge by the local council to all bar once-a-week transits of river vessels highlights another river crossing challenge. This is effectively closing a marine highway through London, which will impact boatyards and other essential infrastructure in the winter, passenger trades in the summer in particular and recreational users daily. We are working with the Government taskforce on short-term ferry solutions to help reduce the impact on local communities now facing lengthy diversions to cross the river. The weekly river transits are coordinated by us and we are making the case for reduced restrictions on river transits.

UK windfarm capacity continues to expand, in line with the drive for renewable energy to play a greater part in the nation's energy mix. The Thames estuary is already home to a number of large windfarm developments, existing alongside the channels serving the UK's biggest port. Any further proposals are subject to careful consideration to ensure that they do not prejudice safe navigation, something on which we engage actively with scheme developers, shipping lines, service providers and terminal operators who would be affected.

PLA STRATEGY

As a Trust Port, we hold the Thames in trust for future generations. We have no shareholders, so operate for the benefit of customers and stakeholders now and in the future.

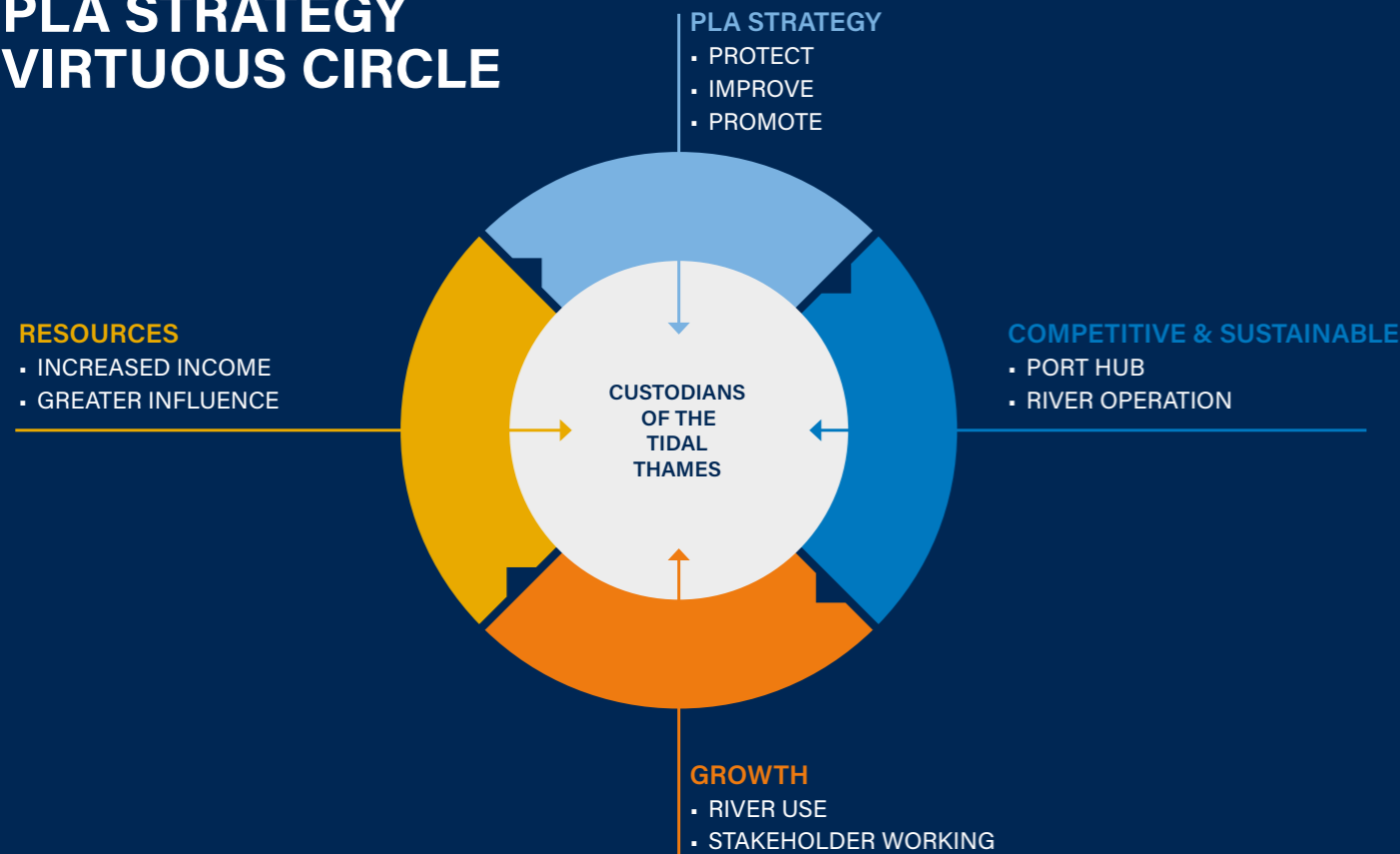
The stakeholders' ambition, as set out in the Thames Vision, is to see the river play a much greater role in the life of London and the south east, from trade and travel to sport and recreation. To support this ambition, our strategy is centred on three core roles for the PLA:

The Thames is the UK's busiest inland waterway and the Port of London the country's biggest port. The most recent assessment of the economic impact of the port, completed pre-pandemic in early 2020 found a total of 48,000 jobs sustained by the port and river, which made a Gross Value Added contribution to the economy of £4.5 billion. Returning to these levels will be a target in the refreshed Thames Vision, as we build back better after the pandemic.

Our experience shows that a strong and effective PLA supports growth through creating the 'virtuous circle' shown below. Delivering on our commitments to Protect, Improve and Promote will help develop the competitiveness and sustainability of port and river operations. This underpins growth in river use and generates a financial return, which we can invest again in protecting, improving and promoting.



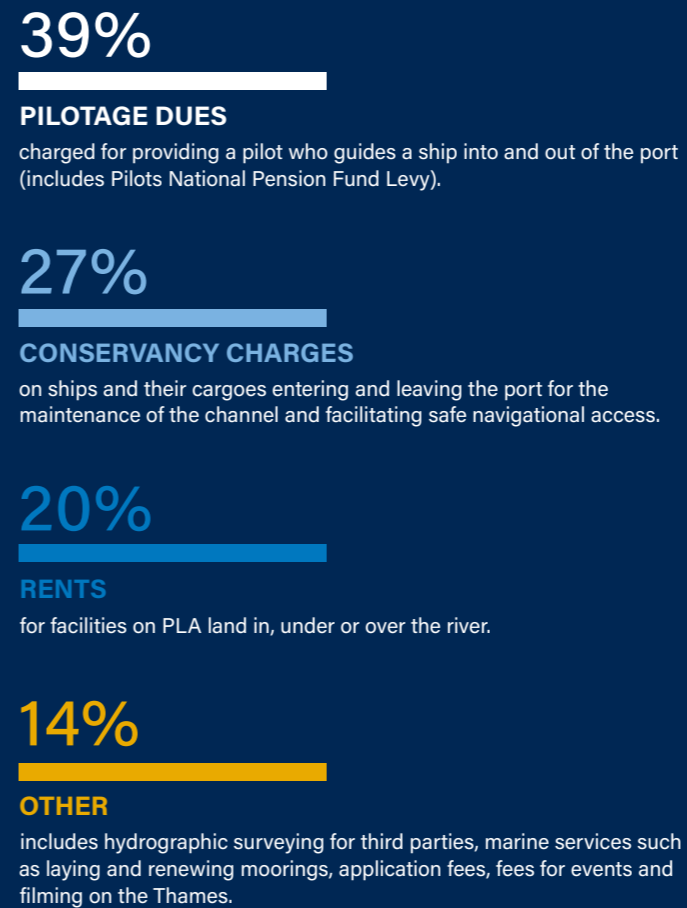
PLA STRATEGY VIRTUOUS CIRCLE



INCOME

As a self-financing Trust Port, we cover the cost of our operations from the fees we levy and make a surplus to invest in the maintenance and renewal of our operational assets.

Our income is from:



STAKEHOLDER BENEFITS

As a Trust Port we provide stakeholders with a range of benefits, alongside discharging our specific duties. When asked in independent research, stakeholders identified our main contributions being in: river navigation and safety; environmental stewardship; planning consultation and technical expertise; bringing people together and promoting the river.

Over the last five years we have increased our river advocacy through the development with stakeholders of the Thames Vision. The Vision, launched in mid-2016, provides a framework for the river's development over 20 years to 2035. We will be working with stakeholders through 2021 to review and update the Vision for an extended time period out to 2050, in line with the Government's Net Zero commitment.

Our main contributions to stakeholders are, in more detail:

RIVER NAVIGATION AND SAFETY

Our port control centres, harbour masters, hydrographers, river patrol and pilot cutter crews help keep river users safe. Our salvage operations and divers keep the river clear of obstructions and open for business. We are responsible for river traffic control and navigational safety, including buoys, beacons, bridge lights and channel surveys.

ENVIRONMENTAL STEWARDSHIP

We hold the tidal Thames in trust, with the remit to hand it on to succeeding generations in better condition. A major part of our work is conservancy of the Thames, maintaining the main navigation channels on the river. As stewards of the marine environment, we look after the river's many assets, conserving wildlife, keeping the river clean and free of rubbish with our Driftwood service. We are working closely on improving air quality on the tidal Thames. We maintain the tow path, revetment wall and have an active tree management programme along a stretch of the Thames up-river of Putney. Promoting the use of the river as a natural, low-carbon transport route is a key activity too.

PLANNING CONSULTATION AND TECHNICAL EXPERTISE

We provide information, support and significant technical expertise to help river users and investors maximise the value of the river, and to do it safely. We consent river works and dredging on the river, applying our expertise to keep river users safe and protect the environment.

BRINGING PEOPLE TOGETHER AND PROMOTING THE RIVER

We bring people together to discuss how to make the best use of the Thames and advocate its potential. We work with, and for, a wide range of stakeholders and partners on commercial freight, investment, property, safety, conservation, leisure, tourism, passenger transport, sporting pursuits and major events. We try hard to be a 'listening' organisation as well as one that delivers what our stakeholders need and want.

STAKEHOLDER BENEFIT

Set alongside the economic and amenity benefits that our operations underpin, we also generate a substantial benefit to the community, estimated to be £42.2 million in 2020 (2019: £41.0 million). Our major direct community contributions are to organisations including Tilbury Seafarers Centre and Thames Festival Trust. We also undertake activities required for our core responsibilities, such as making our archive publicly available at the Museum of London Docklands. Our support for Thames21 links to the core objective of improving the marine environment.

No major investments were made under the PLA Investment Plan through the year, in line with prudent cash conservation during the pandemic; £19 million was invested in 2019, when a wharf was acquired. The Investment Plan principally supports developments focussed on increasing use of the river, in line with Thames Vision goals.

Existing investments under the Plan were progressed during the year, seeking partners for the reactivation of Royal Primrose Wharf, securing necessary improvement works repairs to the river wall at Plaistow Wharf and CEMEX Northfleet officially opening.

More than £38.3 million is paid in taxes, wages and other employment costs which contribute directly to the local economy. A full breakdown of our stakeholder benefit calculation is on the next page.

PLA IN THE COMMUNITY	2020 (£)	2019 (£)
Major charitable donations		
Thames21	£30,000	£35,000
Thames Explorers Trust	£0	£35,000
Thames Festival Trust	£45,000	£60,300
Tilbury Seafarers Centre	£33,460	£31,500
Other charitable donations	£3,742	£37,115
Riverside Code & Community Outreach	£600	£8,663
Museum of London Docklands – membership	£31,234	£28,610
Community Activities on the River	£11,200	£31,000
Museum of London Docklands – 2021 exhibition	£60,000	£160,000
Thames 21 (administration costs)	£72,000	£70,000
Gravesham Borough Council (Town Pier)	£3,833	£3,743
	£291,069	£500,931
INVESTMENT PLAN		
RSPB habitat improvement works	£85,477	£58,855
	£85,477	£58,855
ACTIVITIES REQUIRED FOR CORE PLA RESPONSIBILITIES WHICH GENERATE WIDER STAKEHOLDER BENEFIT		
Archive at Museum of London Docklands	£103,097	£82,688
River bank maintenance	£64,375	£46,622
Richmond Lock and Weir	£576,189	£1,090,128
	£743,661	£1,219,438
GOVERNMENT BENEFIT*		
Taxation – Pay As You Earn	£9,630,340	£9,528,703
National Insurance (employer's and employees elements)	£5,159,536	£5,040,922
Corporate taxation and business rates	£227,054	454,589
	£15,016,930	£15,024,214
BUSINESS COMMUNITY BENEFIT		
Subscriptions to business organisations	£79,115	£104,888
Thames Estuary Partnership	£15,000	£18,750
Thames Skills Academy	£25,000	£25,000
	£119,115	£148,638
EMPLOYEES' BENEFIT		
Employee remuneration, pensions costs and benefits	£25,964,790	£24,069,905
	£25,964,790	£24,069,905
TOTAL STAKEHOLDER BENEFIT	£42,221,042	£41,021,982

* Includes Port of London Properties (POLP) and 50% of Estuary Services Limited (ESL) and based on business rates plus the current tax charge, before prior year restatements.

ENGAGING WITH STAKEHOLDERS



As a Trust Port we work closely with our stakeholders in maintaining a safe river, caring for the environment and promoting use of the Thames. This section details how we engage with stakeholders, drawing their views into our decision-making processes.

Department for Transport guidance describes a Trust Port as:

'a valuable asset presently safeguarded by the existing Board, whose duty it is to hand it on in the same or better condition to succeeding generations. This remains the ultimate responsibility of the Board, and future generations remain the ultimate stakeholder.'

In considering the long-term development of the river, the Board has regard to factors including: long-term consequences; how decisions affect our customers, employees and the wider community; minimising environmental impacts and improving the environment wherever possible; reputational implications; and fairly balancing different stakeholder needs.

In running the PLA, the broad stakeholder groups the Board considers are:

- Customers: river users (including operators of seagoing cargo vessels, inland barges, passenger vessels and recreational users), commercial port operators (including the operators of cargo handling facilities) and others (including our licensees, tenants and those to whom we provide third party services)
- Employees
- Local communities and NGOs
- Government, elected representatives, regulators and local authorities

Board members remain in touch with key stakeholders' views through engagement, studies and visits including:

- Annual employee engagement study
- Annual stakeholder audit
- Annual stakeholder meeting
- Public meetings
- Site visits
- Customer meetings and feedback

On the following pages we set out the main types of stakeholders, their areas of interest, our engagement channels and how different Board Committees and the Board of Directors address stakeholder interests.



CUSTOMERS

Areas of interest	Engagement channels	Committee/Board Agenda
<ul style="list-style-type: none"> • Safety performance • Financial and operating performance • Pricing • River masterplanning • Business strategy • Sustainability 	<ul style="list-style-type: none"> • Annual Stakeholder Forum • Public meetings • Topic specific events – Great River Cities; environment conference • Corporate website (www.pla.co.uk) • Annual Report • Annual Environment Report • Annual stakeholder audit, including Net Promoter Score gauges customers' views • Key customer update calls • Weekly newsletter: Tidal Thames News • Social media • Port Infrastructure Group 	<ul style="list-style-type: none"> • The Annual Stakeholder Forum provides an opportunity for Board members and customers to meet and have discussions; questions can also be posed in the formal proceedings of the Forum. (In 2020 this had to be substituted with an online performance update.) • The Board reviews the findings of the annual stakeholder audit to assess how the organisation is relating to its stakeholders; this is being supplemented with specific customer surveys. • The broad detail of the audit is bolstered with insights from Board members' one-to-one discussions with key customers. • The Thames Vision reflected insights from intense stakeholder engagement; the 2021 refresh of the Vision will involve the same.



EMPLOYEES

Areas of interest	Engagement channels	Committee/Board Agenda
<ul style="list-style-type: none"> • Health, safety and wellbeing • Workforce management • Career planning • Remuneration and pensions provision • Training and career development • Sustainability 	<ul style="list-style-type: none"> • Line management • Corporate website (www.pla.co.uk) • Corporate Intranet • Monthly staff bulletin • Corporate events (eg: Mental Health Day) and corporate competitions • Annual employee engagement survey • Whistle-blowers' hotline • Weekly newsletter: Tidal Thames News • Yammer • Sports and social activities 	<ul style="list-style-type: none"> • The Board considers the annual employee engagement survey. • The Remuneration Committee is regularly made aware of pay and employment conditions of employees and annually considers these and other factors when determining remuneration. • The Board routinely meets staff members during site visits and 'meet the Board' lunches.



LOCAL COMMUNITIES AND NGOS

Areas of interest	Engagement channels	Committee/Board Agenda
<ul style="list-style-type: none"> Maintenance of river amenity River master planning River cleanliness Sustainability 	<ul style="list-style-type: none"> Annual Stakeholder Forum Public meetings Topic specific events – Great River Cities; environment conference Corporate website (www.pla.co.uk) Annual Report Annual Environment Report Annual stakeholder audit Weekly newsletter: Tidal Thames News News releases to local media Community education programme partnerships Social media 	<ul style="list-style-type: none"> The Board values effective community engagement as important to our social licence to operate. The Annual Stakeholder Forum provides an opportunity for Board members and community members to meet and have discussions; questions can also be posed in the formal proceedings of the Forum. (In 2020 this had to be substituted with an online performance update.) The Board reviews the findings of the annual stakeholder audit to assess how the organisation is relating to its stakeholders. The Thames Vision reflected insights from intense stakeholder engagement; the 2021 refresh of the Vision will involve the same.



GOVERNMENT, ELECTED REPRESENTATIVES, REGULATORS AND LOCAL AUTHORITIES

Areas of interest	Engagement channels	Committee/Board Agenda
<ul style="list-style-type: none"> Resilient port operations Economic development Environmental protection Financial and operating performance Business strategy Sustainability 	<ul style="list-style-type: none"> Face-to-face meetings by leadership Periodic updates on key issues, including port performance and Thames Vision refresh Annual Stakeholder Forum Corporate website (www.pla.co.uk) Annual Report Annual Environment Report Annual stakeholder audit Industry bodies Weekly newsletter: Tidal Thames News Social media 	<ul style="list-style-type: none"> As custodians of the tidal Thames we engage actively with Government, elected representatives and others. The Annual Stakeholder Forum provides an opportunity for Board members and stakeholders to meet and have discussions; questions can also be posed in the formal proceedings of the Forum. (In 2020 this had to be substituted with an online performance update.) The sample for the annual stakeholder audit includes stakeholders in this category. The Thames Vision reflects the long term ambitions for the river and is a key point of interactions with this stakeholder group.



The table below sets out four key Board decisions in 2020 and the manner in which stakeholder views were drawn into the decision-making process.

BOARD DECISIONS AND THEIR IMPACT ON STAKEHOLDERS

Decision	How we took stakeholders into account	Long-term implications
Coronavirus response & contingency plan	<ul style="list-style-type: none"> The response to the outbreak of COVID-19 and subsequent lockdowns was the Board's primary focus in 2020. Port resilience was key for supply of essentials to families across London and the south east. To deliver on this commitment, securing suitable PPE for our frontline workers and the creation of a COVID secure working environment was prioritised. Alongside this, financial contingency planning was undertaken, with tight control of non-essential spending. Stakeholder communication was increased, with a weekly newsletter keeping all stakeholders up to date with the river implications of restrictions and sharing news about continuing port operations. Close liaison with customers was endorsed, so that appropriate solutions could be offered, in light of the pandemic's impact. 	<ul style="list-style-type: none"> Effective management of pandemic response was key for sustaining supplies to communities across London and the south east. Conservative fiscal planning secured the financial health of the organisation.
Green PLA and Green Port	<ul style="list-style-type: none"> Like all businesses, the PLA needs to respond to the Government's legally binding commitment to achieve Net Zero by 2050. The Board discussed the proposals for reducing the environmental impact of PLA operations (Green PLA) closely over several meetings. Agreeing a clear path, programme and budget for PLA carbon reduction, and broader environmental improvement over the next five years delivers in an area of growing stakeholder concern and interest. The related work supporting decarbonisation in the port continues as part of the refresh of the Thames Vision which will be undertaken through 2021; this includes a trade forecasting exercise in which port customers will be closely involved. 	<ul style="list-style-type: none"> The PLA has a clear, actionable and financed plan for progressive reduction of carbon emissions, delivering Net Zero by 2040 and more than halving emissions by 2025. The launch of a Sustainable Investment Fund will act as a catalyst for the development and testing of Thames-specific emissions reduction technology.
New Defined Contribution (DC) pension scheme	<ul style="list-style-type: none"> The PLA has involvement in a number of pensions schemes, together representing a significant financial liability. The creation of a new Defined Contribution pension scheme was considered as a means to bring greater certainty over the liability in the main PLA pension scheme and continue to offer a total remuneration package attractive to future employees. After close consultation on the proposal with trade unions, led by the chief financial officer, who is a member of the Board, a proposal was agreed. The proposal was reviewed and agreed by the Board, with implementation from 1 January 2021. 	<ul style="list-style-type: none"> The introduction of a new Defined Contribution (DC) scheme acts to better secure long-term financial health of the PLA. It also enables us to offer an attractive employment package to attract the best talent.
Capital Allocation Framework & Strategic Business Plan	<ul style="list-style-type: none"> Discussion of a Capital Allocation Framework in the context of the Business Plan, aimed to refine the details in delivery of the PLA Investment Plan, launched in 2018. The main goal of the Investment Plan is to increase river use sustainably, the principal target of the Thames Vision, by selective investment in opportunities to acquire riverside sites and finance acquisition of cargo handling equipment. The Capital Allocation Framework introduces a check process to ensure that these goals are achieved, in line with prudent financial control. The Investment Plan and Allocation Framework together deliver on stakeholder priorities for greater river use and a financially robust PLA. 	<ul style="list-style-type: none"> Agreement of the Capital Allocation Plan underpins prudent investment decisions and sets a plan for growth. Investment in supporting river use acts to diversify PLA sources of income and deliver the principal Thames Vision goal.

PERFORMANCE



RIVER USE 2020



PORT TRADE

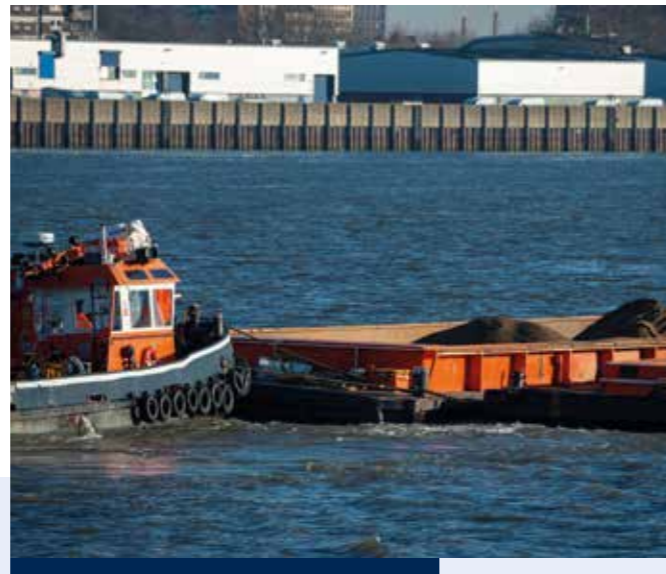
Trade in the Port of London fell to 47.4 million tonnes in 2020, down 12% from 54.0 million tonnes in 2019. The fall in cargo volumes reflected reduced economic activity, following the introduction of COVID-19 restrictions.

Unitised trades were most robust, falling by just 1% to 21.8 million tonnes, from 22.1 million tonnes in 2019. This resulted from the continued growth in calls at London Gateway, and the benefits of investment in new, expanded capacity at both Tilbury2 and C-Ro Ports as the Thames emerged as a route well suited to post-Brexit trade. Phase one of Tilbury2 opened in May; the full year benefit is expected to be seen in 2021.

Movement of building materials (10.9 million tonnes) remained similarly resilient, down by only 9%; the bulk of this fall linked to the closure of building sites in the first national lockdown in the Spring. The most substantial fall was in oil product trades, down from 13.3 million in 2019 to 8.9 million tonnes in 2020 (-34%), following reduced personal travel and the virtual suspension of air travel in particular. Further detail on port trade is in the Chief Executive's Statement.

CARGO HANDLED, MILLION TONNES

2018	53.2
2019	54.0
2020	47.4



INLAND WATERWAYS FREIGHT

Freight moved between terminals on the Thames in 2020 totalled 3.4 million tonnes, down from 4.8 million tonnes in 2019.

The overall tonnage of materials moved was affected by pandemic related lockdowns. Cory Riverside Energy continued their essential refuse related operations throughout the year. The Tideway project suspended operations during the first lockdown, but continued operations thereafter, in line with Government guidance. With other construction schemes similarly affected, the barge movement of building materials was severely reduced around March and April.

Development of the marine industrial complex encompassing the safeguarded Peruvian and Royal Primrose wharfs continued. Peruvian is occupied and operational with tenants, Brett Group and Keltbray. River wall improvement works will be undertaken at Royal Primrose before it returns to operation. We are in discussion with two operators to take occupation of Royal Primrose Wharf, both of whom will use the river.

Pinns Wharf, a safeguarded wharf in Barking Creek came back into operation, initially for the movement of aggregates from the Isle of Grain to the wharf by barge. By the end of the year, joint work by a cross PLA team of planning, harbour masters, pilots and hydrographic, together with site owners, Corbyn, saw the arrival of the first seagoing ship in five years, loading a variety of bulk cargoes for export to the continent. DHL launched the first light freight operation on the Thames as part of its London parcel delivery service.

INLAND WATERWAYS FREIGHT, MILLION TONNES

2018	2.6
2019	4.8
2020	3.4



PASSENGER TRAVEL

The number of passenger trips on the river fell sharply in 2020 as COVID-19 restricted commuter and tourist travel across the capital. A total of 2.7 million passenger trips were completed, compared to 9.9 million in 2019.

A major riverside residential development, Barking Riverside, announced that it was working on plans for the development of passenger services through a partnership with Thames Clippers. They are aiming for their new pier to be open in the winter of 2021. Plans to improve cross river connectivity with an electric ferry crossing between Rotherhithe and Canary Wharf were put on hold due to Transport for London budget constraints.

We released the findings of work completed for the PLA and Transport for London by ARUP to identify opportunities for passenger travel growth and potential obstacles to progress. The report will help inform the passenger travel targets in the refreshed Vision that will be developed during 2021.

The Gravesend Tilbury ferry continued operating throughout 2020, providing an essential cross river link for communities in Essex and Kent.

PASSENGER JOURNEYS, MILLION

2018	9.9
2019	9.9
2020	2.7



SPORT AND RECREATION

COVID restrictions dramatically affected sport and recreation on the Thames in 2020. The number of river events fell to 168, from the 2019 all-time high of 430. Marquee events to be affected were the University Boat Races and the Great River Race. Some sporting bases continued to play a key role in their communities, with the AHOY Centre providing hot meals for families in need.

In light of limited funds and restricted ability to visit sites, our sports participation work focused on formally establishing the partnerships needed to deliver the new Active Thames programme. By the end of the year partnership agreements had been signed with the relevant watersport National Governing Bodies.

Support and advice were provided direct to clubs through the pandemic to assist them in their work to access funding needed to ensure their survival. A number of grants were secured as a result. One off PLA grant support was provided to three clubs/organisations.

MAJOR SPORTING EVENTS

2018	363
2019	430
2020	168

RIVER NAVIGATION AND SAFETY



Our main operational responsibility is maintaining the Thames river channels and managing navigation along 95 miles of the tidal Thames, downstream of Teddington Lock. We use our Marine Safety Management System to review the hazards and risks to safe navigation and put measures in place to address them. These include navigation lights and buoys, hydrographic services, pilotage and Vessel Traffic Services control centres at Woolwich and Gravesend, which oversee safe navigation over 400 square miles.

MARINE INCIDENTS (NO.)

2018	364
2019	391
2020	359

SURVEYS COMPLETED (NO.)

2018	250
2019	304
2020	305

Our latest three-year Marine Safety Plan reached its final year in 2020. The main Plan objective - reducing serious and very serious incidents year-on-year - was achieved with no such incidents in the 12 months (2019: six incidents).

The 2020 safety performance continues the trend of progressively reducing serious incidents on the Thames. While this improvement does draw on our continuing incident analysis and learning lessons from them, the reduced level of activity in some parts of the river inevitably played a part in reducing incidents.

We are now using a new risk management system, Resolver, to support our ongoing work further to improve navigational safety. The software connects risks to incidents, so that we can quantify the impact of risk mitigation plans, identify risk register gaps and conduct actionable risk assessments.

We ran two safety campaigns to support and promote safe navigation on the river. In Maritime Safety Week we called on river users to make reporting 'Near Misses' a priority, as learning from a Near Miss can prevent a similar incident, possibly with more serious consequences. This was followed at Christmas with a drive around the 'Christmas cocktail' to avoid - a combination of alcohol, drugs and activity on or by the tidal Thames.

Our approach to emergency preparedness evolved, now under the marine compliance manager's remit. An exercise was carried out in conjunction with the Control of Major Accident Hazards (COMAH) designated site, Navigator in March 2020, where we mobilised tactical and operational teams in response to a simulated oil spill. At the same time, the strategic team were put through their paces when a specialist media team simulated real life media interest in the spill.

The development of a new continuous professional development (CPD) programme with the Company of Watermen and Lightermen and the Thames Skills Academy was also progressed during 2020. This is an important development which will support better safety standards on the Thames, helping people working afloat enhance their skills in line with latest practice.



With COVID prompting greater numbers of mental health crises, we worked with Thames Water Safety Forum members on two Drowning Prevention Strategy initiatives.

Safer Riverside guidance was produced for new developments alongside and on the tidal Thames, giving specific advice on bridges, riverside edges and privately-owned, but publicly accessible, piers and jetties. Separately, the Marine Policing Unit, in collaboration with the NHS, was able to secure a mental health nurse and NHS police liaison officer to be permanently based at Wapping Police Station. They cover all River Thames incidents, from Dartford to Hampton Court and can provide rapid support if needed.

Recreational use of the river through 2020 was far lower than normal, as lockdowns and other restrictions related to COVID-19 prevented people getting afloat. However, a surge in swimmers and people using unsuitable inflatables on the Thames in London emerged in the hotter weeks of lockdown. We issued reminders in response, stressing the need only to go afloat when properly equipped and knowledgeable to do so.

Our options for enforcement and encouraging better navigation on the Thames range from prosecutions to 'educational advice', the latter normally delivered from crews on our patrol boats direct to river users. In 2020 there were more than 100 such interventions, almost five times the normal number, an increase linked to the use of unsuitable craft and equipment on which people chose to take to the river.

Our hydrographic team provides essential safety information for river users and their service was uninterrupted through 2020. The team completed 200 km² of surveys for safety of navigation and conservancy work programmes, exceeding their target by 5%.

A 20% increase on 2019 Electronic Navigation Charts production was achieved and the average time for data to be made available following survey was cut by half, through improved workflows and project management. The hydro team played a key role in supporting major projects on the Thames at Tilbury2, London Gateway and Tideway.

The closure in August 2020 of Hammersmith Bridge to all traffic, including vessels on the river, proved problematic for river users. We are waiting for a long-term solution to address the bridge's structural safety and in the meantime working with Hammersmith & Fulham Council on the operation of a system allowing river users to book transits at a limited number of times each weekend.

ENVIRONMENTAL STEWARDSHIP



We conserve and enhance a range of diverse, thriving habitats for many different species of fish, birds, seals and other wildlife alongside the commercial port and river activities. Our environment team works across an environmental agenda encompassing air quality, carbon emissions, habitats and water quality.

The major development in the year was our commitment to achieve Net Zero by 2040 and to more than halve emissions by 2025. This was announced in November, following 18 months' development work by a cross company team; the commitment is based on a comprehensive delivery plan.

The initial main reduction in carbon emissions will be achieved by transitioning our vessels to using biofuel, through a series of investments in fuel tanks and associated equipment. In line with our Net Zero commitment, this year we are making our first formal disclosure of greenhouse gas emissions and energy use, to comply with the Government's new Streamlined Energy and Carbon Reporting (SECR) requirements (see opposite page). This means we have adopted new ways of presenting data shared previously.

Carbon emitted in 2020 was 1,427 CO₂ equivalent tonnes. This is markedly down from the 1,916 CO₂ equivalent tonnes emitted in 2019; the decline flows from reduced harbour patrol and other operations, as a result of pandemic lockdowns. The first full year of operations using our hybrid pilot cutter, *Leader*, also contributed to the decline, along with trialling biofuel in our harbour service launch *Kew*.

CARBON EMISSIONS (CO₂ EQUIVALENT TONNES)

2018	2,042
2019	1,916
2020	1,426

Solar panels installed as part of the refurbishment of our main office base, London River House, contributed noticeably to electricity generation, although the installation was only completed in mid-August 2020.

Air Quality remains a major focus. We released the first update of the Air Quality Strategy for the tidal Thames in 2020, reflecting progress made in the two years since the strategy was launched, and capturing new actions responding to rapid changes in technology and regulation. Project work under the Air Quality Strategy continued too as we announced the results of 2019 air quality monitoring around our mid-river mooring at Greenwich.

The first emissions reduction 'road map' for a UK port was completed and published, assessing the practicalities for inland vessel operators of employing different propulsion and fuel solutions. This gives operators a resource to draw on in developing their long-term fleet plans.

To help operators further, we ended the year with the launch of Thames Green Scheme, a project encouraging the adoption of more environmentally friendly practices. Through registering and sharing performance data, operators are eligible to display a Green Scheme mark, giving customers information to choose cleaner travel options.

The Green Scheme was launched at our autumn Greening Inland Shipping webinar, convened to provide operators updates on marine propulsion technology developments and adoption.

The 'green' discount for environmentally cleaner ships calling on the Thames continued. More than 215 vessels achieving the required Environmental Ships Index standard to qualify for the discount called on the Thames. The benefitting vessels collectively visited the port 979 times.

The Thames Estuary contains significant and protected wetland habitats, supporting a wide range of flora and fauna, including many species that are in decline or under threat. We are currently planning improvements to saltmarsh habitat in West Thurrock, with regulators and adjacent landowners, which we will start delivering in 2021.

In our wider work to support improvements to water quality, we launched a new web resource to help people cleaning up the Thames. The website, *Cleaning the Thames*, allows people to share details of upcoming clean-ups so people can join in and also share evidence of the improvements the clean-ups made.

STREAMLINED ENERGY AND CARBON REPORTING

NET ZERO TARGET

Our target is to be Net Zero for carbon emissions by 2040. This will be achieved primarily by driving down carbon emissions, with the predicted small amount of remaining emissions removed from the atmosphere by planting on our own estate. The emission reduction will be achieved by a gradual switch to biofuel (until suitable zero emission vessels become available), transition to low and zero emission vehicles and looking to increase on-site generation of renewable energy, while continuing to identify efficiency measures across our operations.

IMPACT OF COVID-19

The Port of London remained operational during the pandemic, but our activities were affected, and vessel fuel consumption dropped by almost one-third. Although essential staff continued to attend site, most office staff worked from home for at least part of the year.

ENERGY EFFICIENCY AND CARBON REDUCTION ACTIONS

In 2020 we completed the refurbishment of London River House, which included replacing the old air conditioning system with new and efficient heating and ventilation, lighting was replaced with low energy LEDs, the roof insulation was improved, low energy and low water consuming appliances were installed. The roof of the main building was replaced with solar photo-voltaic (PV) panels to generate renewable electricity.

Our electricity is supplied on a 100% renewable energy tariff, backed by Renewable Energy Guarantees of Origin (REGOs) and classified as zero emission. The solar PV panels at our Denton Wharf base provide renewable energy for on-site use; new solar PV panels at London River House started generating electricity in August 2020.

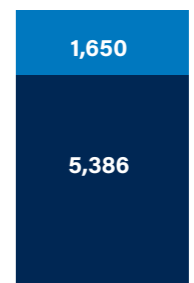
During 2020 we completed a successful trial running one of our vessels on biofuel (Hydrogenated Vegetable Oil or HVO, from waste products). Using biofuel significantly reduces Scope 1 emissions as carbon is deemed to be offset by the carbon absorbed during plant growth. HVO will progressively be adopted across our vessel fleet.

CARBON INTENSITY

We have calculated an intensity ratio based on millions of tonnes of cargo handled in the port, as this impacts the intensity of our operations and related energy use. In 2020, 47.4 million tonnes of cargo were handled in the port. This equates to a gross figure of 37.9tCO_{2e} per million tonnes of cargo and a net figure of 30.1 tCO_{2e} per million tonnes of cargo.

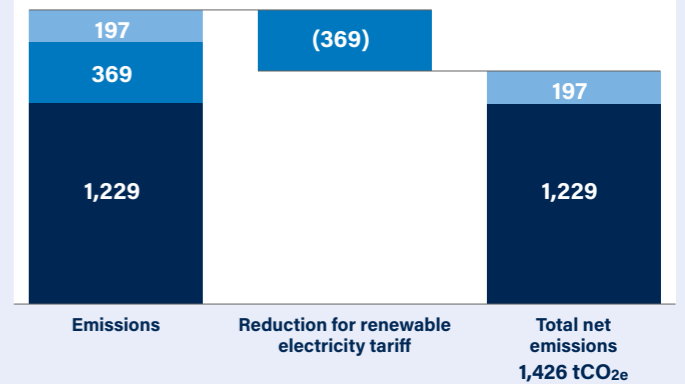
ENERGY USE AND CARBON EMISSIONS 2020

2020 TOTAL ENERGY CONSUMPTION (MWh)



Total: 7,036 MWh

2020 TOTAL GROSS EMISSIONS (tCO_{2e})



- Scope 1:** direct emissions from our operations, including liquid fuels for transport and gas
- Scope 2:** indirect emissions from the generation of purchased electricity
- Scope 3:** supply chain emissions including contracted taxi journeys, waste disposal, water consumption, electricity transmission and distribution and expensed business mileage

Outside of Scopes: carbon dioxide released during combustion of biofuel = 1 tCO₂ forecourt diesel, 0.2 tCO₂ forecourt petrol, 119 tCO₂ vessel biofuel.

Note: There is no comparative data as this is the first year that it has been mandatory to report.

METHODOLOGY

We followed the UK Government Environmental Reporting Guidelines 2019 and the UK government 2020 conversion factors spreadsheet in calculating our 2020 emission figures.

Carbon footprint is reported in terms of tonnes of carbon dioxide equivalent (CO_{2e}). This is the tonnage of equivalent carbon emissions generated by the main greenhouse gasses (carbon dioxide, methane, nitrous oxide etc) each of which has a 'Global Warming Potential' factor that is included in the conversion factor.

Carbon emissions were calculated using the standard formula, with activity data from PLA sources and using Government emission conversion factors:

$$\begin{matrix} \text{Activity data} & \times & \text{Emission factor} & = & \text{Greenhouse gas emissions} \\ \text{(units)} & & \text{(kg CO}_2\text{e per unit)} & & \text{(kg CO}_2\text{e)} \end{matrix}$$

PLANNING CONSULTATION & TECHNICAL EXPERTISE

Our planning and technical expertise is at the heart of our work to promote the use of the river. It is widely drawn on as we make sure wharves are maintained and reactivated for port use; provide expert advice to people looking to use the river, whether for trade, travel or leisure; and oversee major events on the Thames.



Demand for our core statutory consenting services through the Port of London Act or through powers within Development Consent Orders (DCO) remained strong, as we reviewed applications for tidal works from major projects including the Thames Tideway Tunnel and Forth Port's Tilbury 2 scheme. Newer schemes, where demand started to increase as they move closer to major work on site commencing included Silvertown Tunnel and DP World London Gateway's Berth 4.

The focused processes we developed to handle the high level of consenting needs for the Tideway scheme continued to serve us well, particularly for the Tilbury2 project, where our robust applications process kept pace with their fast-track construction programme and well ahead of the legal requirements as set out in the respective DCOs.

We assessed applications and granted 156 consents for these major projects in the year, compared to 193 in 2019. They continued to represent around half of the licences processed in the year.

We invested in a new licensing portal during 2020 and expect it to be fully live this year. The new, streamlined licence applications system makes the process more efficient and allows members of the public to view ongoing applications. It sits alongside a new range of updated river works licence application advice and guidance within our website.

PERMANENT RIVER WORKS LICENCES (NO.)

2018	70
2019	66
2020	76

TEMPORARY RIVER WORKS LICENCES (NO.)

2018	40
2019	93
2020	84

Our support for the development of the Thames Freeport bid was around further developing use of the river for urban logistics and hydrogen infrastructure. Following Government selection of the Freeport, we are working closely with the partners in it, Forth Ports, DP World London Gateway and Ford Dagenham on its detailed development, ahead of formal licensing later in the year.

We continued our discussions with the Illuminated River team and received river works licence applications for the five bridges involved in phase two of the project (Blackfriars Road Bridge, Waterloo Bridge, the Golden Jubilee Footbridges, Westminster Bridge and Lambeth Bridge). The project team is aiming for the lighting to be revealed in Spring 2021.

In April 2020, the Secretary of State for Environment, Food and Rural Affairs approved the remaining sections of the England Coast Path between Grain and Woolwich. This is a project to improve coastal access along a 48-mile stretch of the Kent coast and Thames Estuary that we have been in consultation with Natural England about for some years. We will continue to work with Natural England as they bring the project to fruition.

The UK Ministry of Housing, Communities and Local Government (MHCLG) confirmed the continued protection of strategic sites for port use on the banks of the Thames in London, after an extensive review process conducted by the Greater London Authority, with support from us. The continued protection of the Safeguarded Wharfs is a boost for river use and provides certainty which supports long term investment in river operations.

Early in 2020, Vattenfall's proposals for extending its Thanet Offshore Wind Farm in Kent were refused by the Secretary of State for Business, Energy and Industrial Strategy on the grounds of significant navigational safety, economic and operational concerns that we presented, working with and on behalf of river operators. This is the first application for a Nationally Significant Infrastructure Project to be rejected.

A long-term project advanced during the year was the submission of our application for a Harbour Revision Order (HRO) to the Marine Management Organisation (MMO). We are seeking an HRO to modernise and increase the transparency of decision-making within relevant sections of the Port of London Act, under which we operate, to reflect modern approaches to consenting, operations and technology in use on the river today.

BRINGING PEOPLE TOGETHER AND PROMOTING THE RIVER

The river is a hub of activity, whether for trade, travel and sports, or a catalyst for investment. At the PLA we are uniquely placed to act as the river's advocate and convener for those interested in its use and development. This role sees us continually initiating new partnerships, working to develop established ones and showcasing the river in its broadest sense.

We increased the frequency and depth of our communications through 2020 as we responded to, worked with and supported the river community through the COVID-19 pandemic.

From mid-March we produced our e-newsletter, *Tidal Thames News* on a weekly basis. Initially this was to capture and share the latest guidance and steps being taken to address the pandemic response. It proved invaluable as restrictions changed through the year. More than 50 issues later, it is now established as a valued source bringing together the latest news on river developments.

The Thames Vision is a key part of our work to draw people together and promote the river around a common set of goals. This framework for the development of the river was created in 2015/16 so that the tidal Thames' full potential was recognised and embraced. Our plans to refresh the Vision in 2020 were put on hold as our and stakeholders' primary concern was pandemic response.

An updated economic impact report for the port was completed in February, providing a useful pre-COVID benchmark for development plans.

In 2021 our aspiration is to progress the refresh of the Vision, creating a framework which supports recovery and reflects changes in environmental focus as we move towards Net Zero, evolution in river use and logistics. Oxford Economics has been appointed to undertake a trade forecasting study to inform the refresh, which will also draw on the findings in an ARUP report into realising the full potential of the river for passenger transport.

STAKEHOLDER ENGAGEMENT (NO. OF PEOPLE ATTENDING PUBLIC AND ONLINE FORUMS)

2018	272
2019	261
2020	340*

* From end March 2020, public meetings and events moved online due to pandemic restrictions

To help shape our thinking for the Vision refresh, we created and hosted the first Great River Cities of the World webinar in autumn 2020. The webinar was based on snapshot research commissioned from the Business of Cities, looking at how the pandemic was shaping river cities' plans for their rivers in the short-, medium- and long-term. It highlighted six common questions that river cities are addressing, which will form the basis for further dialogue later in 2021.

Our partnership with Kate Willard, the Thames Estuary Envoy and the Thames Estuary Growth Board grew strongly through 2020. This saw us contribute to the development of their Action Plan, The Green Blue, which sets out a vision for driving sustainable, economic growth; regenerating infrastructure; and improving transport and connectivity. We are now working together on Action Plan development projects, which align closely with the Thames Vision, particularly river-based urban logistics and the development of the hydrogen ecosystem.

The role of the river in a green recovery is the focus of a reconstituted Thames and London Waterways Forum (TLWF) Steering Group, which brings together PLA with GLA and TfL to deliver on our shared objectives. This includes issues such as safety, air quality, passenger transport sector needs and progressing the development of river logistics with London boroughs. The TLWF annual event was not delivered in 2020, but will be held in 2021 to report on progress.

We have continued to convene partners involved in the development of cultural activities along the Thames through the TLWF People and Places Working Group. As well as co-ordination and facilitation of joint working in central London, such as with Illuminated River, the group is starting to include additional partners reflecting exciting developments in the east, such as Thamesmead.

The Port of London Infrastructure Group continued to meet through 2020, providing the major terminal operators a forum to update on their activities as well as hear from and put issues to politicians, Government officials and those involved in the planning and delivery of major infrastructure projects.



PLA IN THE COMMUNITY



As a Trust Port, we look after the river for the benefit of many stakeholders and, ultimately, future generations. We are active members of the river and wider communities, generating benefits well beyond those of our core operations.

Through payments including wages, taxes, supplies bought in and charitable donations our operations generate substantial stakeholder benefits. We calculate this totalled £42.2 million in 2020 (2019: £41.0 million).

Our support for community projects and partnerships that directly support charitable and stakeholder goals in the year fell to £0.4 million in 2020 (£0.6 million in 2019). This was the result of organisations we support being unable to deliver activities due to COVID-19 lockdowns and concern to limit spend, in line with managing the long-term financial implications of the pandemic.

Given the increased difficulties faced by seafarers as a result of the pandemic, we increased our practical support for them when they were in port. Through the year we provided our long-term partners at Queen Victoria Seaman's Rest, who run the Tilbury Seafarers' Centre with essentials such as toiletries and SIM cards for seafarers who were at times confined to their ships in port.

This practical support was reinforced by the Round the World Challenge that our employees took on during the first lockdown. Collectively clocking up 24,000 miles in 13 weeks on foot, by bike and at work on the river, we raised more than £1,200 for the Mission to Seafarers.

STAKEHOLDER BENEFIT (£M)

2018	£36.7m
2019	£41.0m
2020	£42.2m

The project to repaint the 125-year-old Richmond Lock and Weir was completed in February 2020. This was the conclusion of our largest single community investment (£500,000) of the prior year.

Work started with the Museum of London Docklands, developing plans and content for a six-month exhibition due to open in autumn 2021. The exhibition is set to give people a unique opportunity to explore the history of the Thames and the PLA's role in its development, stretching back more than 110 years.

Our partners at Thames Festival Trust responded positively to the challenge of COVID, delivering a reimagined Totally Thames river celebration in September. Their programme mixed online and in person riverside events, serving the needs of different audiences.

The Trust's Thames Lens photographic competition provided people with a prompt to get afloat or riverside, when COVID restrictions allowed in late summer.

The range of education programmes that we support were impacted by the various lockdowns, which generally precluded in-class teaching. The Thames Festival Trust's Rivers of the World education programme was delivered online to pupils in East London schools. Our links with London Youth Rowing's Breaking Barriers campaign and Thames Explorer Trust continue and will support delivery of lessons in schools along the river, as soon as circumstances allow.

Participation in sport and recreation on the river was much reduced in the year, in line with Government restrictions. While our Sports Participation Fund grants programme was suspended for the year, we did make one-off grants to help sustain key centres of activity – the AHOY Centre in Deptford and Westminster Boating Base. We also provided one-off support to the Great River Race, to help cover the impact of the 2020 race cancellation.

PLA PEOPLE

In 2020 in the face of pandemic lockdowns our employees demonstrated the importance of the role they play, day in day out, keeping the UK's supply chains flowing and millions of people across the south east and beyond supplied with life's essentials. This was only possible thanks to the team's blend of seafaring and marine expertise, complemented by specialist electrical and marine engineers, planners, civil engineers, hydrographers, environmental, financial and many other skilled people.

The evolving COVID-19 response was a major focus in 2020. This saw us securing, testing and distributing the personal protective equipment (PPE) needed for operational staff, switching to remote working where appropriate and establishing a COVID-secure workplace.

Throughout, we placed a high priority on staff communications, ensuring that regular updates covered new developments in the company and gave context to national announcements. We adopted and exploited newer communications channels, including Yammer and video briefings to keep teams in touch more effectively.

Throughout, the health, safety and wellbeing of PLA staff was a major priority, particularly as people adjusted to new ways of working. There were no Lost Time Incidents in the year (2019: 2); the total number of incidents was 146 (down from 172 in 2019).

Towards the end of the year we completed the transition of our health & safety management system to the new standard, ISO14500. This change means that all our management systems – quality, environment and health & safety – are now ISO accredited providing a common approach, which seeks continuous improvement, improved risk identification and closer senior leadership involvement.

LOST TIME ACCIDENTS

2018	4
2019	2
2020	0

NEAR MISS REPORTS

2018	97
2019	172
2020	146



Our new health, safety and wellbeing team continued to innovate, in line with the plan adopted in late 2019. Developments included an improved new starter, contractor and visitor induction experience and a new interactive film, *Turning the Tide*, the first element of a behavioural programme and key for front-line supervisors.

We track staff engagement in the business through an annual employee survey. The 2020 score was 79/100, improved from 77/100 in 2019. The survey results reflect the substantial investment we make in being a good employer. This includes active support for training and development, paying the London living wage (including to all contractors) and caring for people's mental health. In 2020 we promoted Mental Health Day and held a virtual Mental Health month. A special film urging people to take *Time to Talk* was developed in the latter months of 2020 and released in early February 2021.

In training, we saw four apprentices gain their Boatmasters Certificates, a significant achievement as their time gaining practical experience afloat had been limited due to COVID restrictions. By the end of the year we had taken on three apprentices released early by City Cruises, enabling them to complete their studies and gain the qualifications.

At the end of January 2021, one of our apprentices left the PLA to take up a cadetship that we had brokered with the lighthouse authority, Trinity House. This opportunity will enable her to further develop the marine skills and understanding she developed at the PLA.

Our commitment to fund raising and volunteering continued as far as we were able, given the restrictions faced through the year. Volunteering saw a joint planning, environment and corporate affairs team come together for socially distanced clearing the Denton foreshore of rubbish. The PLA also came together to raise funds for specialised treatment for one of our harbour masters, who is suffering from cancer.

PLA ACTIVITY INDICATORS

AS AT 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS £M	2020	2019	2018
Revenue	63.8	67.4	60.9
Operating surplus	4.4	7.3	5.8
Profit before tax	2.6	10.1	4.6

RIVER NAVIGATION AND SAFETY	2020	2019	2018
Navigational Safety			
Marine incidents	359	391	364
Pilotage Service			
No. of pilotage acts	12,715	14,238	13,372
No. of pilotage delays	49	224	595
Sea pilot acts service level	99.50%	98%	95.4
Total no. of pilotage exemption certificates	130	137	155
New pilotage exemption certificates issued	3	17	16
Hydrographic Surveys			
Surveys Completed	305	304	250
Area surveyed (km ²)*	200*		
Diving Operations			
Diving operations	22	48	61
Sporting events			
No. of sporting events held on river	168	430	363

ENVIRONMENTAL STEWARDSHIP	2020	2019	2018
Water use (litres)			
Rainwater harvesting (Marine House)	137,000	179,000	211,000
PLA carbon footprint (CO₂ equivalent tonnes)			
Carbon emissions	1,426	1,916	2,044
PLA Energy Use (kilowatt hours)			
Electricity consumed	1,649,588	1,427,120	1,475,510
Electricity generated	67,722	50,003	48,886
Gas consumed**	441,232	494,130	589,408
PLA waste generation and recycling (tonnes)			
Pre-segregated recyclable	135	77	212
General waste (energy from waste)	37	59	114
Hazardous waste (treatment)	42	96	101
Miscellaneous waste (landfill)	0	0	0
Driftwood recovered (tonnes)			
Tonnage of material recovered from the river	214	219	144
Thames Oil Spill Clearance Association (TOSCA)			
Call outs	14	18	13
Oil encountered (including sheen)	8	16	8
False alarms (nothing found)	4	2	5
Other call outs (safety of life, etc.,)	9	4	7
Harbour Service only call outs	1	14	8

CONVENING STAKEHOLDERS & RIVER ADVOCACY	2020	2019	2018
Stakeholder Meetings			
No. of public meetings held	1	4	3
No. of people attending public meetings	65	124	130
No. of people attending webinars	281		
No. of stakeholder forums	0***	1	1
No. of people attending stakeholder forums	0***	137	142

*Area surveyed not reported in prior years

**estimated

***Stakeholder engagement switched to online in response to COVID-19 restrictions.

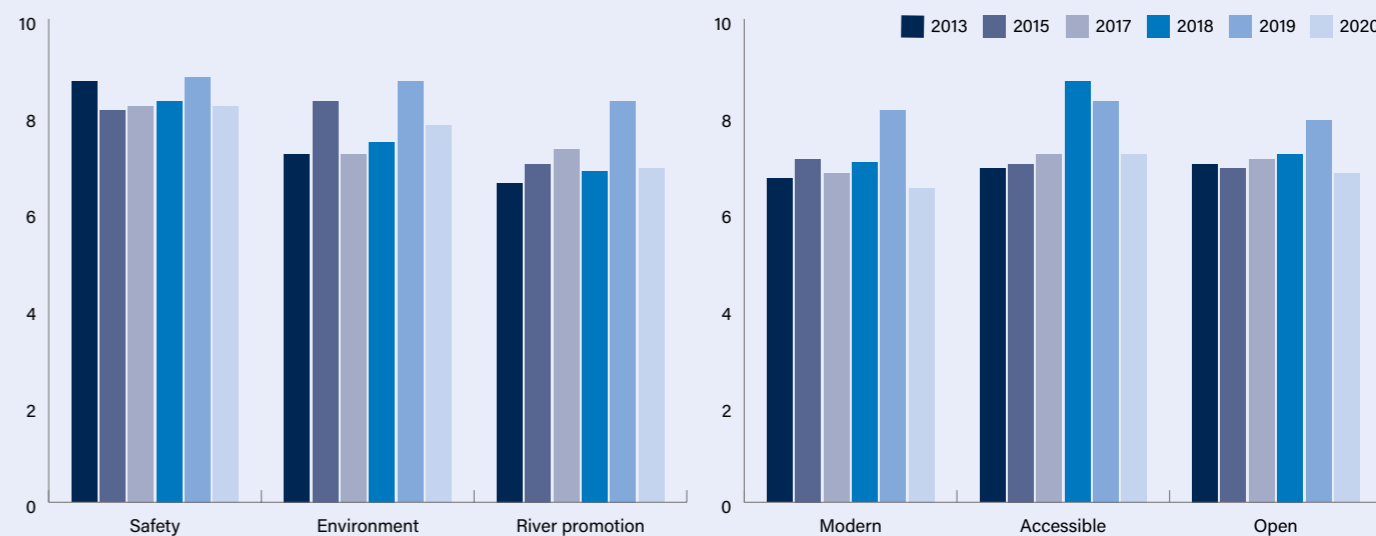
PLA PEOPLE	2020	2019	2018
Personal Health & Safety Statistics			
Lost Time Accidents	0	2	4
Near miss reports	146	172	97
Workforce Diversity			
% of workforce that are women	21.39	20	18.40
% of workforce who are women in senior positions	21.28	33.30	27.00
% total Black, Minority or Ethnic origin	1.7*	2.60	2.40
Customer Feedback			
Positive feedback	26	42	66
Complaints	37	10	13
PLANNING AND TECHNICAL EXPERTISE			
River Works Licences			
Permanent River Works	76	66	70
Temporary River Works	84	93	40
Dredging	29	15	24
Total	189	174	134
Permits			
Foreshore permits (including renewals)	1,363	1,000	672
Major Projects			
Thames Tideway Tunnel			
Discharges (water to river)	9	21	9
Tidal Works	123	142	259
Total	132	163	268
Tilbury2			
Tidal Works	14	23	-
London Gateway Berth 4			
Tidal Works	2	1	-
Silvertown Tunnel			
Tidal Works	8	-	-

* the majority of employees do not disclose this information

ASSESSING OUR PERFORMANCE

Since 2007 we have periodically benchmarked stakeholder views of our performance. Since 2017, this has been completed annually. The graphs show the evolution of views over the last six surveys. In 2020, we appointed a new independent organisation to undertake the survey work, who reached a greater number of stakeholders. The views of this broader group acted to reduce the scores in the survey and generated greater insight on which we are acting.

Score out of 10, with 10 being most positive



PORT TRADE STATISTICS

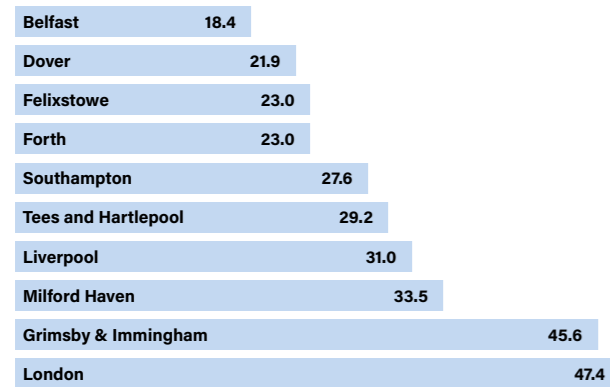
AS AT 31 DECEMBER 2020

TRADE (million tonnes)	2020	2019
Imports	38.4	44.5
Exports	9.0	9.5
Total	47.4	54.0

UNITISED TRAFFIC '000 twenty-foot equivalent units - (included in above tonnages)	2020	2019
Imports	1,344	1,321
Exports	1,428	1,469
Total	2,772	2,790

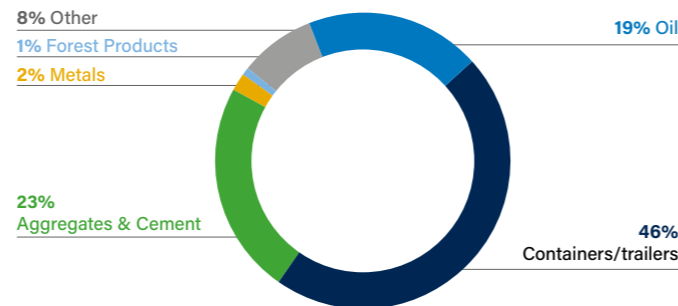
NUMBER OF CHARGEABLE VESSEL ARRIVALS TO THE PORT OF LONDON	2020	2019*
Total	9,717	11,104

UNITED KINGDOM PORT TRAFFIC 2020*
(MILLION TONNES)



Source: Department for Transport

PORT OF LONDON TRADE BY TYPE 2020



PORT OF LONDON TOTAL TRAFFIC

	IMPORTS million tonnes		EXPORTS million tonnes		TOTAL million tonnes	
	2020	2019	2020	2019	2020	2019
Oil, crude & products	8.7	13.3	0.2	0.0	8.9	13.3
Containers & trailers	14.9	14.7	6.9	7.4	21.8	22.1
Aggregates & cement	10.9	12.0	0.0	0.0	10.9	12.0
Other cargo	2.9	3.2	1.1	1.2	4.0	4.4
Forest products	0.7	0.8	0.0	0.0	0.7	0.8
Metals & ores	0.3	0.5	0.8	0.9	1.1	1.4
TOTAL	38.4	44.5	9.0	9.5	47.4	54.0

The above figures exclude the transport of refuse and other internal port traffic

UNITISED TRAFFIC - (INCLUDED IN ABOVE TONNAGES)

	IMPORTS 000 20-foot equivalent units		EXPORTS 000 20-foot equivalent units		TOTAL 000 20-foot equivalent units	
	2020	2019	2020	2019	2020	2019
Ro/Ro terminals (trailers & containers)	479	515	471	511	950	1,026
Container terminals	865	806	957	958	1,822	1,764
Unitised Total (TEUs)	1,344	1,321	1,428	1,469	2,772	2,790

Port of London Total Traffic
(Million tonnes)

2006	51.9
2007	52.7
2008	53.0
2009	45.4
2010	48.1
2011	48.8
2012	43.7
2013	43.2
2014	44.5
2015	45.4
2016	50.4
2017	49.9
2018	53.2
2019	54.0
2020	47.4

Port of London Fuel Traffic*
(Million tonnes)

2006	20.2
2007	20.5
2008	21.7
2009	19.1
2010	19.9
2011	19.1
2012	15.4
2013	13.0
2014	11.9
2015	10.9
2016	13.3
2017	13.6
2018	14.1
2019	13.3
2020	8.9

Port of London Non-fuel Traffic
(Million tonnes)

2006	31.7
2007	32.2
2008	31.3
2009	26.3
2010	28.2
2011	29.7
2012	28.3
2013	30.2
2014	32.6
2015	34.5
2016	37.1
2017	36.3
2018	39.1
2019	40.7
2020	38.5

Port of London Unitised Traffic
(Thousand TEUs)

2006	1,699
2007	2,027
2008	2,007
2009	1,672
2010	1,897
2011	1,932
2012	1,899
2013	1,953
2014	2,097
2015	2,378
2016	2,537
2017	2,431
2018	2,735
2019	2,790
2020	2,772

* Fuel Traffic has traditionally included oil, plus fuel for power generation and manufacturing operations such as cement making. Following the closure in 2013 of Tilbury Power Station, and the closure in previous years of Thameside cement works, the figure is now solely oil related.

REVIEW OF PRINCIPAL RISKS

This statement captures the collective view of the Board and Executive Committee of the principal risks that the PLA works to manage. The key risks have a broad spread across safety, operational, economic aspects, coronavirus measures, cyber security and climate change. Reputational risk is not given a separate listing; it is inherent in failing adequately to deal with the key risks identified here.

CORONAVIRUS

The outbreak of the coronavirus, and the unprecedented steps being taken around the world in response, is a significant risk for the PLA. The potential impact runs across the business, from personal health & safety to operational resilience, and, as economic activity continues to be subject to both national and international restrictions, the viability of some of our customers and the long-term health of our finances.

Mitigating steps include continuing the practice of social distancing and working within cohorts where possible to help prevent the spread of the disease, curtailing and delaying non-essential expenditure and continued close customer liaison as part of horizon scanning. We have looked at the financial resilience of our business and have put in place measures to monitor and mitigate the risks as they are developing.

SAFETY

Numerous mitigating systems are in place on the river, including an effective navigational Safety Management System (SMS), risk assessment/hazard reviews, Vessel Traffic Services (VTS), pilotage, hydrography, Passenger Boat Code of Practice, Automatic Identification System (AIS), RNLI and London Coastguard, special signal lights and speed control byelaws.

The PLA also hosts safety orientated initiatives such as seminars and works closely with security services. In the context of growing volumes of river traffic, the continued trading of historic passenger boats, with the risk of significant loss of life if one of these vessels was involved in a collision and foundered, is an ongoing concern. We strongly endorsed the Maritime & Coastguard Agency consultation and support proposals to amend the technical requirements for older Domestic Passenger Vessels to be more comparable with modern regulations.

Personal Health & Safety is a priority in the business, managed through personal responsibility, our Golden Rules – Care, Challenge and Comply – and our safety management system.

OPERATIONAL

The most significant operational risk to the PLA would be the closure or partial closure of the port, significantly disrupting or halting operations and trade. There are a number of possible causes including, but not limited to:

- collision;
- grounding;
- foundering;
- bridge or barrier closure;
- deliberate terrorist / pressure group action; and
- significant cyber security incident.

Mitigations include effective navigational SMS, risk assessment/hazard review, VTS, pilotage, and hydrography. The PLA undertakes frequent in-depth emergency exercises and has historically worked closely with both the Maritime & Coastguard Agency and Secretary of State's Representative (SOSREP) which would be key factors to clearing navigational channels as quickly and efficiently as possible. We also participate in the Thames Security Forum and resilience groups.

Where the river is closed to navigation for an extended period, for example through the closure of Hammersmith Bridge, we engage actively with all parties to support the delivery of interim and long-term solutions.

ECONOMIC

A fundamental shift in the micro or macro financial environment in which the PLA operates has the greatest potential to impact the Port of London in general and the PLA's finances in particular. This includes anything from a global pandemic as we have experienced in 2020, as well as changes in trade such as business cessation of a major customer or change in the consumer market which impacts both the type and volume of cargo demanded, through to national or international economic factors such as a change in global trading patterns, or changes resulting from Brexit.

The organisation is sufficiently agile to react to changes and our communication channels help to anticipate any such change in sufficient time to react accordingly by making a corresponding shift in our cost base. Debt management protocols are in place and international exposure is minimised as far as is possible. Five-year business plans as well as an annual forecast and budget exercise are undertaken.

FINANCIAL

Post 2019, the coronavirus has presented a challenge to all businesses; this has tested both our resilience and our ability to react quickly. We have prepared detailed sensitivity analysis and financial scenarios looking at the potential impact on our cashflow, extending out to the next 12 months, as well as the preparation of a ten-year business plan to assess the long-term use of available resources.

We have assessed the economic impact on our customers and their ongoing trading position as part of our bad debt review process. As a mitigation, we assessed, but did not access, the Government business interruption financial assistance packages and job retention schemes and we do have sufficient assets we can borrow against, if needed.

Following the latest triennial valuation there continues to be a substantial deficit on an actuarial basis on the PLA Pension Fund of £61.1 million. Coronavirus has increased this deficit and in 2021 we will have a new valuation. In January 2021 we launched a new Defined Contribution scheme, which will replace the Defined Benefit scheme for new employees.

The Pilots National Pension Fund, a multi-employer scheme, also has a substantial deficit in which the PLA has a share in the region of 6.7%. It is a long-term open-ended industry-wide liability over which individual employers have little influence. An industry-wide repair plan is in place which, in common with many ports, is funded by way of a levy on pilotage charges.

SIGNIFICANT CYBER SECURITY INCIDENT

All businesses face the possibility of a successful cyber security breach. Threats can vary in their complexity and sophistication and can potentially negatively impact organisations of all sizes. We deploy a range of industry-standard security products, both internally and on our network perimeters.

Formal security and IT conditions of use policies are established, which define security standards and acceptable use. Office-based staff receive security awareness training and guidance on detecting 'phishing' and other malicious emails and we continue to enhance data governance processes including formalised data retention and classification policies. In 2020 we further increased our security measures as a response to a phishing incident.

CLIMATE CHANGE

Climate change is a subject with which we have been engaged for a number of years, but it is now viewed as one of the principal risks to which the PLA and stakeholders have to respond. As a port handling more than 10 million tonnes of cargo, we completed a risk assessment and submitted our first Climate Change Adaptation Report to Defra under the Climate Change Act in 2011. The risk assessment was updated, and a second Adaptation Report submitted in 2015. It has been updated again – in the light of subsequent experience – for the third report, supported by intermediate risk assessment and updates from predictions. It was submitted at the end of 2020, in accordance with the timetable agreed with Defra.

In responding to climate change, in 2019 the UK Government made a legally binding commitment to achieving a Net Zero Carbon economy by 2050. This will result in wholesale change across the economy and the ports that serve it. For the Port of London major changes that are likely, or potentially likely, to result include: the long-term reduction in tonnages of oil related cargoes (currently representing around a quarter of port trade and a major source of income); development of new "green" cargoes; existing vessels' propulsion systems becoming obsolete; need to adopt new technologies; dealing with unforeseen legislative changes; and managing the impact of extreme weather.

In managing this risk, the PLA has established a major project and subsequently developed plans for a Net Zero PLA and continues to support decarbonisation in the wider port, in line with the focus of the Thames Vision refresh.

LONG-TERM VIABILITY STATEMENT

The Board has assessed the viability of the company over a five-year period to December 2025, taking account of the company's current position and potential impact of the principal risks documented in the corporate risk register. The five-year review period was selected for the following reasons:

- I. A five-year financial plan is presented to the Board for approval on an annual basis. To go beyond that in a business environment prone to change has in the past proved unrealistic. The recent rapid growth in vessel size is indicative of this.
- II. With a balance sheet dominated by pension liabilities it makes sense for us to use a review window which does not extend far beyond the triennial valuation process of the PLA Pension Fund and PMPF.

The Board was presented with a long-term view of the business and in the near term, assessed the level of business disruption and the sensitivity of trading numbers by preparing a cashflow analysis over the period to 31 December 2022 for scenarios of 10%, 15% and 20% reductions in income.

Based on the results of this analysis, the Board has a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period to December 2025.

In making this statement the Board has considered the resilience of the company, taking account of its current position, the principal risks facing the business in severe but realistic scenarios and the effectiveness of any mitigating actions. This assessment has considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over the period.

GOVERNANCE

GOVERNANCE

CORPORATE GOVERNANCE REPORT

OUR YEAR

During 2020, the Board focussed the organisation on the following priority areas: coronavirus support, staff, health and safety, pricing, environment, investment, Harbour Revision Order (HRO), pensions and significant risk.

The Board met 12 times in total. Due to coronavirus restrictions the majority of these took place via video conference:

- six Board meetings (four via video conference)
- one virtual away day
- one video conference to discuss the 2020 budget and pension options
- four special Board updates (via video conference) to discuss the PLA's response to coronavirus

The substantive items we addressed together at the Board included:

- Coronavirus response
- Contingency plan
- Green PLA and Green Port
- New Defined Contribution (DC) scheme
- Capital Allocation framework
- Thames Europort site, Dartford
- Hammersmith Bridge
- Five-year business plan
- 2021 objectives
- Brexit

OUR APPROACH

The PLA Board is the duty holder on health and safety and the accountable body for navigational safety under the Port Marine Safety Code (PMSC). Performance is reviewed regularly, with the guidance of our independent designated person, in order to ensure compliance.

The Board's role is to set the strategy for the PLA, ensure its long-term success and create stakeholder value. In particular we have a duty to manage the tidal river Thames in trust for future generations and to pass it on to our successors in an improved condition. As a provider of essential navigational safety services, we have to ensure that the organisation is efficient and provides customers with cost-effective services. With no shareholders, we are accountable to stakeholders and value their input in shaping the approach and decisions that we take.

We are committed to maintaining the highest standards of corporate governance and follow the Ports Good Governance Guidance and the UK Corporate Governance Code (where appropriate for a statutory organisation).

As the Board, we regularly receive detailed financial and operational information to allow us to monitor the key areas of the business. Senior managers regularly brief us on various aspects of the PLA's work.

OUR GOVERNANCE STRUCTURE

Seven scheduled Board meetings (including one virtual away day) were held during the year. In addition, the six committees of the Board overseeing specific elements of the business met and reported back, as needed. The committees are:

- **A** Audit Committee
- **L** Licensing Committee
- **N** Nominations Committee
- **R** Remuneration Committee
- **P** Pensions Advisory Committee
- **I** Investment Committee
- **T** Thames Vision Committee

A series of short reports on each of the committees starts on page 50.

OUR PEOPLE

The Board is made up of a chair together with seven non-executive and three executive members.

OUR STAKEHOLDERS

Open communication with our stakeholder community is at the heart of our operations. Consistent with Ports Good Governance Guidance, we hold an Annual Stakeholders' Forum, where stakeholders have an opportunity to meet, hear from and challenge the Executive and Board. A number of open Public Meetings and River User Consultative Forums are held, giving stakeholders further opportunity for dialogue with the PLA. In 2020, we switched to online engagement in order to maintain dialogue while complying with COVID-19 restrictions. See our Section 172(1) statement on page 22 for more information.

OUR APPROACH TO RISK

We adopt a prudent approach to the management of risk in the business. This is consistent with our prime role, providing an essential safety service to our customers. We are also a commercial organisation and accept some level of risk as a normal consequence of doing business. More details of our approach to risk identification and management can be found on page 42.

BOARD EFFECTIVENESS REVIEW

During December 2020, an internal Board evaluation was undertaken as part of the Board's review cycle.

We welcome any feedback you may have on this Annual Report – please email comments to corporateaffairs@pla.co.uk

Christopher Rodrigues CBE

Chairman
9 April 2021

BOARD MEMBERS

AS AT 30 MARCH 2021

NON-EXECUTIVE MEMBERS



CHRISTOPHER RODRIGUES CBE (DfT)

Chairman

Qualifications: MA Cambridge, MBA Harvard, D Univ Surrey

Appointed: January 2016

Committee membership:

P (chair) **N** **R** **T**

Christopher Rodrigues became chair of the Port of London Authority in January 2016 and chair of the Royal Ballet School in January 2020. In May 2018 he became an Ambassador for the World Travel and Tourism Council (WTTC), and in January 2019 a council member and chair of the Development Committee at University College School, Hampstead.

Christopher was chair of Openwork from January 2014 - June 2020; chair of the British Council from 2016 - 2019; chair of the British Bobsleigh and Skeleton Association from 2013 - 2019; chair of VisitBritain from 2007 - 2017; chair of International Personal Finance and Windsor Leadership from 2007 - 2015; chair of The Almeida Theatre from 2008 - 2016. Christopher was a Council member of the National Trust from 1997 - 2004, and again from 2010 - 2012, and a Trustee from 2012 - 2016. He was on the executive committee of World Travel & Tourism Council from 2007 - 2016.

Christopher is a graduate of Cambridge University (MA) and the Harvard Business School (MBA, Baker Scholar). He was awarded an Honorary Degree of Doctor of the University of Surrey (DUniv) in April 2013. He rowed for Cambridge in the 1970 and 1971 Boat Races, is a past-chair of Leander Club and is a steward of Henley Royal Regatta.

Christopher was made a Commander of the British Empire in the 2007 New Year Honours list for services to British business interests and charitable works in the UK and USA.



ALUN GRIFFITHS (PLA)

Vice Chairman

Qualifications: BSc(Hons) Applied Economics

Appointed: September 2014

Committee membership:

L (chair) **R** (chair)

Alun Griffiths joined the PLA on 1 September 2014 having worked in a number of senior roles in the engineering design, project management and management consultancy industry. His last executive role was as a board member at WS Atkins plc where he was also group HR director. Since retiring from Atkins, he has continued to work at board level in the infrastructure sector at Severfield plc where he is senior independent director and at Ramboll, the international engineering design and architecture business where he is a board member. He also sits on the board at the Anchor Hanover Group.

Alun has worked extensively across the science and engineering sectors to improve gender diversity at all levels up to and including the boardroom.



JUDITH ARMITT (DfT)

Non-Executive Director

Qualifications: MA Philosophy, Politics and Economics, Chartered Institute of Public Finance and Accountancy (CCAB qualified)

Appointed: December 2016

Committee membership:

A (chair) **P** **I** **T**

Judith was appointed a non-executive member of the PLA Board on 1 December 2016.

She retired as chief executive of Local Partnerships LLP in April 2016. Prior to this she worked in the Cabinet Office, was managing director of Ashford's Future Company, Thames Gateway chief executive and chief executive of Medway Council.

Judith is a trustee of the Centre for Engineering and Manufacturing Excellence (CEME), Design: South East, deputy pro-chancellor of Canterbury Christ Church University and chairs their Finance and Resources Committee.



PAULA CARTER (PLA)

Non-Executive Director

Qualifications: MA Oxon, JP

Appointed: June 2018

Committee membership:

T (chair) **A**

Paula Carter joined the PLA as a non-executive director on 1 June 2018.

She worked for 30 years in broadcasting, most recently as director of planning and board secretary at Channel 4 where she was responsible for all corporate planning. Before joining Channel 4 in 2007 she held senior policy and management roles at the BBC and ITV and worked as an advisor to various government departments, regulators and agencies on communications matters, including the joint Parliamentary committee that scrutinised the Communications Bill in 2002. Before joining the BBC in 1989 she worked in advertising in the UK and New Zealand.

Paula is an elected member of the Wine Society, a non-executive director of the productivity movement "Be the Business", a magistrate on the South East London Bench, chair of Ofcom's Advisory Committee for England and a Council Member of the RFU. She sits on the Disciplinary Panel for the Lawn Tennis Association.

NON-EXECUTIVE MEMBERS



TORIL EIDESVIK (DFT)

Non-Executive Director

Qualifications: MA Law

Appointed: September 2020

Committee membership:

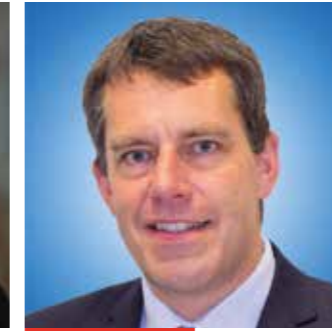
R **P** **A**

Toril was appointed as a non-executive member of the PLA Board on 1 September 2020.

Toril has worked within the shipping industry in various positions since 2006 where she was elected executive chair of the reefer shipping company Green Reefers. She later served as CEO from 2008 to 2012. Toril served as CEO for the general ship supply company Seven Seas and more recently for the cargo handling equipment supplier TTS Group (now Nekkar).

Toril has extensive board experience from several shipping related companies, she spent 15 years as board member for Solstad and is presently a board member of Eksportfinans.

She holds a Master of Law from the University of Oslo, worked as a lawyer for the first nine years of her career, firstly within a private law firm and later within the legal department of a bank.



DARREN JAMES (PLA)

Non-Executive Director

Qualifications: B Eng(Hons) Civil Engineering; C Eng Chartered Engineer, Member of the Engineering Council, Fellow of the Institution of Civil Engineers, Fellow of the Chartered Institution of Highways and Transportation, Fellow of the Institute of Directors

Appointed: December 2016

Committee membership:

I (chair) **L** **P**

Darren James joined the PLA Board in December 2016. A chartered civil engineer, Darren graduated with honours from the University of Surrey in 1990. He was appointed chief executive officer at Keltbray in early 2020, having spent the majority of his career at Costain. He came through the graduate programme at Costain as a civil engineer, then through project management on some of the UK's largest infrastructure programmes to become managing director of their Infrastructure Division. Darren sits on the Prince's Trust Leadership Group, championing the entry of young people into the industry and is a director of the Rail Industry Association.



SUE MACKENZIE (PLA)

Non-Executive Director

Qualifications: BSc (Hons) Agricultural Science (Animal), MSc Emergency Planning Management

Appointed: January 2021

Committee membership:

A

Sue was appointed as a non-executive member of the PLA Board on 1 January 2021

Sue brings a wealth of international, commercial shipping operational experience, having served in senior management and advisory roles for both public and private companies for more than 20 years. She held a variety of roles during nearly 13 years at P&O Ferries most recently as operations and business transformation director. Prior to that she was operations director of London Luton Airport at a time of unprecedented growth following the launch of easyJet.

Sue's early career was spent in military service and not-for-profit sectors both within and outside the UK. After leaving the Army Sue spent time as chief executive of the charity Cities in Schools (CiS), which ran partnership programmes between business and the community to provide education, training and support to disadvantaged young people.

Sue currently serves as a non-executive director of BMT Group Ltd and Medway NHS Foundation Trust and is also on the Board of the Logistics UK.

Sue continues to work voluntarily in support of her fellow servicemen and women and is involved as a trustee and / or volunteer of several charities in the UK.



IAN MONCRIEFF CBE DL (DfT)

Non-Executive Director

Qualifications: BA(Hons) Geography/ Geology, IoD Certificate in Company Direction

Appointed: January 2015

Committee membership:

L

Ian joined the PLA Board as non-executive director and marine member on 1 January 2015.

He was formerly chief executive of the UK Hydrographic Office (UKHO) from 2011 - 2015, having been with the UKHO in a variety of roles, including UK national hydrographer as a Rear Admiral since 2006.

He served with the Royal Navy for 35 years, accumulating over 20 years' seagoing experience in 11 warships. His senior roles included Commander British Forces South Atlantic and he commanded the ice-breaker *HMS Endurance* and destroyer *HMS Nottingham* and was executive officer of the aircraft carrier, *HMS Invincible*. Ian is on the NERC Operational and Safety advice Panel for the British Antarctic Survey, deputy lieutenant for the county of Somerset, a trustee of the Falklands Conservation charity and a Governor of Taunton School. He is also a Younger Brother of Trinity House, Master Mariner and member of the Naval & Military and Antarctic Clubs.

BOARD MEMBERS

CONTINUED

EXECUTIVE MEMBERS



ROBIN MORTIMER

Chief Executive

Qualifications: BA(Hons), Modern History, Oxford MA; MSc, Development Studies, School of Oriental and African Studies

Appointed: March 2014

Committee membership:

L P I T

Robin joined the PLA as chief executive officer on 31 March 2014.

Prior to joining the PLA, Robin had 20 years' experience in the UK Government civil service across a range of Government Departments. He was private secretary to the Environment Secretary from 1996-97, Deputy Prime Minister from 1997-98 and to the Transport Secretary from 2001-03. He led the work on the UK Climate Change Bill in 2006 and in 2007, became a Director in Defra where he set up the UK's Adapting to Climate Change programme, oversaw the creation of the Canal & River Trust and directed policy on air quality and the natural environment.

Robin is currently the vice chair of Maritime UK, a Member of the CBI's London Council, a trustee of Thames 21 and chair of Estuary Services Ltd, a joint venture subsidiary with Peel Ports.



JULIE TANKARD

Chief Financial Officer

Qualifications: FCMA (Fellow Chartered Institute of Management Accountants), GCMA (Global Chartered Management Accountant)

Appointed: October 2017

Committee membership:

Julie Tankard, chief financial officer was appointed in October 2017.

Julie is a Fellow of the Chartered Institute of Management Accountants and has over 25 years of experience in finance, primarily in IT and telecommunications.

Prior to joining the PLA, Julie was a vice president at BT plc and her last role was responsible for group contract & commercial management. Prior to joining BT, Julie was the finance director for Racal Datacom and prior to that was finance director for the networking division of Unisys UK & EMEA.

Julie has also been a non-executive director of a mental health trust in Leeds and York.



ROBERT BAKER

Chief Harbour Master

Qualifications: MBA and Master Mariner

Appointed: May 2016

Committee membership:

L

Bob Baker became PLA chief harbour master in May 2016.

He is responsible for all operational and navigational matters including vessel traffic management, pilotage, harbour services and port security.

Bob joined the PLA from Forth Ports, where he was chief harbour master and a director of Forth Estuary Towage from 2001. Bob's seagoing career lasted from 1975 to 1991, before he came ashore to work at the Port of Tilbury, latterly as general manager, conventional operations and harbour master.

Bob chairs the UKMPG/BPA Marine Pilot Working Group, sits on the Department for Transport's steering group for the Port Marine Safety Code, is the UK's representative on the Marine Affairs Committee of the European Sea Ports organisation (ESPO) and is a past president of the UK Harbour Masters Association. He holds an MBA from Henley Management College.

MANAGEMENT EXECUTIVE COMMITTEE

Chief Executive
ROBIN MORTIMER

Chief Financial Officer
JULIE TANKARD

Chief Harbour Master
ROBERT BAKER

Director of Corporate Affairs & Strategy
ALISTAIR GALE

Director of Marine Operations
PETER STEEN

Director of Planning and Environment
JAMES TRIMMER

Director of Human Resources
GLENN WITHAM

SUMMARY STATISTICS

AS AT 30 MARCH 2021

The Board is made up of a chair together with seven non-executive and three executive members. There were 11 members of the PLA Board as at 31 March 2021.

Due to the COVID-19 pandemic, the majority of meetings were held via video conference. Two face to face meetings took place.

Attendance at the seven meetings of the PLA Board in 2020 (including away day) was as follows:

CHRISTOPHER RODRIGUES CBE	7
ROBIN MORTIMER	7
JULIE TANKARD	7
ROBERT BAKER	7
ALUN GRIFFITHS	6
ANNETTE MALM JUSTAD (term expired on 31 May 2020)	3
IAN MONCRIEFF CBE DL	7
HELEN DEEBLE CBE (term expired on 31 December 2020)	7
DARREN JAMES	7
JUDITH ARMITT	7
PAULA CARTER	7
TORIL EIDESVIK (joined the PLA on 1 September 2020)	3

The following committees of the Board also met during 2020:

Audit	3
Nominations	2
Licensing	4
Pensions Advisory Committee	1
Remuneration	3
Investment	4
Thames Vision	3

Committee memberships are listed in the Board members' biographies and in the following short reports on each committee.

COMMITTEES

AS AT 30 MARCH 2021

BOARD EFFECTIVENESS REVIEW

An internal Board evaluation was undertaken during December 2020. The results and subsequent recommendations were discussed at the February 2021 Board meeting.

AUDIT COMMITTEE A

Met three times

Current Membership

Judith Armit (chair), Paula Carter, Sue Mackenzie

Commentary

The audit committee's role is to:

- advise on the appointment/re-appointment/removal of auditors, their terms of engagement and their level of remuneration
- review the scope and the results of the annual audit and report to the Board on the effectiveness of the audit process
- review and recommend the annual report and accounts to the Board
- monitor the internal and external audit programme and consider the conclusions of audits undertaken
- review the effectiveness of the risk management system
- review the arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and other matters
- consider the bribery statement and policy as appropriate
- review the slavery and human trafficking statement and policy annually

The principal items discussed during the year were around:

- annual report and accounts
- Ernst & Young's audit report and audit planning
- slavery and human trafficking policy and statement
- Willis Towers Watson actuarial review
- payroll and HR audit
- bad debts
- risk process
- investment appraisal
- pensions
- GDPR
- tax
- whistleblowing
- legal matters
- revaluation approach
- management systems audit

LICENSING COMMITTEE L

Met four times

Current Membership

Alun Griffiths (chair), Robin Mortimer, Robert Baker, Ian Moncrieff, Darren James

Commentary

The licensing committee's role is to:

- approve the processes for administration of the licensing of works
- determine any application considered contentious or significant
- determine any proposal to suspend or revoke a licence, take enforcement action or impose a condition contentious or significant
- approve the granting and appropriate terms, excluding financial, of any leases of PLA land
- approve the use of powers under the Town & Country Planning (General Permitted Development) Order

The principal items discussed during the year included:

- enforcement
- various licence applications
- Thames Tideway Tunnel and Tilbury2 consenting works
- New licensing portal
- Hammersmith Bridge

NOMINATIONS COMMITTEE N

Met twice

Current Membership

Christopher Rodrigues (chair), Alun Griffiths, additional non-executive director, if required

Commentary

The nominations committee's role is to:

- recommend to the Board the appointment and reappointment of non-executive directors considering the need for diversity
- advise on the expertise required when a vacancy arises
- recommend to the Board the appointment of a deputy chair

The principal items discussed during 2020 were:

- the appointment of two new non-executive directors
- committee membership
- term extensions
- chair recruitment

REMUNERATION COMMITTEE R

Met four times

Current Membership

Alun Griffiths (Chair), Christopher Rodrigues, Toril Eidesvik

Commentary

The remuneration committee's role is to:

- consider and recommend to the Board the remuneration terms for the organisation, including executive and non-executive directors
- succession planning of directors and the senior management team
- oversight of staff development, talent management and organisation culture

The principal items discussed during the year were around:

- review of senior grades
- rewards
- inclusion and diversity
- pay
- collective agreements
- employee relations

PENSIONS ADVISORY COMMITTEE P

Met once

Current Membership

Christopher Rodrigues (chair), Darren James, Judith Armit, Robin Mortimer, Toril Eidesvik

Commentary

The pensions advisory committee's role is to:

- advise the Board on the overall pension strategy
- maintain a good dialogue with pension fund trustees
- be proactive / reactive regarding investment decisions and strategy
- consider the PLA's financial prospects and risk appetite

The principal items discussed during the year were:

- PLA pension fund actuarial valuation
- contingency plan / employer action plan
- replacement of PLA Pensions Committee chair

INVESTMENT COMMITTEE I

Met four times

Current Membership

Darren James (chair), Judith Armit, Robin Mortimer

Commentary

The investment committee's role is to:

- review investment proposals and make recommendations to the Board
- carry out post implementation reviews

The principal items discussed during 2020 were:

- investment proposals
- future opportunities
- current investments
- Sustainable Innovation Fund
- GIS-based investment opportunity heat map

THAMES VISION COMMITTEE T

Met three times

Current Membership

Paula Carter (chair), Christopher Rodrigues, Judith Armit, Robin Mortimer

Commentary

The Thames Vision committee's role is to:

- review the strategic approach for delivering and measuring progress on the Thames Vision
- consider priority actions to deliver the Thames Vision linking to the PLA's business plan
- review progress and action on Vision goals

The principal items discussed during the year included:

- passenger transport
- priority actions
- approach in light of COVID-19
- action plan
- Economic Impact Study
- Thames Vision refresh

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Revenue	3	63,855	67,362
Operating expenditure	3	(59,436)	(60,097)
Operating profit	3, 5	4,419	7,265
Share of profit from joint venture	14	193	335
(Loss)/gain from investment property revaluation	7	(1,729)	4,064
Finance income	8	1,012	436
Finance costs	8	(186)	(230)
Interest on defined benefits pension scheme	8	(1,113)	(1,757)
Profit before taxation		2,596	10,113
Income tax (expense)/credit	9	(522)	170
Profit for the financial year		2,074	10,283

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

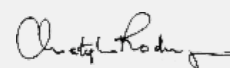
	Note	2020 £000	2019 £000
Profit for the year		2,074	10,283
Other comprehensive income			
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement of defined benefit plans	25	(7,914)	9,629
Deferred tax	9	(6,175)	347
Revaluation gain on reclassification of properties	7	46,313	0
Share of joint venture's other comprehensive income (net of tax)	14	(121)	42
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		32,103	10,018
Total comprehensive income for the year, net of tax		34,177	20,301

CONSOLIDATED AND COMPANY BALANCE SHEETS

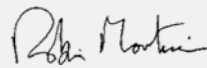
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 £000	2019 £000	2020 £000	2019 £000
Non-current assets					
Intangible assets	10	1,520	1,802	1,520	1,802
Leased assets	11	1,742	2,101	1,742	2,101
Property, plant and equipment	12	46,191	44,265	46,191	44,265
Investment property	13	78,480	33,654	78,480	33,654
Investment in joint venture	14	1,298	1,226	2	2
Deferred tax asset	9	11,252	9,146	11,252	9,146
		140,483	92,194	139,187	90,970
Current assets					
Inventories		414	403	414	403
Corporation tax	15	142	862	142	860
Trade and other receivables	15	8,206	9,214	8,203	9,214
Contract asset	16	802	0	802	0
Prepayments and other current assets		1,762	1,469	1,762	1,469
Cash	17	9,783	3,056	9,783	3,056
Short-term cash investments	17	16,000	24,000	16,000	24,000
Pooled investments	18	13,613	13,049	13,613	13,049
		50,722	52,053	50,719	52,051
Total assets		191,205	144,247	189,906	143,021
Current liabilities					
Trade and other payables	19	5,832	5,574	5,832	5,574
Deferred revenue	21	3,447	3,166	3,447	3,166
Lease liabilities	22	196	155	196	155
Provisions	23	1,187	1,986	1,187	1,986
		10,662	10,881	10,662	10,881
Non-current liabilities					
Deferred revenue	21	1,624	1,731	1,624	1,731
Lease liabilities	22	1,742	1,999	1,742	1,999
Provisions	23	8,660	8,412	8,660	8,412
Deferred tax liability	9	10,951	2,049	10,951	2,049
Net defined benefit pension liabilities	25	66,131	61,917	66,131	61,917
		89,108	76,108	89,108	76,108
Total liabilities		99,770	86,989	99,770	86,989
Equity					
Profit and loss reserve		91,435	57,258	90,136	56,032
Total liabilities and equity		191,205	144,247	189,906	143,021

These financial statements, which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes were approved by the Board of members on 23 March 2021 and were signed on its behalf on 9 April 2021.



C J RODRIGUES
Chairman



R J D MORTIMER
Chief Executive



J TANKARD
Chief Financial Officer

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Profit and loss reserve £000
Group	
At 1 January 2019	36,957
Total comprehensive income	20,301
At 31 December 2019	57,258
Total comprehensive income	34,177
At 31 December 2020	91,435
	Profit and loss reserve £000
Company	
At 1 January 2019	22,288
Total comprehensive income	33,744
At 31 December 2019	56,032
Total comprehensive income	34,104
At 31 December 2020	90,136

Profit and loss reserves represent the cumulative total comprehensive income attributable to the Group and Company to the end of the year.

CONSOLIDATED AND COMPANY STATEMENTS OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 £000	2019 £000	2020 £000	2019 £000
Operating activities					
Profit before tax		2,596	10,113	2,403	9,770
Adjustments to reconcile profit before tax to net cash flows					
Depreciation and impairment of property, plant & equipment and leased assets	5	2,924	2,801	2,924	2,801
Amortisation and impairment of intangible assets	5	447	414	447	414
(Gain) on disposal of intangible assets, property, plant and equipment	5	(12)	0	(12)	0
Loss/(gain) on investment property	7	1,729	(4,064)	1,729	(4,064)
Finance income	8	(1,012)	(436)	(1,012)	(433)
Finance costs	8	1,299	1,987	1,299	1,987
Share of profit from joint venture	14	(193)	(335)	0	0
Provisions movement	23	(637)	(1,442)	(637)	(1,442)
Movements in net defined benefit pension liabilities	25	(4,898)	(6,461)	(4,898)	(6,461)
Contract asset	16	(802)	0	(802)	0
Working capital adjustments:					
Decrease/(increase) in prepayments, trade and other receivables		704	12,389	704	(566)
(Increase) in inventories		(11)	(51)	(11)	(51)
Increase in deferred revenue, trade and other payables	19/21	715	1,232	715	1,346
		2,849	16,147	2,849	3,301
Net interest received		461	414	461	411
Net income tax received/(paid)		944	(1,087)	944	(1,087)
Net cash flows from operating activities		4,254	15,474	4,254	2,625
Investing activities					
Proceeds from sales of intangible assets, property, plant and equipment		25	20	25	20
Purchase of intangible assets, property, plant and equipment		(5,313)	(4,695)	(5,313)	(4,695)
Purchase of pooled investments	18	0	(13,000)	0	(13,000)
Purchase of investment property	13	0	(14,800)	0	(14,800)
Dividends from subsidiary		0	0	0	13,823
Net cash flows used in investing activities		(5,288)	(32,475)	(5,288)	(18,652)
Financing activities					
Principal payments for leases	22	(168)	(203)	(168)	(203)
Lease interest payments	22	(71)	(69)	(71)	(69)
		(239)	(272)	(239)	(272)
Net (decrease) in cash and cash short term investments	17	(1,273)	(17,273)	(1,273)	(16,299)
Cash and cash short term investments at 1 January		27,056	44,329	27,056	43,355
Cash and cash short term investments at 31 December	17	25,783	27,056	25,783	27,056

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

CORPORATE INFORMATION

The consolidated financial statements of the Port of London Authority (PLA), its subsidiary and its joint venture (collectively, the Group) for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of members on 23 March 2021. PLA (the Company and the parent) is constituted under the Port of London Act 1968 as subsequently amended by other Acts and Harbour Revision Orders. It is controlled by a Board of members domiciled in the United Kingdom including a Chairman who is appointed by the Secretary of State for Transport. The main trading address of the PLA is located at London River House, Royal Pier Road, Gravesend in Kent.

The Group was established for the purpose of administering, preserving and improving the Port of London as set forth in the Port of London Act 1968 as amended. Information on the Group's structure is provided below. Information on other related party relationships of the Group and Company is provided in Note 27.

The consolidated financial statements of the Group include:

Name	% equity interest	
	2020	2019
PORT OF LONDON AUTHORITY (PLA)	100	100
Country of incorporation: United Kingdom		
Registered Office: London River House, Royal Pier Road, Gravesend, Kent, DA122BG		
Principal activities		
– Providing Pilotage services;		
– Operating a Vessel Traffic Service;		
– River works licenses, Rentals;		
– Moorings;		
– Hydrographic surveying;		
– Dredging; and		
– Providing aids to navigation.		
PORT OF LONDON PROPERTIES LIMITED (POLP)	100	100
Country of incorporation: United Kingdom		
Registered Office: London River House, Royal Pier Road, Gravesend, Kent, DA122BG		
Principal activities		
– Management of property interests – Non trading in 2020		

The Group holds a 50% interest in Estuary Services Limited (ESL) (2019 50%) and accounts for this interest in accordance with the equity method as further described below and in Note 14.

BASIS OF PREPARATION

The Group financial statements have been prepared in accordance with International Accounting Standards as issued by the International Accounting Standards Board (IASB).

The Group and Company financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£000), except where otherwise indicated.

The company has taken advantage of Section 408 of the Companies Act 2006 exemption from presenting its own Income Statement and Statement of Other Comprehensive Income. The Company profit for the year amounted to £1,880,000 (2019 £23,569,000).

GOING CONCERN BASIS OF PREPARATION

The Board has a reasonable expectation that the company has adequate resources for a period of at least 12 months from the date of approval of the financial statements and has therefore assessed that the going concern basis of accounting is appropriate in preparing the financial statements and that there are no material uncertainties to disclose. This conclusion is based on a review of the resources available to the company, taking account of the company's financial projections, together with available cash and commitments as well as consideration of the company's capital adequacy and any material uncertainties. In reaching this conclusion, the Board has considered the magnitude of potential impacts resulting from uncertain future events or changes in conditions, the likelihood of their occurrence and the likely effectiveness of mitigating actions that the Board would consider undertaking and in particular the continuing impact of coronavirus on the business. We have assessed the level of business disruption and the sensitivity of our trading numbers as well as having prepared a cashflow analysis over the period to 31 December 2022 for scenarios of 10%, 15% and 20% reduction in income. We have put in place considerable operational measures to ensure that the Port can be operational and maintain service as best we can with the impact of social distancing measures and Government restrictions on movement of people.

BASIS OF CONSOLIDATION

The Group financial statements comprise the financial statements of the Company, its wholly owned subsidiary and its joint venture interest as at 31 December 2020.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared on the going concern basis. A summary of the more important accounting policies, which have been applied consistently unless indicated to the contrary, is set out below.

(a) Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The Group's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

The Consolidated Income Statement reflects the Group's share of the results of operations of the joint venture. Any change in Other Comprehensive Income of those investees is presented as part of the Consolidated Statement of Other Comprehensive Income.

(b) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of property

Revenue from the sale of property is recognised when control has passed to the buyer.

The Group regularly makes sales of parts of the foreshore, river bed and airspace above it. These sales are considered by the Board to be a core part of the Group's operational activities. The Group recognises these sales within revenue, typically upon completion of a contract.

Lease income

Operating lease income is recognised on a straight line basis over the period covered by the lease or licence. Contingent rents are recognised as revenue in the period in which they are earned.

Rendering of services and recognition of royalties

Conservancy charges on vessels are recognised as revenue in accordance with the date that the vessel enters or leaves the Port limits. Pilotage income is recognised as revenue on the commencement of a Pilotage act. Services provided such as diving, salvage, hydrographic is recognised as revenue as the service is provided. Landfill royalties are recognised as revenue in accordance with the date the material is deposited. All other income is recognised as the service is provided.

(c) Taxes**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

(d) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended and borrowing costs for long-term construction projects if the borrowing costs are directly attributable to the acquisition, construction or production of an asset. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection or overhaul is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognised in the Income Statement as incurred. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is provided on all assets except land. Depreciation is on a straight line basis over their estimated useful economic lives. Buildings, dredging and river structures have a life up to a maximum of 50 years while floating craft and plant and equipment have a life up to 30 years. Depreciation commences when the assets are completed and available for their intended use.

The estimated useful lives, residual values and depreciation methods of property, plant and equipment are reviewed annually. Changes made are accounted for prospectively as changes in estimates.

(e) Investment Property

Property is classified as investment property if:

- it is not occupied by the Group or used by the Group for operational purposes.

- it is held to earn rental income, capital appreciation or both

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. We obtain an independent valuation at least every 5 years, with a management valuation for all other years. Both management and internal valuations are based on Red Book valuation principles. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

(f) Leases

The group has a number of lease contracts for property and vehicles. From 1st January 2019 the Group adopted IFRS 16 using the modified retrospective method of adoption. At the commencement date of the lease, the group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term using a discount rate of 3.5%. The lease payments include fixed payments less any incentives receivable. Depreciation and the interest for these leases are charged to the Income Statement and the asset and liability included on the balance sheet.

(g) Intangible Assets

Intangible assets are initially measured at cost. Subsequently, the intangible assets are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for the intangible assets are reviewed at least at the end of each reporting period. Lives range up to a maximum of 10 years for software and 50 years for a licence to deposit dredging materials. Amortisation commences when the assets are completed and available for their intended use.

(h) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets**Initial recognition and measurement**

All financial assets are recognised initially at fair value.

Loans and receivables

Loans are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Trade Receivables

IFRS9 Financial Instruments which came into force on 1 January 2018, requires recognition of impairment losses on trade receivables. The PLA has a specific debt provision for debts deemed unlikely to be repaid but are still being chased. This also includes debts related to companies that are in administration. In addition there is a small general debt provision which was calculated as 2% of outstanding debt. Overall bad debt provision has risen in 2020 as a result of coronavirus.

Financial liabilities**Initial recognition**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised as well as through the EIR amortisation process.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Inventory consists of spare parts and consumable items.

(j) Cash, cash investments and pooled investments

Cash includes short term investments which mature in less than 3 months. Cash investments are for between three and twelve months and are available immediately but with penalty. Pooled investments are recognised at fair value and can be sold without notice and penalty.

(k) Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

(l) Pensions and other post-employment benefits**Defined Benefit Schemes**

The Group operates defined benefit plans in the UK, which require contributions to be made to separately administered funds. The costs of providing benefits under the defined benefit plans are determined separately for each plan using the projected unit credit method and are based on actuarial advice.

Re-measurements, comprising of actuarial gains, the effect of the asset ceiling and losses and the return on plan assets (excluding net interest) are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to the Consolidated Income Statement in subsequent periods. Past service costs are recognised in the Consolidated Income Statement at the date of the plan amendment or curtailment. Net

interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognises the following changes in the net defined obligation under 'operating expenditure' in the Consolidated Income Statement:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

The defined benefit pension asset or liability in the Balance Sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status) less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price.

Defined Contribution Schemes

Contributions to defined contribution schemes are recognised in the Consolidated Income Statement in the period in which they become payable.

(m) Fair Value

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these judgements and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates. The following summarises the significant judgements and estimates.

(a) Defined benefit plans (pension benefits) - estimates

The costs of the defined benefit pension plans and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. See note 25 for principal assumptions.

(b) Claims related to time operating docks Provision - estimates

The provision is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ to actual developments in the future. These include the determination of the discount rate, the number of future claims, the amount of future claims and the timing of future claims. Due to the complexities involved in the valuation and its long-term nature, the provision is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(c) Deferred tax assets – estimates

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Deferred tax is recognised on pension liabilities capped at management's best estimate of available future taxable profits.

(d) Investment Property

The method and judgements in respect of the investment property valuation is set out in note 13.

2. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group, intends to adopt these standards, if applicable, when they become effective. The group are assessing the impact of these standards.

		Effective for accounting periods beginning on or after
IFRS 17	Insurance Contracts	01/01/2023
Amendment to IAS1 and IAS8	New definition of material information	01/01/2021
Amendment to IFRS3	Business Combinations – new definition of Business	01/01/2021
Amendment to IAS37	Amended by onerous contracts – Cost of fulfilling a contract	01/01/2022

The Group and Company are currently considering the impact of the amendment to IFRS3, IAS1, IAS8 and IAS37. IFRS 17 will have no material impact on the group or company.

3. REVENUE AND OPERATING EXPENDITURE

	2020 £000	2019 £000
Note		
Revenue from services		
Conservancy charges on cargo	6,526	8,022
Conservancy charges on vessels	11,004	11,492
	17,530	19,514
Pilotage	25,098	26,453
River works licences, rents & investment income	12,734	11,690
Services provided (e.g. diving, salvage, moorings, hydrographic)	5,971	6,213
Landfill royalties	408	1,002
Other revenue	2,092	2,440
Property sales	22	50
	63,855	67,362
Operating expenditure		
Operating payroll	(33,201)	(31,041)
Supplies and services	(14,590)	(16,377)
Depreciation and amortisation	(3,129)	(3,021)
Administration: – Payroll	(5,660)	(5,754)
– Other	(2,856)	(3,904)
	(59,436)	(60,097)
Operating profit	4,419	7,265

All revenue relates to activities within the United Kingdom.

4. PILOTAGE – OPERATING SURPLUS/DEFICIT

The Consolidated Income Statement includes the following relating to Pilotage:

	2020 £000	2019 £000
Revenue from services		
Providing Pilotage services	23,764	25,008
Issue of Pilotage exemption certificates	3	16
	23,767	25,024
Operating expenditure		
Providing the services of Pilots	(21,632)	(21,218)
Providing, maintaining and operating Pilot boats	(919)	(831)
Administration and other costs	(3,124)	(2,952)
	(25,675)	(25,001)
Operating (deficit)/surplus relating to Pilotage	(1,908)	23

The operating deficit shown above excludes £1,293,000 (2019 £1,401,000) income from a levy charged to fund deficit repairs to the PNPf. In addition net interest costs in the PNPf of £193,000 (2019 £285,000) are also excluded from the amounts shown above. See note 25. In 2020 there was a £3 million (2019 £4 million) pension deficit payment in addition to the usual annual deficit payment, this has not been included in the pilots operating expenditure.

5. OPERATING PROFIT

Operating profit is stated after charging:

	2020 £000	2019 £000
Auditors' remuneration		
– audit of the financial statements	122	100
– audit of the Group pension schemes	42	39
– taxation services	28	56
– all other services	0	2
	192	197
Loss/(gain) on disposal of intangible assets, property, plant and equipment		
– owned assets	(12)	0
Amortisation and impairment of leased assets	240	194
Depreciation and impairment of property, plant and equipment		
– owned assets	2,684	2,607
Amortisation and impairment of intangible assets	447	414

6. EMPLOYEE BENEFITS EXPENSE

The Consolidated Income Statement includes the following relating to Pilotage:

	2020 £000	2019 restated £000
Staff costs incurred in operating expenditure (including executive Board members) during the year were		
Wages and salaries	27,282	26,238
Social security costs	3,239	3,175
Pensions costs	7,856	6,856
	38,377	36,269
Staff severance	4	159
	38,381	36,428
	Number	Number
The average monthly number of persons (including executive Board members) employed during the year was		
Operations	312	314
Administration	77	69
	389	383

The 2019 employee benefit expense regarding wages and salaries has been changed as there was a typographical error in this note in the prior year financial statements. The change does not affect the 2019 income statement or balance sheet.

No member of the senior management team or Executive team are to be awarded a bonus at their review in Spring 2021, as a result of the effect on 2020 operating profit relating to the coronavirus.

Pay ratio reporting

All listed companies are required to disclose the pay ratio between the CEO and the median pay of other employees. Although we are not a listed company, in line with best practice, we are publishing the ratio of CEO pay, using the single figure for total CEO remuneration. The ratios of CEO pay, compared to the total remuneration of full-time equivalent employees are: 3:1 for the 25th percentile; 4:1 for the median and 6:1 for the 75th percentile. By comparison, the CEO to median pay ratio for FTSE100 companies in 2019 was reported as 119:1.*

We have a generic "spot salary" system applying to all staff, under which either one-off or consolidated payments can be awarded, up to 10% based on performance, job weight and skills and that this extends to senior managers. Under the senior managers group bonus system it is possible to receive a bonus of up to 10% of salary, for exceptional performance, over and above meeting their objectives for the year. All senior manager bonuses are subject to a formal appraisal process measured against smart objectives which are reviewed and assessed by the Executive Team and approved by the Remuneration Committee. Executive team performance and pay is approved by the Remuneration Committee which is a sub committee of the Board. The spot salary system continued to operate in 2020, except for the senior managers group – the senior managers bonus scheme for 2020 was suspended because of COVID and no bonus payments were or will be made which relate to 2020.

*CIPD report: Executive pay 2019: review of FTSE 100 executive pay packages

Board members' remuneration

There is a Remuneration Committee of the Board which operates within agreed terms of reference. It is comprised entirely of Non-Executive Board members. The Committee determines the remuneration and other conditions of service of the executive members of the Board. From time to time it also considers proposals regarding senior management remuneration which may be referred to the Committee by the Chairman. The Committee may, and on occasion does, seek advice from independent consultants. The executive members of the Board make recommendations to the Board in respect of the non-executive members' remuneration. The remuneration Committee decide the remuneration.

The following table shows a breakdown of the remuneration for individual Board members:

	Salary and fees		Bonuses Paid in year		Taxable benefits		Total	
	2020 £	2019 £	2020 £	2019 £	2020 £	2019 £	2020 £	2019 £
Executive members:								
R J D Mortimer	233,653	227,350	23,365	17,316	3,554	2,997	260,572	247,663
J Tankard	163,049	158,704	16,417	15,997	3,554	2,997	183,020	177,698
R Baker	150,524	146,532	15,165	11,339	2,843	2,398	168,532	160,269
Non-executive members:								
C J Rodrigues (Chairman)	94,000	94,000	0	0	0	0	94,000	94,000
A H Griffiths (Vice Chairman)	36,600	36,600	0	0	0	0	36,600	36,600
H Deeble (resigned 31/12/20)	30,800	30,800	0	0	0	0	30,800	30,800
I Moncrieff	30,800	30,800	0	0	0	0	30,800	30,800
A Malm Justad (resigned 31 May 2020)	12,833	30,800	0	0	0	0	12,833	30,800
J J Armit	30,800	30,800	0	0	0	0	30,800	30,800
D G James	30,800	30,800	0	0	0	0	30,800	30,800
P Carter	30,800	30,133	0	0	0	0	30,800	30,133
T Eidesvik (appointed 1/09/20)	8,933	0	0	0	0	0	8,933	0
	853,592	847,319	54,947	44,652	9,950	8,392	918,489	900,363

Pension entitlement

All executive Board members participate in the PLA's funded defined benefit pension scheme. Under the scheme, members are entitled to a pension based on their service and final pensionable salary subject to HMRC limits. The accrued pension of the highest paid Board member under the funded defined benefit scheme at 31 December 2020 was £15,832 per annum (2019 £14,013).

No pension contributions were made in respect of the non-executive Board members and no pension benefits accrue to them.

7. INVESTMENT PROPERTY REVALUATION

	Note	2020 £000	2019 £000
Increase on fair value of investment properties in income statement		1,841	4,064
Decrease on fair value of investment properties in income statement		(3,570)	0
Loss from investment property revaluation in Income Statement	14	(1,729)	4,064
Gain from investment property revaluation in statement of other comprehensive income statement		46,313	0

Three investment properties were reclassified from property, plant and equipment due to a change in use during the period. The revaluation gain on transfer has been included in the statement of other comprehensive income.

8. FINANCE INCOME AND EXPENSE

Finance income	2020 £000	2019 £000
Interest income on short-term deposits	156	306
Interest on pooled investments	290	48
Pooled investments gains	565	82
Other interest	1	0
Total finance income	1,012	436
Finance expense		
	2020 £000	2019 £000
Interest on loans and borrowings	0	(2)
Lease liability interest	(71)	(69)
Net interest on defined benefit pension schemes (see note 25)	(1,113)	(1,757)
Unwinding of discount and effect of changes in discount rate on provisions (see note 23)	(115)	(126)
Pooled investments losses	0	(33)
Total finance expense	(1,299)	(1,987)

9. INCOME TAX**(a) Tax on profit**

(a) Tax on profit	2020 £000	2019 £000
Current income tax:		
Current income tax charge on profit for the year	70	319
Current tax prior year adjustment	(289)	(1,801)
Total current tax	(219)	(1,482)
Deferred tax:		
Current year deferred tax	731	1,659
Deferred tax prior year adjustment	10	(172)
Effect of changes in tax rates	0	(175)
Total deferred tax	741	1,312
Income tax expense/(credit) reported in the Consolidated Income Statement	522	(170)
Current tax related to items recognised in Other Comprehensive Income during the year	120	(120)
Deferred tax related to items recognised in Other Comprehensive Income during the year	6,055	(227)
Income tax expense/(credit) charged to the Consolidated Statement of Other Comprehensive Income	6,175	(347)

(b) Reconciliation of tax expense:

(b) Reconciliation of tax expense:	2020 £000	2019 £000
Profit before income tax	2,596	10,148
At the UK's statutory corporate income tax rate of 19%	493	1,928
Adjustments in respect of current income tax of previous years	(279)	(1,973)
Effects of:		
Share of profit of joint venture	(37)	(70)
Non-deductible expenses for tax purposes	54	294
Income exempt from taxes	405	0
Other	(114)	(349)
Income tax (credit)/expense reported in the Consolidated Income Statement for the year	522	(170)

(c) Deferred tax:

(c) Deferred tax:	Balance Sheet	
	2020 £000	2019 £000
Deferred tax assets relating to net defined benefit pension liabilities	12,565	10,546
Accelerated depreciation for tax purposes	(1,777)	(1,580)
Revaluation of Land	(10,951)	(2,049)
Other temporary differences	464	180
Net deferred tax assets	301	7,097
Reflected in the Balance Sheet as follows:		
Deferred tax assets	11,252	9,146
Deferred tax liabilities	(10,951)	(2,049)
Net deferred tax assets	301	7,097
Reconciliation of net deferred tax assets		
At 1 January	7,097	8,183
Tax expense during the year recognised in the Consolidated Income Statement	(741)	(1,312)
Recognised in Other Comprehensive Income	(6,175)	227
At 31 December	301	7,097

The Group has calculated the deferred tax assets at a rate of 19%. The deferred tax asset has been fully recognised based on forecasted profits for the next 10 years. There is no unrecognised deferred tax asset (2019 £0). The Government announced in the March 2021 budget that corporation tax is to increase to 25% in 2023, this has not been enacted as yet. The affect on the net deferred tax asset would be to increase it from £301,000 to £396,000.

The Group has capital losses carried forward of £992,000 (2019 £992,000) that may be available for offset against future capital gains that arise in the Group

10. INTANGIBLE ASSETS

Group and Company	Software £000	Licences £000	Total £000
Cost			
At 1 January 2019	4,449	508	4,957
Additions	140	0	140
Disposals	(231)	0	(231)
At 31 December 2019	4,358	508	4,866
Additions	165	0	165
Disposals	(74)	0	(74)
At 31 December 2020	4,449	508	4,957
Amortisation			
At 1 January 2019	2,741	127	2,868
Charge for year	399	15	414
Eliminated on disposals	(218)	0	(218)
At 31 December 2019	2,922	142	3,064
Charge for year	431	16	447
Eliminated on disposals	(74)	0	(74)
At 31 December 2020	3,279	158	3,437
Net book value at 31 December 2020	1,170	350	1,520
Net book value at 31 December 2019	1,436	366	1,802

The Group has a 50 year licence with effect from 3 July 2000, granted by the Royal Society for the Protection of Birds, to deposit dredging materials on land at Rainham, Essex.

Assets under development not yet being amortised amounted to £185,000 (2019 £134,000).

11. LEASED ASSETS

Group and Company	Property £000	Equipment £000	Total £000
Cost			
At 1 January 2019	1,925	47	1,972
Additions	305	23	328
Disposals	0	(12)	(12)
At 1 January 2020	2,230	58	2,288
Remeasurement of index linked leases	(121)	2	(119)
At 31 December 2020	2,109	60	2,169
Amortisation			
Net book value at 1 January 2019	0	0	0
Charge for year	171	23	194
Disposals	0	(7)	(7)
At 1 January 2020	171	16	187
Charge for year	221	19	240
Additional on disposals	0	0	0
At 31 December 2020	392	35	427
Net book value at 31 December 2020	1,717	25	1,742
At 31 December 2019	2,059	42	2,101

12. PROPERTY, PLANT AND EQUIPMENT

Group and Company	Land and buildings £000	Dredging	River structures	Floating craft	Plant and equipment	Total
Cost						
At 1 January 2019	16,016	20,912	12,169	15,422	19,761	84,280
Additions	859	43	1,869	510	1,184	4,465
Disposals	(58)	(344)	0	(8)	(485)	(895)
At 31 December 2019	16,817	20,611	14,038	15,924	20,460	87,850
Recategorisation	(242)	0	(3,185)	0	3,185	(242)
Additions	1,323	81	648	79	2,734	4,865
Disposals	0	0	0	(21)	(95)	(116)
At 31 December 2020	17,898	20,692	11,501	15,982	26,284	92,357
Depreciation						
At 1 January 2019	7,514	5,280	7,756	6,198	15,119	41,867
Charge for year	485	362	501	522	737	2,607
Eliminated on disposals	(56)	(344)	0	(8)	(481)	(889)
At 31 December 2019	7,943	5,298	8,257	6,712	15,375	43,585
Recategorisation	0	0	(222)	0	222	0
Charge for year	483	362	788	551	500	2,684
Eliminated on disposals	0	0	0	(15)	(88)	(103)
At 31 December 2020	8,426	5,660	8,823	7,248	16,009	46,166
Net book value at 31 December 2020	9,472	15,032	2,678	8,734	10,275	46,191
Net book value at 31 December 2019	8,874	15,313	5,781	9,212	5,085	44,265

Following a review by management, land and buildings with value of £242,000 has been reclassified from operational property to investment property due to a change of use. The Cemex conveyor which following detailed examination by external consultants was moved from a river structure to plant and equipment, cost of £3,185,000 with depreciation of £222,000.

The net book value of leasehold property held under long leases included in land and buildings above is £53,390 (2019 £53,951). Assets under construction not yet being depreciated amounted to £2,162,000 (2019 £2,254,000). Assets under construction include Land & buildings of £0.3 million, floating crafts £0.2 million and plant & equipment £1.6 million and river structures of £0.1 million.

13. INVESTMENT PROPERTY

Group and Company	£000
At 1 January 2019	14,790
Additions	14,800
Fair value movement to income statement	4,064
At 31 December 2019	33,654
Reclassifications	242
Fair value movement to income statement	(1,729)
Fair value movement to statement of other comprehensive income	46,313
At 31 December 2020	78,480

Three investment properties were reclassified from property, plant and equipment due to a change in use during the period. The revaluation gain on transfer has been included in the statement of other comprehensive income.

The valuation of all investment property as at 31 December 2020 was undertaken by an external consultant who used both investment and comparable methods of valuations following RICS valuation methods. They considered recent transactions of similar properties and adjusted these to reflect differences in size, condition and location. Where income is receivable by way of a lease the investment method has been used capitalising the income streams at an appropriate yield and then discounting back to the present day giving the net present value (NPV). This method involves reflecting risk, return and expectations of growth through the yield. Management revised one of the external properties valuations downwards due to additional evidence related to the rental potential of one site in the post balance sheet period.

14. INTEREST IN JOINT VENTURE

The Group has a 50% interest in Estuary Services Limited, a jointly controlled entity involved in launch services, together with shore support services, for the boarding and landing of pilots. The Group's interest in Estuary Services Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, with a reconciliation to the carrying amount of the investment in the consolidated financial statements is set out below:

Summarised Balance Sheet of Estuary Services Limited	2020 £000	2019 £000
Non-current assets	3,752	3,252
Current assets:		
Cash and cash equivalents	1,264	1,315
Prepayments	40	23
Trade and other receivables	504	542
	1,808	1,880
Current liabilities	(636)	(537)
Non-current liabilities, including deferred tax liabilities £336 (2019 £179) and long-term borrowing £nil (2019 £nil).	(2,328)	(2,143)
Equity	2,596	2,452
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	1,298	1,226

Summarised Income Statement of Estuary Services Limited	2020 £000	2019 £000
Revenue	3,679	3,924
Cost of sales	(3,010)	(3,124)
Finance costs	(37)	(66)
Profit on ordinary activities before taxation	632	734
Income tax expense	(245)	(64)
Profit for the year	387	670
Group's share of profit for the year	193	335

Summarised Statement of Other Comprehensive Income of Estuary Services Limited	2020 £000	2019 £000
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement of defined benefit scheme	(348)	149
Movement in deferred tax relating to defined benefit pension scheme	105	(65)
Total other comprehensive income	(243)	84
Group's share of Other Comprehensive Income	(121)	42

At 31 December 2020, the Group's share of capital commitments of the joint venture was £0 (2019 £274,000). Estuary Services Limited cannot distribute its profits until it obtains the consent from the two joint venture partners.

Company only – subsidiary and joint venture	Subsidiary £000	Joint venture £000
At 1 January 2019	0	2
Additions	0	0
Disposals	0	0
At 31 December 2019 and 1 January 2020	0	2
Additions	0	0
Disposals	0	0
At 31 December 2020	0	2

15. TRADE RECEIVABLES**(a) Receivables (current)**

	2020 £000	2019 £000
Group		
Corporation tax	142	862
Trade receivables	8,206	9,214
	8,348	10,076
Company		
Corporation tax	142	860
Trade receivables	8,203	9,214
	8,345	10,074

For terms and conditions relating to related party receivables, refer to Note 27.

Trade receivables are non-interest bearing and are generally on terms of 30 days.

As at 31 December 2020, trade receivables of £1,066,000 (2019 £863,000) were provided for. See below for the movements in the provision for impairment of receivables.

	Individually impaired £000	Collectively impaired £000	Total £000
Group and Company			
At 1 January 2019	671	64	735
Arising	128	0	128
At 31 December 2019 and 1 January 2020	799	64	863
Arising	146	57	203
Unused amounts reversed	0	0	0
At 31 December 2020	945	121	1,066

As at 31 December, the ageing analysis of trade receivables is, as follows:

	Neither past due		Past due but not impaired				
	Total £000	nor impaired £000	<30 days £000	30-60 days £000	61-90 days £000	91 to 120 days £000	>120 days £000
Group and Company							
2020	8,203	2,114	3,708	1,996	226	1	158
2019	9,214	2,767	4,027	1,929	253	81	157

See Note 20 on the credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

(b) Other receivables – group

There are no other receivables in 2020.

16. CONTRACT ASSETS

	2020 £000	2019 £000
Group and Company		
At 1 January	0	0
Additions during the year	802	0
Disposals during the year	0	0
At 31 December	802	0
Payable		
Within one year	802	0
In the second to fifth year inclusive	0	0
	802	0

In 2020 PLA entered into a Maintenance Dredge service agreement with London Gateway. The contract asset at 31 December relates to work undertaken not invoiced to London Gateway.

17. CASH

For the purpose of the statement of cash flows, cash comprise the following at 31 December:

	2020 £000	2019 £000
Group and Company		
Cash	9,783	3,056
Cash short-term investments	16,000	24,000
	25,783	27,056

Cash short-term investments are with various banks for varying periods between three and twelve months. As the short-term investments are available immediately without penalty they have been included as cash and cash short term investments in the cash flow statement.

18. POOLED INVESTMENTS

The group and company have the following pooled investments. These are valued at fair value as at 31 December 2020. Any gain or loss in the year on these investments is recognised in the income statement, see note 8.

	2020 £000	2019 £000
Group and Company		
Gilts with Insight Investments	2,052	1,917
Equities with Invesco	1,431	1,302
Multi-asset credit funds with M&G and PIMCO	10,130	9,830
	13,613	13,049

19. TRADE AND OTHER PAYABLES

Group and Company	Note	2020 £000	2019 £000
Trade payables		2,212	1,502
Amounts owed to joint venture company	27	198	208
Other taxation and social security		0	51
Other creditors		2,157	1,182
Accruals		1,265	2,631
Total		5,832	5,574

Group and Company trade payables are non-interest bearing and are normally settled within 30-day terms.

20. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial risk management objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group has a structured approach to risk management, which involves a broad cross-section of employees. Risk awareness and control are paramount and the Board reviews the risk register periodically. The PLA Board receives assurance from the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The PLA Board reviews and agrees policies for managing each of these risks, which are summarised below.

The Group's financial liabilities relate to trade and other payables (Note 19). The main purpose of these financial liabilities is to support the Group's operations and objectives. The Group's principal financial assets include trade and other receivables and cash and short-term deposits that derive directly from its operations.

Categories of financial instruments

Group and Company	Fair value		Book value	
	2020 £000	2019 £000	2020 £000	2019 £000
Financial Assets				
<i>Loans and receivables:</i>				
Trade and other receivables	8,203	9,214	8,203	9,214
<i>At fair value through profit and loss:</i>				
Cash and short-term deposits	25,783	27,056	25,783	27,056
Pooled Investments	13,613	13,049	13,613	13,049
Total	47,599	49,319	47,599	49,319
Financial Liabilities				
<i>Financial liabilities at amortised cost:</i>				
Trade and other payables	(5,832)	(5,523)	(5,832)	(5,523)
Leases	(1,938)	(2,154)	(1,938)	(2,154)
Total	39,829	41,642	39,829	41,642

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market is limited to changes in interest receivable on short term deposits as it does not hold any long-term debt obligations. The Group's exposure to interest rate risk is as follows:

	Increase/decrease in basis points	Effect on profit before tax £000
2020	+/- 1%	258
2019	+/- 1%	271

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (trade receivables), cash and investments.

Trade receivables (current)

Outstanding customer receivables are regularly monitored. At 31 December 2020, the Group and Company had 16 customers (2019 16 customers) that owed the Group and Company more than £100,000 each and accounted for approximately 49% (2019 48%) of all the receivables outstanding. There were 0 customers (2019 0 customers) with balances greater than £1 million.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset disclosed in Note 20. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Customers are continually monitored to ensure invoices are settled within terms.

Cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's senior management. Investments of surplus funds are made only with approved counterparties with a minimum short term rating published by Standard and Poor's of A1 and by Moody's of P1 and with a maximum of no more than £5m with any single institution. Management does not seek to invest surplus funds for greater than a year and only invests in highly liquid investments (money-market deposits).

Pooled investments

The Company has invested in a mixture of pooled investment funds which were approved by the Board. They are reasonably liquid, requiring a maximum of 6 months notice and targeting a 4% return. The Company has utilised the existing governance from the pension advisory committee who have oversight and scrutiny of the funds.

Liquidity Risk

The Group's objective is use of its cash to self-fund its projects and initiatives, rather than incur debt. As such, it strives to protect its cash and is risk adverse when investing its cash.

The tables below summarise the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted payments.

Group and Company	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	> 5 years £000	Total £000
Year ended 31 December 2020						
Lease payments	0	59	207	959	1,170	2,395
Trade and other payables	0	5,832	0	0	0	5,832
	0	5,891	207	959	1,170	8,227
Year ended 31 December 2019						
Lease payments	0	60	237	1,113	1,365	2,775
Trade and other payables	0	5,523	0	0	0	5,523
	0	5,583	237	1,113	1,365	8,298

21. DEFERRED REVENUE

Group and Company	2020 £000	2019 £000
At 1 January	4,897	4,247
Amortisation released to the consolidated income statement	(107)	(107)
Movement in other deferred revenue during the year	281	757
At 31 December	5,071	4,897
Current	3,447	3,166
Non-current	1,624	1,731
	5,071	4,897

Deferred revenue includes lump sum payments received in relation to the London Array windfarm and Royal Terrace Pier which are being recognised over the contract term.

22. LEASED LIABILITIES

Group and Company	2020 £000	2019 £000
At 1 January	2,154	1,972
Additions during year	0	329
Disposals during year	0	(13)
Revaluation	(119)	0
Undiscounted lease payments	(168)	(203)
Interest	71	69
	1,938	2,154
Payable:		
Within one year	196	155
In the second to fifth year inclusive	671	821
After five years	1,071	1,178
	1,938	2,154

23. PROVISIONS

Total Provisions

Group and Company	2020 £000	2019 £000
At 1 January	10,398	12,498
Utilised during the year	(757)	(2,108)
Unwinding of discount	115	126
(Released) during the year	91	(118)
At 31 December	9,847	10,398
Payable:		
Within one year	1,187	1,986
In the second to fifth year inclusive	3,174	2,850
After five years	5,486	5,562
	9,847	10,398

Claims related to time operating docks Group and Company	2020 £000	2019 £000
At 1 January	9,395	10,346
Utilised during the year	(678)	(1,267)
Unwinding of discount	115	126
(Released)/arising during the year	(13)	190
At 31 December	8,819	9,395
Payable:		
Within one year	725	983
In the second to fifth year inclusive	2,608	2,850
After five years	5,486	5,562
	8,819	9,395

The Group continues to receive claims which relate to the time during which it operated docks and was involved in cargo handling. An actuarial estimate as at 31 December 2020 of the duration, number and value of these claims has been made and provided for in the financial statements using risk-free yield curves published by the Bank of England to discount the results. It is expected that the provision will be utilised over a period of around 30 years.

A quantitative summary analysis for significant assumptions at 31 December 2020 is shown below:

Assumptions

Total provision basis:	£000
Undiscounted	9,167
Discounted @ risk free rate - 2% *	9,167
Discounted @ risk free rate	8,819
Discounted @ risk free rate + 2%	7,503

* Discount rates are subject to a floor of 0%.

Other Provisions

Group and Company	Property Related Provision Group and Company		HMRC Provision Group and Company	
	2020 £000	2019 £000	2020 £000	2019 £000
At 1 January	503	650	500	0
Utilised during the year	0	0	(79)	0
Arising/(released) during the year	269	(147)	(165)	500
At 31 December	772	503	256	500
Payable:				
Within one year	206	503	256	500
In the second to fifth year inclusive	566	0	0	0
After five years	0	0	0	0
	772	503	256	500

Other Provisions

	Legal Provision Group and Company		Leave Provision Group and Company	
	2020 £000	2019 £000	2020 £000	2019 £000
At 1 January	0	912	0	590
Utilised during the year	0	(540)	0	(301)
Arising/(released) during the year	0	(372)	0	(289)
At 31 December	0	0	0	0
Payable:				
Within one year	0	0	0	0
In the second to fifth year inclusive	0	0	0	0
After five years	0	0	0	0
	0	0	0	0

The property related provision is based on external advice regarding the next business rates review and licence agreement negotiations.

The HMRC provision relates to an ongoing HMRC investigation with some issues resolved in 2020 but some still outstanding at year end.

The legal provision utilised in the prior year was the settlement of cases against the PLA.

24. COMMITMENTS AND CONTINGENCIES

Operating lease and licence commitments - Group and Company as lessor

The Group and Company act as lessors for certain areas of land and equipment. The majority are licences which have an average life of 1 to 6 months. The minimum future lease rentals receivable under non-cancellable operating leases as at 31 December 2020 and 2019 are as follows:

	2020			2019		
	Land and buildings £000	Equipment £000	Total £000	Land and buildings £000	Equipment £000	Total £000
Total commitments under non-cancellable operating leases expiring:						
Within one year	3,926	300	4,226	3,231	600	3,831
In the second to fifth year inclusive	2,997	0	2,997	2,904	450	3,354
Over five years	20,849	0	20,849	21,428	0	21,428
	27,772	300	28,072	27,563	1,050	28,613

	2020 £000	2019 £000
Capital commitments		
Capital expenditure which has been contracted for but which has not been provided for in the accounts	239	3,716

Contingent liabilities

There were no contingent liabilities at 31 December 2020 (2019 £nil).

Contingent Assets

There is a contingent asset at 31 December 2020 of £0.9 million (2019 £1.5 million) which relates to the London Gateway dredge

25. PENSIONS

Group and Company

The PLA participates in the following funded defined benefits schemes:

Scheme	Date of latest triannual actuarial valuation
Port of London Authority Pension Fund (PLAPF)	31 March 2018
Port of London Authority (Upper Division Staff) Widows', Widowers' and Orphans' Pension Fund (PLAWWOPF)	31 March 2019
Port of London Authority Retirement Benefits Scheme (PLARBS)	31 March 2019
The Pilots' National Pension Fund (PNPF)	31 December 2019

The pension contributions are assessed in accordance with the advice of an independent, qualified actuary using the projected unit method and based on the assumptions summarised below.

The WWOPF has an annuity policy where the asset value is set equal to the corresponding liability. The value of a net pension benefit asset may be limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

PLAPF

The principal scheme in which the PLA participates is the PLAPF.

The latest triannual actuarial assessment was at 31 March 2018. At the date of the latest actuarial valuation the market value of the assets of the PLAPF was £347.7 million which represented 86% of the value of the benefits that had accrued to members on the basis of the assumptions summarised below. Following discussions with the Committee of Management, it was agreed that the PLA would pay £8 million to the Pension scheme in 2019 and thereafter fund the deficit at the rate of £4 million per annum until 31 August 2026 and pay contributions at the rates shown in the table set out later in this note.

PLAWWOPF

The PLAWWOPF has a surplus which is recognised in accordance with International Accounting Standards.

PLARBS

The PLA has agreed to fund the deficit of the PLARBS at £215,000 per annum payable monthly until 28 February 2021.

PNPF

The PNPF is a centralised multi-employer defined benefit pension scheme for non-associated employers. It provides benefits for employed and self-employed maritime pilots upon retirement and also on death before or after retirement. The PNPF is administered by a separate Trustee Company which is legally separate from the PLA. The Trustee Directors are required by law to act in the interests of all relevant beneficiaries and are responsible for the PNPF's investment policy and day-to-day administration. The PLA is responsible for its own share of the total liabilities in the PNPF, together with a proportionate share of the 'orphan' liabilities of the PNPF, i.e. those liabilities that cannot be attributed to another participating company. Following the 2019 revaluation, PLA's share of PNPF of additional deficit is 3.5563% (6.1587% previous deficit). PLA has agreed to fund the deficit of the PNPF with a total payment of £10,659,858 due between 2021 and 2028.

All Schemes

The results of the latest formal actuarial valuations have been updated to 31 December 2020 by a qualified independent actuary. The principal assumptions used in determining pension benefit obligations for these plans are shown below:

PLA Schemes - Principal assumptions	2020 %	2019 %
Discount rate	1.4	2.0
RPI price inflation	2.9	3.1
CPI price inflation	2.2	2.1
Future salary increases	3.4	3.6
Future pension increases (RPI, min 3%, max 5%)	3.5	3.5
Future pension increases (RPI, max 5%)	2.8	3.0
Future pension increases (CPI, max 2.5%)	1.8	1.7
Life expectation for pensioners at the age of 65 retiring today:	Years	Years
Male	86.6	86.5
Female	88.6	88.4

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
CONTINUED

	2020 %	2019 %
PNPF – Principal assumptions		
Discount rate	1.4	2.0
RPI price inflation	2.6	3.0
CPI price inflation	2.0	2.0
Future salary increases	2.0	3.0
	3.5	3.5
Future pension increases (RPI, min 0%, max 5%)	2.6	2.7
Future pension increases (RPI, min 3%, max 5%)	3.4	3.4
Life expectation for pensioners at the age of 65 retiring today:	Years	Years
Male	86.4	86.2
Female	88.4	88.1

	2020 %	2019 %
PLAPF – Contribution rates		
For members who have entered into a salary sacrifice agreement with the PLA:		
Higher rate members	22.70	22.70
Lower rate members	17.03	17.03
For members who have not entered into a salary sacrifice agreement with the PLA:		
Higher rate members	15.13	15.13
Lower rate members	11.35	11.35

The company does not disclose contribution rates for other pension schemes as there are no active members, only deferred members and pensioners.

	2020 £m	2019 £m
In respect of the shortfall in funding:		
Amount payable per annum until 31 August 2026 as agreed recovery plan	4.0	4.0
Additional agreed amount paid by the PLA	3.0	4.0
Total deficit repairs during the year	7.0	8.0

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
CONTINUED**All schemes**

The fair value of the major categories of plan assets are as follows:

	PLAPF £m	PLAWWOPF £m	PLARBS £m	PNPF £m	Total £m
At 31 December 2020					
Multi assets credit	139.1	0.0	0.0	0.0	139.1
Equities	69.8	0.0	0.0	0.0	69.8
Hedge funds	2.5	0.0	0.0	0.0	2.5
Liability driven investments	74.4	0.0	0.0	3.3	77.7
Corporate bonds	0.0	6.4	2.1	1.3	9.8
Gilts	0.0	7.1	0.1	0.0	7.2
Diversified growth funds	61.5	7.9	0.0	4.6	74.0
Insurance policies	0.0	0.0	0.0	0.0	0.0
Infrastructure	29.2	5.6	0.0	0.0	34.8
Cash	19.6	0.3	0.2	1.7	21.8
Liquidity fund	0.0	0.0	0.0	1.2	1.2
Other	0.0	0.0	0.0	0.0	0.0
Total	396.1	27.3	2.4	12.1	437.9

	PLAPF £m	PLAWWOPF £m	PLARBS £m	PNPF £m	Total £m
At 31 December 2019					
Multi assets credit	129.7	0.0	0.0	0.0	129.7
Equities	70.8	0.0	0.0	0.0	70.8
Hedge funds	21.9	0.0	0.0	2.1	25.8
Liability driven investments	45.0	0.0	0.0	0.0	45.0
Corporate bonds	0.0	6.6	1.7	2.1	10.4
Gilts	0.0	6.3	0.4	2.7	9.4
Diversified growth funds	50.9	7.2	0.0	7.8	65.9
Insurance policies	0.0	5.7	0.0	0.0	5.7
Infrastructure	38.6	0.0	0.0	0.0	38.6
Cash	12.1	0.3	0.2	2.4	13.2
Liquidity fund	0.0	0.0	0.0	3.8	3.8
Total	369.0	26.1	2.3	20.9	418.3

Amounts to be recognised in the Balance Sheet

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
At 31 December 2020					
Fair value of scheme assets	396,062	27,329	2,384	12,124	437,899
Present value of scheme liabilities	(463,094)	(20,857)	(2,278)	(17,801)	(504,030)
Defined benefit pension scheme (deficit)/surplus	(67,032)	6,472	106	(5,677)	(66,131)
At 31 December 2019					
Fair value of scheme assets	369,021	26,094	2,335	20,885	418,335
Present value of scheme liabilities	(427,034)	(19,945)	(2,321)	(31,072)	(480,372)
Defined benefit pension scheme (deficit)/surplus	(58,013)	6,149	14	(10,187)	(62,037)

Amounts to be recognised in the Income Statement

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Year ended 31 December 2020					
Current service cost	(7,348)	0	0	0	(7,348)
Past service cost	0	0	0	(1)	(1)
Administrative expenses	(280)	(144)	(24)	(59)	(507)
Recognised in arriving at the operating profit	(7,628)	(144)	(24)	(60)	(7,856)
Expected return on scheme assets	7,299	509	46	418	8,272
Interest cost on scheme liabilities	(8,344)	(387)	(43)	(611)	(9,385)
Finance (costs)/income	(1,045)	122	3	(193)	(1,113)
Total recognised in the Income Statement	(8,673)	(22)	(21)	(253)	(8,969)

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Year ended 31 December 2019					
Current service cost	(6,275)	0	0	0	(6,275)
Past service cost	0	0	0	0	0
Administrative expenses	(306)	(132)	(25)	(118)	(581)
Recognised in arriving at the operating profit	(6,581)	(132)	(25)	(118)	(6,856)
Expected return on scheme assets	9,216	690	62	558	10,526
Interest cost on scheme liabilities	(10,857)	(521)	(62)	(843)	(12,283)
Finance (costs)/income	(1,641)	169	0	(285)	(1,757)
Total recognised in the Income Statement	(8,222)	37	(25)	(403)	(8,613)

Amounts to be recognised in the Statement of Other Comprehensive Income

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Year ended 31 December 2020					
Return on scheme assets below that is recognised net interest	27,874	1,991	107	(9,113)	20,859
Other actuarial (losses)/gains	(39,725)	(1,646)	(209)	12,807	(28,773)
Actuarial (loss)/gain recognised in the Statement of Other Comprehensive Income	(11,851)	345	(102)	3,694	(7,914)

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Year ended 31 December 2019					
Return on scheme assets below that is recognised net interest	38,887	1,377	127	1,824	42,215
Other actuarial (losses)	(29,547)	(732)	(12)	(2,295)	(32,586)
Actuarial gains/(losses) recognised in the Statement of Other Comprehensive Income	9,340	645	115	(471)	9,629

Changes in the present value of the defined benefits obligations are as follows:

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
At 1 January 2019	(399,634)	(19,813)	(2,551)	(30,217)	(452,215)
Movement in the administrative reserve balance	(306)	(87)	(25)	0	(418)
Current service cost	(6,275)	0	0	0	(6,275)
Past service cost	0	0	0	0	0
Interest expense on defined benefits obligations	(10,857)	(521)	(62)	(843)	(12,283)
Member's contributions	(143)	0	0	0	(143)
Actuarial gains on scheme liabilities	(29,547)	(732)	(12)	(2,295)	(32,586)
Benefits paid	19,728	1,208	329	2,283	23,548
At 31 December 2019 and 1 January 2020	(427,034)	(19,945)	(2,321)	(31,072)	(480,372)
Movement in the administrative reserve balance	(280)	(80)	(24)	0	(384)
Current service cost	(7,348)	0	0	0	(7,348)
Past service cost	0	0	0	(1)	(1)
Interest expense on defined benefits obligations	(8,344)	(387)	(43)	(611)	(9,385)
Member's contributions	(141)	0	0	0	(141)
Actuarial losses on scheme liabilities	(39,725)	(1,646)	(209)	12,807	(28,773)
Benefits paid	19,778	1,201	319	1,076	22,374
At 31 December 2020	(463,094)	(20,857)	(2,278)	(17,801)	(504,030)

Changes in the fair value of plan assets are as follows:

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
At 1 January 2019	328,435	25,280	2,260	19,870	375,845
Administration expenses	0	(45)	0	(118)	(163)
Interest income on scheme assets	9,216	690	62	558	10,526
Actuarial (losses) on scheme assets	38,887	1,377	127	1,824	42,215
Company contributions	12,068	0	215	1,034	13,317
Member's contributions	143	0	0	0	143
Benefits paid	(19,728)	(1,208)	(329)	(2,283)	(23,548)
At 31 December 2019 and 1 January 2020	369,021	26,094	2,335	20,885	418,335
Administration expenses	0	(64)	0	(59)	(123)
Interest income on scheme assets	7,299	509	46	418	8,272
Actuarial gains on scheme assets	27,874	1,991	107	(9,113)	20,859
Company contributions	11,505	0	215	1,069	12,789
Member's contributions	141	0	0	0	141
Benefits paid	(19,778)	(1,201)	(319)	(1,076)	(22,374)
At 31 December 2020	396,062	27,329	2,384	12,124	437,899

A quantitative summary analysis for significant assumptions at 31 December 2020 is shown below:

Assumptions	Discount rate		RPI inflation		Mortality	
	0.25% increase	0.25% decrease	0.25% increase	0.25% decrease	1.5% improvement	1.5% worsening
Sensitivity level	£000	£000	£000	£000	£000	£000
Impact on defined benefit obligation:						
PLAPF	(88,489)	88,489	(77,444)	77,444	(71,977)	71,977
PLAWWOPF	(6,063)	6,063	(6,324)	6,324	(6,358)	6,358
PLARBS	(73)	73	(90)	90	(97)	97
	(94,625)	94,625	(83,858)	83,858	(78,432)	78,432

Impact on share of defined benefit obligation:

Assumptions	Discount rate		RPI inflation		Mortality	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	1 year decrease	1 year increase
Sensitivity level	£000	£000	£000	£000	£000	£000
PNPF	1,200	(1,200)	(800)	800	400	(400)

A 1% increase in PLA's share of the PNPF would increase the deficit by £1,590,000 (2019 £1,558,000).

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected deficit repair contributions to these defined benefit plan obligations in future years:

	PLAPF £000	PLAWWOPF £000	PLARBS £000	PNPF £000	Total £000
Within the next 12 months (next annual reporting period)	4,000	0	36	1,182	5,218
Between 2 and 5 years	16,000	0	0	5,143	21,143
Between 6 and 10 years	6,667	0	0	4,335	11,002
Total expected payments	26,667	0	36	10,660	37,363

Historical pension information

	All Schemes				
	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Fair value of scheme assets	437,899	418,335	375,845	404,902	392,400
Present value of scheme liabilities	(504,030)	(480,372)	(452,215)	(476,700)	(493,273)
Defined benefit pension scheme deficit	(66,131)	(62,037)	(76,370)	(71,798)	(100,873)

26. CAPITAL MANAGEMENT

For the purpose of the Group and Company's capital management, capital includes the net assets of the Group and Company. The primary objective of the Group and Company's capital management is to effectively use its capital to fulfil its charter in ensuring 1) safe navigation on the river, 2) conserving the environment of the river, 3) supporting the development of the use of the river for commercial, leisure and passenger use. The Company has a significant liability relating to the PLA pension fund with an agreed long-term programme to reduce the pension deficit. The next triennial valuation is starting in 2021 with the process to be concluded at the latest by end of March 2022. Cashflow forecasts show we can accommodate the capital commitments to maintain the business, maintain adequate working capital and make the deficit repayments.

In order to meet its overall objectives the Group and Company's capital management is risk adverse and aims to protect its capital. This means that PLA keeps its cash to self fund its projects, initiatives and long term liabilities. In doing so the Group and Company aim to have as little debt as possible. The Group currently has net assets of £91,435,000 (2019 net assets of £57,258,000). The Group and Company do not have any financial covenants that they are required to comply with.

27. RELATED PARTY TRANSACTIONS

Note 1 above provides the information about the Group's structure including the details of the subsidiary and joint venture. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Group & Company	Sales to related parties £000	Purchases from related parties £000	Board members remuneration £000	Amounts owed by related parties £000	Amounts owed to related parties £000
Joint venture					
2020	(186)	2,570	0	3	238
2019	(178)	2,703	0	0	249
Key management personnel of the Group					
2020	0	0	918	0	0
2019	0	0	900	0	0

Terms and conditions of transactions with related parties

Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2019 £Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

During the year the PLA provided administration, management and services to Estuary Services Limited for which it charged £186,000 (2019 £178,000) and was charged £2,570,000 (2019 £2,703,000) for boarding and landing services. At 31 December 2020 the PLA owed £238,000 (2019 £249,000) to Estuary Services Limited for unpaid boarding and landing services received.

Executive members of the PLA Board are the key management personnel of the Group. See page 49.

28. SUBSEQUENT EVENTS

On 30th March 2021 the Group increased its interest in Estuary Services Limited from 50% to 100% when it purchased the remaining 50% interest held by Port of Sheerness Limited. This transaction resulted in the Group obtaining control of Estuary Services Limited, which it previously jointly controlled, and therefore the Group will remove the equity accounted joint venture investment and instead fully consolidate the results and assets and liabilities of Estuary Services Limited from the acquisition date. This acquisition will give the Group greater control over the boarding and landing of pilots which is a fundamental part of the PLA business. We will continue to operate ESL as a separate business in the future with little change to its existing operations. The transaction was structured such that the PLA subscribed for additional shares for a cash consideration of £1.55m and a final special dividend was paid to the seller for the same amount on the condition that the sellers existing 50% shareholding was transferred to the company for a nominal consideration of £1. Note 14 of the accounts sets out the carrying value of assets and liabilities in the Estuary Services Limited as at 31 December 2020. Due to the proximity of the acquisition to the authorisation of these financial statement the accounting for the acquisition date fair values of the assets acquired; fair values of liabilities assumed; components of goodwill; goodwill deductible for tax purposes; and, as this is a stepped acquisition, equity interest immediately prior to the acquisition and the related gain or loss to be recognised in the income statement, are incomplete at the date of issue of the financial statements.

STATEMENT OF MEMBERS' RESPONSIBILITIES

IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The board members are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

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

- present fairly the financial position, financial performance and cash flows of the group and company;
- select suitable accounting policies in accordance with IAS8: Accounting policies, changes in accounting estimates and errors, and then apply them consistently;
- make judgements that are reasonable;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Accounting Standards in conformity with the requirements of the Companies Act 2006 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company's financial position and financial performance;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the PLA will continue in business, in which case there should be supporting assumptions or qualifications as necessary; and
- state that the group and company has complied with International Accounting Standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements.

The members confirm that they have complied with the above requirements in preparing the financial statements.

The members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the PLA and enable them to ensure that the financial statements comply with Section 42 of the Harbours Act 1964, as amended by the Transport Act 1981. They are also responsible for safeguarding the assets of the PLA and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the PLA's website which is audited information. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORT OF LONDON AUTHORITY

FOR THE YEAR ENDED 31 DECEMBER 2020

OPINION

We have audited the financial statements of Port of London Authority and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise consolidated income statement, consolidated statement of other comprehensive income, consolidated and company balance sheets, consolidated and company statements of changes in equity, consolidated and company statements of cash flows and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the group's and of the Port of London Authority's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Harbours Act 1964, as amended by the Transport Act 1981.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 84, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the Port of London Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the Port of London Authority's or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

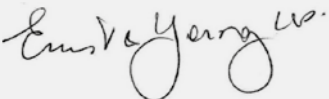
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant is Harbours Act 1964, as amended by the Transport Act 1981.
- We understood how Port of London Authority is complying with this framework by understanding the oversight of those charged with governance (i.e. considering the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage earnings), the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by challenging the company's policies and procedures on fraud risks. Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
 - Consideration of fraud risks during the planning of and throughout our audit.
 - Inquiring of Management as to the risks of fraud and the controls in place.
 - Understanding the oversight by those charged with governance of Management's controls over fraud risk including the whistleblowing processes.
 - Consideration of the effectiveness of Management's controls designed to address the risk of fraud.
 - Determining an appropriate strategy to address those identified risks of fraud.
 - Considering the key management estimates in respect of pensions, investment property and industrial illness provisions for possible manipulation or evidence of possible Management bias or excessive optimism.
 - Use of data analysis tools to analyse and sample journal entries for testing, outside of the identified fraud risks, to detect other unusual transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with the Harbours Act 1964, as amended by the Transport Act 1981. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Port of London Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ernst & Young LLP,
Statutory Auditor
London

9 April 2021



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