

PORT BOARD

26th May 2011

FINANCIAL POSITION – PERIOD 1 AND FULL YEAR FORECAST 2011/2012

**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 2011/2012 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 2 March 2011. 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 previous loss of the SOSL contract. As such the agreed budget included challenging income targets.
- 2.2 In acknowledgement of the trading difficulties as a consequence of the economic downturn, a prudent level of contingency provision was agreed by Council as part of the budget. 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 budget overspend.

3 Trading Position

- 3.1 The latest 2011/2012 trading statement below details the projected outturn based on actual figures to the end of Period 1.

	Spend to Date	Budget	Projected Spend	Projected Variance
	Period 1	Full Year	Full Year	Full Year
	£000	£000	£000	£000
Delegated Items				
- Expenditure	(227)	(3,316)	(3,316)	0
- Income	455	3,303	3,060	(243)
Delegated Surplus / (Deficit)	228	(13)	(256)	(243)
Non Delegated items	0	(591)	(591)	0
Total Net Cost	228	(604)	(847)	(243)
Cash Limit		(343)	(343)	0
Contingency Provision		(261)	(504)	(243)
Total		(604)	(847)	(243)

3.2 The 2011/2012 forecast outturn position is currently £243,000 overspend against budget. As outlined above a challenging additional income target is included within the budget. Progress to meet this target is being made through additional cargo business and further income from barge activity at the Port. Expenditure projections have taken into account expenditure requirements to support additional income generating activity and also prior year spend levels. On-going work by the Port Director in reviewing expenditure requirements and income projections is continually informing the forecast position. This exercise in conjunction with seeking to identify new business has the clear aim of mitigating the budget position to achieve the best possible outturn position.

4. Summary

4.1 The Port Board is requested to note the contents of this report and agree to receive further financial reports during the course of the year.