

PORT BOARD

26th May 2011

FINANCIAL POSITION – OUTTURN 2010/2011 SUMMARY

**REPORT OF THE PORT DIRECTOR AND THE EXECUTIVE DIRECTOR OF
COMMERCIAL & CORPORATE SERVICES**

Part 1

1 Purpose of the Report

- 1.1 The purpose of the report is to advise the Board of the 2010/2011 outturn trading position for the Port of Sunderland. Elsewhere on the agenda the financial position is presented in more detail.

2 Background

- 2.1 The Port's annual budget was agreed, as part of the Council budget at the full Council meeting on 3 March 2010. In recognition of the difficult trading conditions, no additional income targets were included as part of the budget set, equally the income budget was not reduced to take into effect the impact of the loss of the SOSL contract. As such the agreed budget included challenging income targets.
- 2.2 In acknowledgement of the trading difficulties encountered in 2010/2011 as a consequence of the economic downturn, a prudent level of contingency provision was proposed and agreed by Cabinet on 24 June 2010 as part of the first quarterly revenue budget review for 2010/2011. The establishment of such a provision ensures the Council has in place funding to meet any shortfall against the agreed budget, whilst not diminishing the requirement for the Port to seek to mitigate any loss of income to prevent a budget overspend.

3 Trading Position

- 3.1 The 2010/2011 outturn trading statement below details the actual figures to the end of Period 12. For comparison the position as at period 11 is also shown.

	Actual Outturn	Budget	Variance	Full Year Variance
	Full Year	Full Year	Full Year	Projection @ Period 11
	£000	£000	£000	£000
Delegated Items				
- Expenditure	(3,424)	(3,267)	157	4
- Income	2,778	3,428	(650)	(802)
Delegated Surplus / (Deficit)	(646)	161	(807)	(806)
Non Delegated items	524	(524)	0	0
Total Net Cost	(1,170)	(363)	(807)	(806)

3.2 The 2010/2011 final outturn position has changed marginally from that reported to the Board at period 11. Although the change in outturn is relatively small, there are variations within some areas that impact on gross income and expenditure. The increase in income and costs are primarily as a result of Barges arriving into the Port in March and also additional haulage activity. The barges were not anticipated to arrive at the point of preparing the last Board Report and as such income and costs associated with their stay were not factored in to the projections.

3.3 The variance against approved budget will be met from the Port contingency provision established as part of the Council budget for 2010/11.

4. Summary

4.1 The Port Board is requested to note the contents of this report.