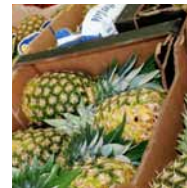


PORTSMOUTH COMMERCIAL PORT
BRITAIN'S BEST CONNECTED FERRY PORT



PERFORMANCE REPORT 2009/10





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TERMS OF REFERENCE

The purpose of this Performance Report for Portsmouth Commercial Port is to:

- Improve delivery of the Port's performance and publication of that information
- Refine information given to the public
- Simplify the publication of information and ensure better links to financial performance



OUTCOMES

This report will:

- Help to enhance the Port's PR status
- Increase the ability to interact with existing and potential customers and investors
- Improve information held on the Port's website by making it more comprehensive, relevant and timely

INTRODUCTION

Portsmouth Commercial Port consists of the Continental Ferry Port, Camber Quay and Flathouse & Albert Johnson Quays.

Owned by Portsmouth City Council and run by the Port Service, Portsmouth is the most successful municipal port in England.

The Port made a trading surplus of £6.3m in 2009/10, 9% higher than in 2008/09. After non-trading items such as capital charges were accounted for, the surplus totalled £2.1m.

Capital expenditure in 2009/10 totalled £4.9m. Just over half of this was attributable to the New Terminal Building. The other half of the capital expenditure materially related to the extension of Berths 3 & 4 and the acquisition of a new Self Supporting Linkspan for Berth 2.

A PROFESSIONAL PORT

Staffed by a team of just under 100 direct employees, headed by the Port Manager, Martin Putman, the workforce provides both operational and commercial professional services. The Port's Management team reports directly to the Executive Member for the Port, Councillor Mike Hancock CBE MP. They are supported by other City Council departments including Financial Services, Legal and Planning.



MARTIN PUTMAN – PORT MANAGER

Appointed in April 1995, Martin is responsible for the long-term development of the Port, heads the management team and coordinates all City Council departments working for the Port on strategic issues and top level liaison with customers to ensure services meet their requirements. Martin is also a director of MMD (Shipping Services) Ltd, owned by Portsmouth City Council as a local authority business.



PHIL GADD – FERRY PORT MANAGER

Phil has been with the Port since 1986 and is responsible for operational management of the Continental Ferry Port. Phil is the Port Manager's deputy and plays a key role in the development of Port infrastructure and strategic development.



RUPERT TAYLOR – HARBOUR MASTER

Rupert has been Harbour Master since 2000 and is responsible for the regulation of navigation in the approaches to Portsmouth's commercial berths, pilotage of commercial vessels within the Portsmouth Competent Harbour Authority and operational health and safety.



MARK WILLCOX – BUSINESS MANAGER

Appointed in 1998, Mark is responsible for the commercial activities of the business as well as working closely with the Port Manager on delivery of the Port's strategic and business plans. Day to day activities include control of the Port finances, tendering, procurement, personnel and management reporting. Mark is also a director of MMD (Shipping Services) Ltd, owned by Portsmouth City Council as a local authority business.



FINANCIAL OVERVIEW

In 2009/10 the Port returned a trading surplus of £6.3m and a turnover of £16.6m. The trading surplus was 9% higher than that generated in 2008/09, largely as a result of increased Port activity such as more vessels berthing at the Port.

After non-trading items such as capital charges were accounted for, the surplus totalled £2.1m.

Capital expenditure in 2009/10 totalled £4.9m. Approximately half of this was attributable to the New Terminal Building. The scheme is making progress, it is forecast to come in on budget, and the terminal should be open to the public in 2011.

The other half of the capital expenditure materially related to the extension of Berths 3 & 4 and the acquisition of a new Self Supporting Linkspan for Berth 2. Both schemes were substantially complete in year.

PORT STATISTICS: MARKET SHARE

PASSENGERS

Passenger volumes travelling from the UK to the continent decreased by 8% from 2007 to 2009. However, Portsmouth's market share increased. This is shown in table 1 below:

Table 1: 000's – Passenger Volumes, UK to Continent (excluding tunnel) 2007–2009

	2007	2008	2009
Portsmouth	2,076	2,080	2,132
Rest Market	17,939	17,473	16,239
Total	20,015	19,553	18,371
% Portsmouth	10.4	10.6	11.6

CARS

Activity levels of cars travelling from the UK to the continent reduced by 3% over the 2007 to 2009 period. However, Portsmouth's passenger volumes market share increased over this period. This is shown in table 2 below:

Table 2: 000's – Cars, UK to Continent (excluding tunnel) 2007–2009

	2007	2008	2009
Portsmouth	609	620	650
Rest Market	3,713	3,693	3,541
Total	4,322	4,313	4,191
% Portsmouth	14.1	14.4	15.5

FREIGHT

The number of freight units travelling from the UK to the continent reduced by 3.5% over the 2007 to 2009 period. Portsmouth's market share remained the same over the same period. This is shown in table 3 below:

Table 3: 000's – Freight Units, UK to Continent (excluding tunnel) 2007–2009

	2007	2008	2009
Portsmouth	185	180	180
Rest Market	2,493	2,445	2,403
Total	2,678	2,625	2,583
% Portsmouth	6.9	6.9	7.0



SHIPPING SERVICES

There were four ferry companies operating from Portsmouth in 2009/10. Brittany Ferries operated regular crossings from Portsmouth to the French ports of Caen, St Malo and Cherbourg, and also to Santander in Spain. Condor Ferries serviced routes from Portsmouth to Guernsey and Jersey. P&O Ferries operated services to the northern Spanish port of Bilbao and LD Lines operated services to Le Havre.

VESSELS

MONT ST MICHEL (BRITTANY FERRIES)

Operating on the Portsmouth to Caen route this magnificent cruise ferry can carry 2,200 passengers and up to 800 cars. Onboard facilities include bars, live entertainment, dancing, a cinema, a teenage area, video games, casino games machines, a children's playroom, tourist information, a shopping mall and a sundeck.

NORMANDIE (BRITTANY FERRIES)

Sail from Portsmouth to Caen on the Normandie and enjoy bars, live entertainment, a cinema and casino games machines. Other facilities include video games, a photo shop,

a tourist information centre and a children's playroom. You can also browse the onboard shopping mall or relax on the sundeck. The Normandie has capacity for 2,123 passengers and 600 cars.

PONT-AVEN (BRITTANY FERRIES)

The Pont-Aven is Brittany Ferries' luxurious £100m flagship ferry. Launched in March 2004, she sets new standards in passenger ferry travel. Sailing from Portsmouth to Santander and Portsmouth to St Malo, the ship can take up to 2,400 passengers and 650 cars.

SHIPPING SERVICES



BRETAGNE (BRITTANY FERRIES)

As well as bars, live entertainment, video games and a casino games machine, the Bretagne offers a range of shops, a children's playroom, a sundeck, tourist information and two cinemas. It has the capacity for 2,000 passengers and 580 cars and operates on the Portsmouth to St Malo route.

NORMANDIE EXPRESS (BRITTANY FERRIES)

Able to carry 900 passengers and 280 cars, the state-of-the-art Normandie Express will whisk you to Cherbourg in 180 minutes or Caen in just 225 minutes. Onboard facilities include a shop, an open sun deck plus a café restaurant and bar. Brittany Ferries purchased the vessel in February 2007 after two successful years of chartering her.

THE COMMODORE CLIPPER (CONDOR FERRIES)

The Commodore Clipper operates daily between Portsmouth and the Channel Islands and has the capacity for 500 passengers and over 100 cars. Passengers can enjoy on-board duty free shopping, en suite cabins, reclining seats, a brasserie and lounge bar and a children's area. You can also upgrade to Club Class and enjoy a private lounge area with leather reclining seats, tables for work or relaxation and complimentary newspapers, tea, coffee and pastries.

THE NORMAN SPIRIT (LD LINES)

This modern ferry has capacity for 1,850 passengers and 120 trucks which operates daily from Portsmouth to Le Havre. LD Lines is a subsidiary of Louis Dreyfus Armateurs and has a proven reputation as a ship owner and shipping operator with over 100 years experience.

CÔTE D'ALBÂTRE (LD LINES)

The Côte d'Albâtre is a superb new ship launched in 2006. She took over from the Norman Spirit in November on the Portsmouth to Le Havre route. Tastefully decorated, the excellent leisure facilities of the Cote d'Albatre includes a magnificent panoramic lounge, a bar, restaurant, boutique, internet, two children's play-areas and 50 high-quality cabins.

PRIDE OF BILBAO (P&O FERRIES)

Capacity for 600 vehicles and 2,500 passengers. The Pride of Bilbao, has four restaurants, a swimming pool and fitness centre, en suite cabins, a children's club and a hair and beauty salon. Other facilities include a casino, a video arcade, a tapas bar and a piano lounge plus two cinemas.

CRUISE

During 2009 the Commercial Port had 22 cruise ship calls. These calls reflect the growing trend of smaller cruise vessels with a more discerning passenger wishing to explore Northern Europe. Visits included calls from the Saga Cruises' vessel, 'Spirit of Adventure' and Fred Olsen ships including the Boudicca. Fred Olsen's presence at Portsmouth extended the cruise season at the Port from the end of October to the end of December.

It was noted that as well as an interesting and historic port of call for tourist passengers, Portsmouth Commercial Port is also ideal for passengers joining or leaving the ship given the excellent transport links to the Port.

STAFF

The Port employs just under 100 direct employees to supply berthing services, pilotage, freight security, engineering, human resources, office support, and IT services.



Other services such as building, cleaning, security, and repairs & maintenance are contracted out as this provides a more efficient resource.

The Port continues to place emphasis on the training and development of all staff. This year the Port has:

- Continued its support of ILM Awards and Certificates in Team Leading
- Continued to support NVQs in Marine Operations
- Supported various courses for personal development such as the Diploma in Port Management

The Training & Development Working Group (which is made up of staff representatives and Senior management) continues its work of developing new training initiatives and supporting learning and development within the Port.

Regular communication with staff is maintained by a cascading briefing system. The Port's own internal staff newsletter, Port Express, is published regularly on the Port's intranet. The online newsletter reports on staff and business news. It aims to help ensure staff are informed of business developments that may affect them, as well as to actively involve them in the Port's Internal Communications plan.

Management are continuing to work closely with staff to ensure their well-being and to reduce absenteeism. A total of 1,181 days were lost as a result of sickness. Of these 897 were certified, 239 uncertified and 45 were industrial injury days.

PERFORMANCE INDICATORS

To help monitor the efficiency and effectiveness of the Port, various performance indicators have been set up and are reviewed regularly.

PERFORMANCE INDICATOR

Finance	2008/2009	2009/10
Return on Capital Employed	15.32%	16.88%
Trading surplus as a % of annual turnover	37.13%	38.17%
Net profit as a % of annual turnover	-6.38%	12.39%
Turnover per employee	£163,898	£174,366
Debtor Analysis – Average age of debt outstanding	36 days	13 days
Creditor payment period (within 30 days of invoice)	94%	90%

There are many other indicators which include:

- plant downtime
- monitoring of engineering productivity
- number of hazardous units shipped through the Port
- monitoring of customer communication
- sickness absence - days per person
- working days lost
- customer focused indicators such as monitoring of correspondence response times and answering switchboards within five rings
- daily inspection of berth infrastructure



THE FUTURE VISION STATEMENT

“The Port of Portsmouth should be a thriving and expanding multi-user Port, open to all that seek to exploit its position as the UK’s Best Connected Ferry Port. It aims to provide its customers with modern and ever-improving facilities of the highest quality, whilst yielding its owners, Portsmouth City Council, a substantial return on its investment and a wealth creating enterprise.”

The Port plans to achieve this vision with a number of exciting new initiatives which include:

- Better links for freight to and from a railhead
- Better car park facilities and links to “park and ride”
- A new airport style central terminal, catering for increased passenger numbers in greater comfort, and an innovative seamless transport scheme to take passengers to their ships
- Improvements to traffic marshalling areas that will smooth the passage of cars and freight through the Port
- A new one stop scheme for monitoring, inspection and clearance by Statutory Bodies
- More flexible berthing and off loading arrangements that allow the Port to take a wider variety of large ferries, fast catamarans and ROPAX ships, and so allow the Port to operate at full capacity and achieve greater utilisation of berths
- New facilities for cruise liners

THE FUTURE ACTION PLAN

Key projects undertaken in 2009/10 as part of the Port's capital programme to meet the future requirements of its customers, included:



BERTH 3 & 4 EXTENSION

The extension of berth 3 & 4 will enable the Port to safely berth new, larger vessels and accommodate new trade. Physical works were substantially completed in year.

NEW TERMINAL BUILDING

In early 2008, the Port appointed a master planner to review its existing passenger and freight facilities, and develop plans for a new, modern terminal to enhance the service the Port provides and meet predicted passenger growth to 2040.

The new terminal, due for completion in 2011, is making good progress and will replace the existing 1976 structure. It will house state-of-the-art facilities for Port customers and be a testament to the Port's position as the Premier Port for the Western Channel.

BERTH 2 SELF SUPPORTING LINKSPAN

This new Linkspan replaces the existing structure which was 22 years of age and had reached the end of its economic life. The new Linkspan is a fully self supporting devise, which has widened the range of ships that can be accommodated and reduces the effort of the berthing process. Physical works were substantially completed in year.



SAFETY PORT MARINE SAFETY CODE

Working closely with the Queen's Harbour Master in Portsmouth, Captain Rupert Taylor has implemented the Port Marine Safety Code for Portsmouth Commercial Port. This information is made available to the public via the Port's website at www.portsmouth-port.co.uk/pmsc

Portsmouth Commercial Port is committed to undertake and regulate its marine operations in a way that safeguards the harbour, its users, the public and the environment.

It aims to facilitate the public right to use the harbour, and to safeguard the public interest in the safety of the harbour's operation in the areas under its control.

Portsmouth Commercial Port undertakes to support commercial activities in the harbour through the safe and efficient provision of the following services and, within its areas of responsibility, the effective regulation of shipping in the harbour.

- By exercising its Powers and Duties in accordance with its Safety Management System
- By providing a safe and efficient pilotage service
- By provision of slot times for the Continental Ferries
- By liaising with and working with the Queen's Harbour Master in the provision of a safe and efficient Harbour
- By ensuring that there are no conflicts of interest between this Code and the Dockyard Port's, Port Marine Safety Code
- By investigating incidents and accidents within its areas of jurisdiction
- By using and maintaining a safety management system
- By working with towage providers to ensure that a safe and efficient towage service is available
- By operating a boat and boatman licensing scheme under the Public Health Act.

SAFETY PORT MARINE SAFETY ACCIDENTS

Marine Accident/Incident Summary

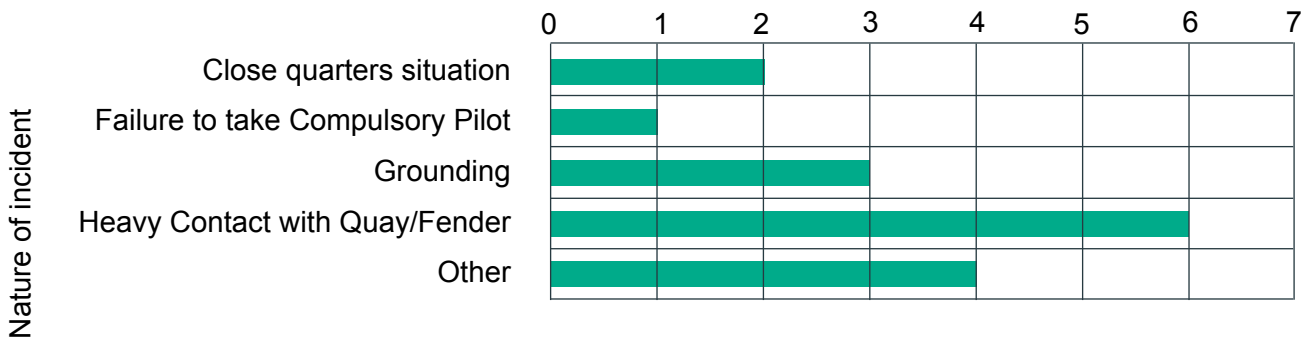
	2008	2009
Total Incidents	16	16

Reported Maritime Incidents

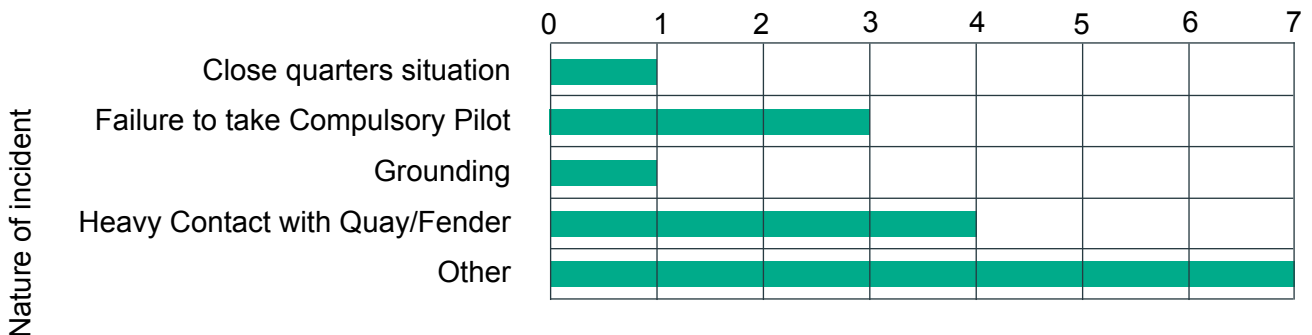
1 January–31 December 2009

Nature of Incident	No
Close Quarters Situation	2
Failure to take Compulsory Pilot	1
Grounding	3
Heavy Contact with Quay/Fender	6
Other	4
Total	16

Reported incidents 1 Jan to 31 Dec 2009



Reported incidents 1 Jan to 31 Dec 2008





QUALITY

This period saw the Port move into a new dimension of health, safety and wellbeing, with the incorporation of environmental management within the health and safety programme. Approval by the British Standards institute to the international standard ISO 14001 was confirmation of a truly reflective Integrated Management System that commits to the prevention of incidents, ill health and pollution and focuses on continual improvement and the demonstration of legal compliance. The benefits have included improved waste management and duty of care.

External audits conducted by British Standards during 2009 and 2010 have reported evidence of improved controls and greater understanding with both staff and Port users on matters relating to health, safety and the environment.

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