

Our Mission Statement

'The mission of Shoreham Port, as a statutory and commercial entity, is to grow commercially, diversify markets, develop strategic infrastructure, encourage and foster strategic partnerships, promote integrated management and support appropriate leisure use of the Port.'



delivering excellence...

Annual Performance Review

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Introduction

Welcome to Shoreham Port's Annual Performance Review 2004, incorporating the consolidated accounts of the Port and all of its subsidiaries. The Review has been produced to reflect the Port's commitment to the principles of openness, transparency and accountability.

Shoreham Port is a trust port, which makes the Port an independent statutory body controlled by an independent board and governed by its own unique legislation. The Port has no shareholders and any financial surpluses are re-invested for the benefit of its stakeholders.

The role of the Board and Management Team is to maintain, manage and develop the Port for all its stakeholders. The Port is conscious of the role that it plays as an economic driver and firmly believes in involving stakeholders in all its activities.

Shoreham Port aims to promote excellence in all that it does by developing, improving and safeguarding the Port for the benefit of all its stakeholders. This will be achieved by:

- Continuing to provide a high quality service at a competitive rate to all Port users.
- Further development of a modern and efficient Port infrastructure.
- Positive marketing of the Port to existing and potential users.
- Ensuring safety within the areas controlled by the Port and continuing to promote a safety culture amongst the Port's tenants.
- Adhering to best practice as an employer and encouraging good employment practice by Port users.
- Encouraging sustainable growth and diversification of the local and regional economy.
- Encouraging improvement of the transport infrastructure in and around the Port.
- Encouraging appropriate leisure uses of the Port.
- Respecting the amenity of those living and working around the Port.
- Safeguarding the natural and human heritage of the Port, including traditional uses of the waters and foreshore.
- Developing regular and project-specific strategic partnerships and facilitating communication with stakeholders as appropriate.



The Port's Commitment to Stakeholders

As a public trust, Shoreham Port does not have any shareholders, however due to its local and regional impact, the Port has formed a number of stakeholder groups.

The Port is committed to being inclusive with all of its stakeholders. As a part of this commitment, the Port has worked hard during 2004 to improve its communication channels.

Stakeholders

The Port's ongoing commitment to stakeholder inclusion has strengthened during the course of 2004. The Port has taken a pro-active stance within this area by facilitating the formation of a number of stakeholder forums, and by providing mechanisms for liaising with and receiving feedback from the local community and other parties.

The stance is reflected in our improved communications with the following stakeholder groups:

Commercial Customers and Partners

This year saw the formation and inaugural meeting of the Port Users Group. The Group comprises a committee representing all sectoral interests of the Port, including representatives from private wharfingers, port agents, recreational sector and members of the Port's board. The Group will continue to meet twice a year to communicate plans, objectives and timings which are of interest to commercial customers and partners.

Strategic Partners

The Port continues to work closely with a number of key local and regional agencies responsible for economic development. Working with its strategic partners, the Port has remained active throughout the year in helping to determine transport policy, local and regional economic development plans and the protection of the natural environment.

Communities & Local Residents

Communications activity with the local communities has been enhanced through a number of initiatives. Further channels of communication have been developed and supported, such as The Local Authority Liaison Committee through which the Port can communicate directly with local authorities and development associations, and the Association of Harbour Communities which liaises with local interest groups. The Port held its first 'Public Meeting' on 19 July 2004 which is designed to encourage local stakeholders to come and tell us what they think. In addition, the Port launched its new information rich website designed to deliver up to the minute news, issues and Port information.

Employees

We continue to recognise the loyalty and commitment of our employees as a key factor in achieving our business objectives. The Port has always regarded openness and accountability with its management and staff as crucial to its continued successful operation. During the year the Port has shown its commitment to this key stakeholder group by improving working practices and by better communication of the Port's ambitions and future plans. Communication with employees is conducted via both line management and the Works Council. The Works Council is attended by elected employee representatives, senior management and a Board Member and met four times throughout the year.



The Board of Shoreham Port met regularly throughout 2004 to fulfil the commercial, operational and strategic requirements of the Port.

Corporate Governance

During the year, 5 of the 9 Non Executive Board Members reached the end of their 3 year tenure. The posts were openly advertised according to Port procedure and appointments were made accordingly. Brian Wheeler retired as Chairman of the Board and was replaced by Rod Danes, Rod's previous position as Deputy Chairman being filled by Dennis Scard. In addition to Brian's retirement, 2 Board Members have stepped down and have been replaced; a further 2 Board Members have been re-appointed during the period. The standing committees within the Board were restructured accordingly.

The Port adopted the new Harbour Revision Order in June 2004 enabling the requirements and recommendations of the Trust Ports Review came into force. The Order significantly increased the Port's borrowing capabilities to enable substantial future developments.

The Port's first Public Open Meeting was held in July 2004, at which stakeholders received a presentation on results and future plans and were given the opportunity to question Port officers on a number of wide-ranging issues. The Port remains committed to openness and accountability, with the next Public Meeting scheduled at the Southwick Community Centre on 4 July 2005.

During 2004, the Port established and held the first meetings of the Port Users Group and Local Authority Liaison Committee. The Local Authority Liaison Committee and a Port Users Group provide a mechanism by which key stakeholders can regularly communicate with Port representatives.

Board attendance

During 2004, Board member attendance at Board meetings was as follows:

| | Board Meetings | Audit Committee | Remuneration Committee | Port Users Group | Local Authority Liaison Committee | Works Council | Health & Safety Committee | Port of Shoreham Trustee Company | Total Attendance |
|-------------|----------------|-----------------|------------------------|------------------|-----------------------------------|---------------|---------------------------|----------------------------------|------------------|
| R Danes | 7 / 7 | 3 / 3 | 4 / 4 | 1 / 1 | 1 / 1 | - | - | - | 16 / 16 |
| D Scard | 7 / 7 | - | 4 / 4 | - | 1 / 1 | 4 / 4 | - | 4 / 4 | 20 / 20 |
| J MacDonald | 6 / 7 | 3 / 3 | - | - | - | - | - | - | 9 / 10 |
| S Savill | 7 / 7 | 1 / 1 | - | 1 / 1 | - | - | - | - | 9 / 9 |
| B Blundell | 7 / 7 | - | - | 1 / 1 | - | - | 5 / 5 | - | 13 / 13 |
| R Carden | 7 / 7 | - | - | 0 / 1 | 1 / 1 | - | - | - | 8 / 9 |
| R Neal | 7 / 7 | 2 / 2 | 4 / 4 | 1 / 1 | - | - | - | - | 12 / 12 |
| J Rodway | 6 / 7 | 1 / 2 | - | - | 0 / 1 | - | - | - | 8 / 10 |
| D Copeman | 5 / 7 | - | - | 1 / 1 | 0 / 1 | - | - | - | 6 / 9 |
| B Wheeler | 2 / 2 | - | - | - | - | - | - | - | 2 / 2 |
| P Hawkes | 2 / 2 | - | - | - | - | - | - | - | 2 / 2 |
| N Parkin | 2 / 2 | - | - | - | - | - | - | - | 2 / 2 |

Notes: Sussex Port Forwarding Meetings not considered in grid as held on same day as main Board Meetings. Board Induction Day, Open Day & Public Meeting and other one-off meetings which are not standing Committees of the Board also not included. Board Members also attend the Port for a variety of other business reasons.



As part of the Port's adoption of an Environmental Code of Practice, and recognising its environmental responsibilities, the Port has achieved its stated aim of producing its Environmental Policy Statement, as proposed in last year's Performance Review. The Statement reflects the Port's commitment to sustainable development and the environmental life of the Region.

Shoreham Port is committed to the maintenance of the local marine environment. The Port recognises both its statutory and community responsibilities to protect the natural environment of the Port and surrounding area.



The Environment

ENVIRONMENTAL POLICY STATEMENT

Shoreham Port as the Competent Harbour Authority is the responsible body for conservancy, pilotage and the maintenance and sustainable development of the Port, and it recognises that it plays an important part in the economic, environmental and social life of the surrounding communities and Region.

The Board and Management recognise its environmental responsibilities and are committed to:

- Using its best endeavours to prevent pollution and minimise the impact on the environment of its operations and those of Port users and tenants as far as possible and within its control by means of a programme of continuous improvement.
- Implementing and developing an environmental management system which will provide a framework for the setting, monitoring and auditing of environmental objectives and targets.
- Making sure its environmental programme remains appropriate and its performance satisfactory by performing regular reviews that consult and involve employees, the local community, Port users and other relevant organisations.
- Reporting on and publishing environmental indicators as part of an environmental management system.
- Complying with applicable legislation, regulations and other standards to which it subscribes and, where practical, exceeding these requirements.
- Encouraging staff, contractors and Port users to consider the environment in all their activities by developing systems of work that use resources more efficiently, use fewer harmful materials and reduce waste that cannot be re-used or recycled.
- Identifying potential risks and develop plans of preparedness to cope with any incident in the Port liable to cause environmental harm.
- Using all appropriate means of communication to publicise and promote this Statement and our continuing commitment to this policy for the benefit of existing and prospective customers and Port users, and the wider stakeholders in the local community.

Shingle Bypassing and Recycling

Part of the Port's environmental duty is to protect the beach environment of the South Downs. There is a natural process of shingle movement along the Sussex coast which affects all three beaches that are under the Port's management.

Shoreham Port has adopted a programme of shingle bypassing to protect Southwick Beach from erosion problems caused by the blocking of eastward shingle movement by the harbour entrance breakwaters. Shingle is excavated from the west side of the entrance and transported and placed on the east side. Studies have shown that as a result of this programme, beach volumes along the Port have improved and stabilised.

Shoreham Port also has a statutory duty to maintain Kingston Beach. The effective maintenance of this beach is crucial to the integrity of the A259 Brighton to Worthing road. The beach is very dynamic with waves entering the harbour spending themselves on the beach, causing a movement of shingle from west to east. To reverse this process, the Port has developed a programme to excavate shingle from the terminal groyne area and transport it back to the western end, filling in areas of erosion.

Oil Spill Response

In the event of a Tier One incident, appropriate response actions will be taken in accordance with Shoreham Port's Oil Spill Contingency Plan. To deal with this type of incident, Shoreham Port has its own in-house Oil Spill Response Unit.

Should a Tier Two or Three incident occur, the Port's Oil Spill Management Team would convene and assistance would be provided by Oil Spill Response Limited (Southampton), who provide regional oil spill response services to the Port.

Waste Management

Shoreham Port has now implemented a Waste Management Plan approved by the Maritime and Coastguard Agency.

We continue to investigate recycling opportunities throughout the Port as part of our commitment to protecting the environment. In two recent developments 20,000 tonnes of landfill waste has been saved by recycling demolition arisings.



Shoreham Port takes its corporate responsibility for the safety and well being of its staff and its duty of care to those visiting the Port very seriously. Health and safety at work continues to receive a high priority from both line management and the Board. A duly appointed Safety Committee meets regularly and is attended by a Board Member with designated health and safety responsibility.

Health & Safety

Regular safety inspections continue to be programmed, reinforcing our risk assessment and safety management systems. The Authority is never complacent; not only does it log all reports of accidents, it records all incidents of 'near misses' as a matter of policy in order to identify risk and proactively prevent 'near misses' becoming future accidents.

Shoreham Port continually updates its Health and Safety Policy Manual, which sets out the Port's commitments, policies and Safe Systems of Work.

The Port subscribes as a member of Ports Skills Safety Ltd, the industry's safety, skills and training body, which provides safety information and appropriate training programmes relevant to ports and harbours.

The Port Marine Safety Code

The Port Marine Safety Code is a national standard for port marine safety that resulted from the 'Sea Empress' incident at Milford Haven. The Port is required to identify all marine hazards within its area and to assess the risks that remain after considering the procedures and infrastructure already in place to address that risk.

Having adopted the Safety Code in 2002 and introduced the Safety Management Policy and supporting systems, the Port continues to gather and interpret information about incidents with a view to improving the overall safety management of the Port.

Port Security

As part of an ongoing commitment to maintaining a high level of security at Shoreham Port, the Board and management have identified several procedures that have now been implemented. Following a thorough security audit during 2004, a rigorous and ongoing process of risk assessment has been put into operation across all Port activities and facilities resulting in a significant increase in security levels.

The Port now exceeds the International Ship and Port Facility Security Code and is in full compliance with International Maritime Organisation and European maritime security requirements and procedures as dictated by TRANSEC (Transport Security Directorate) to counter threats to the UK transport network.

Shoreham Port now plays a major role within the community in emergency contingency planning, working alongside the Police, Fire and Ambulance services to ensure adequate preparation for dealing with disasters.



Shoreham Port continues to play a major part in the community, contributing to the life and well being of local people and organisations. The Port works actively with schools, colleges and universities as well as local groups and charities to promote sustainable development and strong links within the community.

Community & Leisure

Work is now well underway to regenerate the North Canal Bank, with plans unveiled for a mix of offices, restaurants and other leisure facilities as well as a business village of light industrial units for hi-tech businesses. The site, known as the Lady Bee Canalside Village, will also feature a marina and dry boat storage. The plans were drawn up after extensive consultation with the local community and a public exhibition in June 2004, which received an overwhelmingly positive reaction.

As part of the Port's ongoing commitment to engage with the local community, it holds Port Open Days every other year, inviting members of the public and customers of the Port to participate in a variety of activities representative of the wide range associated with Shoreham Port. The 2004 Open Day, which was held on the 11 July, was extremely successful, attracting over 3,000 visitors to the numerous stands and displays.

The Port has an established relationship with Fishersgate Community First School and supports a number of school and educational initiatives. During 2004, as well as the usual tug trips and visits, the School ran a painting competition, inviting children to paint pictures of the Port and Port activities. Pictures from the winners and runners-up were displayed at the Port's Open Day. The Port has also sponsored a new strip for the Fishersgate Community Association Football Club, which sports the new Shoreham Port logo.

The Port has demonstrated its accountability to the community through the creation of two new groups – the Port Users Group and the Local Authority Liaison Committee, as well as the Port's Annual Public Meeting. Regular meetings will take place every 6 months ensuring that both play a pivotal role in the future management of Port stakeholder relationships.

The Port plays host to a variety of leisure pursuits, such as fishing and watersports and the redevelopment of the Lady Bee Marina will also provide additional land to support leisure activities and increase the number of available moorings.



Shoreham Port is a complex business, acting as an enabler and economic driver for local and regional businesses.

Shoreham Port is a major contributor to the local and regional economy. The Port's business interests span a diverse range of commercial operations including stevedoring, warehousing, shipping, property, leisure and marine services.



Financial Impact

Shoreham Port is a major contributor to the local and regional economy. The Port's business interests span a diverse range of commercial operations including stevedoring, warehousing, shipping, property and leisure.

Investment in its infrastructure and operations is crucial to the Port's ability to maximise its future economic contribution to the region.

2004 saw a series of major investments for the Port, the most significant of these were:

- The completion of the Tarmac Terminal
- The completion of Phase I of reclamation work on the Lady Bee Marina
- A complete re-branding exercise and the updating of the Port's corporate identity

Though the Port saw a small decrease in cargo throughput and turnover during the year, the continued commitment to investment and improvement is clearly shown by the usage of cash surpluses to invest in capital expenditure items.

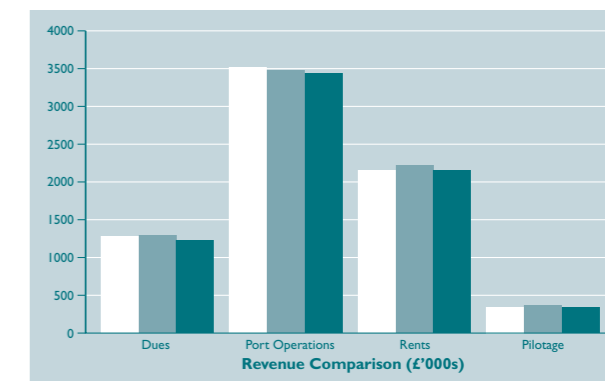
Further major investments in the Port infrastructure are planned for the coming year.

Turnover & Revenue Comparison

"Despite a small reduction in cargo throughput, the comparison of the Port's income streams over the last three years demonstrates the inherent stability of our business."

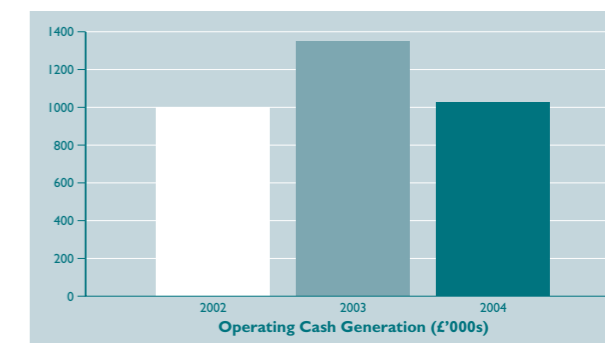
key

□ 2002 ■ 2003 ■ 2004



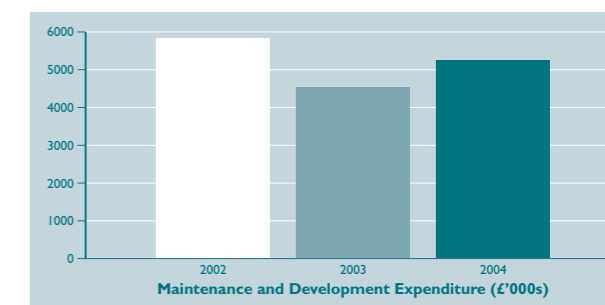
Operating Cash Generation

"The improvement in our operational cash flow over that achieved in 2002 is clearly demonstrated by this graphical representation. It is the cash earned from our operating activity that enables continued investment in our infrastructure."



Maintenance & Development Expenditure

"The underlying purpose of our existence is to maintain and develop the Port. Over the last three years in excess of £15 million has been expensed directly in the maintenance and capital improvement of our substantial estate and associated interests."





The Board and Executive Officers

The Board

Rod Danes Chairman

Rod Danes was elected Chairman in 2004, having joined the Board in 1999. This followed a career in large utility companies in the UK and the USA. He is Chairman of the Port Authority's Remuneration Committee and also of Sussex Port Forwarding Limited. He holds qualifications in private and public sector accountancy and finance, FCCA and CPFA.

Dennis Scard Deputy Chairman

Dennis Scard was appointed to the Board in 2002 and was elected Deputy Chairman in 2004. He was General Secretary of the Musicians' Union from 1990 to 2000, during which time he was a member of the TUC General Council and Executive Committee and TUC spokesman on arts' matters, and also Vice President of the International Federation of Musicians. He has wide experience of employment law and employment practices and is currently a panel member of the DTI's Central Arbitration Committee and a Board member of a number of arts' organisations. He lives in East Sussex.

Brian Blundell was reappointed to the Board in 2004 and has knowledge and experience relating to the Port User Group. He has been a Board member since 1996 and has special responsibility for Health and Safety matters. He is also a Director of Sussex Port Forwarding Limited. Until he retired he was the Sussex Area Manager of a resident international aggregate company. He is a Fellow of the Institute of Quarrying and worked in and around the Port of Shoreham for some 30 years. He lives on the Shoreham/Southwick border.

Bob Carden was reappointed in 2004 and first joined the Board in 1996. He is a Brighton and Hove Councillor and is Chair of the Council's Planning Applications Committee. From May 2005 will be Mayor of Brighton and Hove. He represents a Portslade ward close to the Port and lives in Portslade. He has recently retired from his work at a local company.

Derek Copeman was appointed to the Board in 2004, where he represents the leisure sector. He is a chartered architect and is the principal of his own architectural practice specialising in housing, urban regeneration and leisure developments. He has a keen interest in sailing and water-based activities and was elected Vice Commodore of Sussex Yacht Club in 2005. He holds a yacht master qualification and a private pilot's licence. He has recently relocated his practice to Sussex and now lives and works in the Shoreham area. He has many links with the Adur District and Brighton and Hove.

James MacDonald was appointed to the Board in 2002 and was appointed Chairman of the Audit Committee in July 2004. He has a legal background and is currently a senior lecturer in law at the University of Brighton and an external examiner at Aston University Business School. He lives in Hove.

Notes: Richard Neal OBE and Derek Copeman were not available on the day of the photograph.

Richard Neal OBE joined the Board in 2004. He recently retired to East Sussex after a career in shipping in the Far East, principally in Japan and Hong Kong where he held senior management positions in the British shipping industry. He also has extensive experience of port and terminal management and operations in the Asia-Pacific region. He is a Member of the Institute of Chartered Shipbrokers and was appointed OBE in the Millennium New Year Honours for services to British-Japanese Trade, having served for seven years on the Executive Committee of the British Chamber of Commerce in Japan, of which two years as President.

John Rodway was appointed to the Board in 2004. He is a former Sussex Police Officer and at present is the Corporate and Public Safety Manager with Adur District Council. He is a Member of the International Institute of Risk and Safety Managers and the Emergency Planning Society. During 2004/5 he is seconded to Sussex Police as a project manager to examine alcohol related crime and the impact of the Licensing Act in the local community. He will support the Board on health and safety matters in addition to the matters arising from the Civil Contingencies Act and emergency preparedness of the Port Authority.

Stephanie Savill was appointed to the Board in 2003. She is a chartered marketer, a Member of the Institute of Marketing's Sussex management team and holds an MBA in Strategic Marketing. The majority of her career has been spent in senior management roles in the leisure industry, holding executive directorships for divisions of Granada and Mecca plcs. She now runs her own business in Steyning.

The passing of the amendment to the Constitution heralded a new era for the Port, with five members being appointed through an open, accountable and transparent process in accordance with the Department for Transport's Trust Ports Review: Guidelines for Good Governance.



Executive Officers

Rod Johnstone Chief Executive

The Chief Executive is Rod Johnstone, who joined Shoreham Port in January 2003. He came to the Port from the North Scotland Industries Group and prior to that he was Chief Executive of Cromarty Firth Port and worked at the Port of Montrose in a number of senior management positions. He is also a Director of Sussex Port Forwarding Limited and a Director of the Adur Economic Partnership. In addition he has been elected to serve on the Council of the British Ports Association.



Tim Waggott Finance Director

The Secretary to the Board and Finance Director is Tim Waggott, who has worked at the port since April 2001. He is Deputy Chief Executive of Shoreham Port and Finance Director of Sussex Port Forwarding Ltd. He has a background in leisure, insurance, business services and property sectors.



Alan Motterham General Manager-Sussex Port Forwarding

The General Manager of Sussex Port Forwarding Limited is Alan Motterham who joined the company in 1997. He has over 30 years' experience in mechanical engineering and stevedoring and holds a Diploma in Port Management.



Colin Crookshank Harbour Master

The Harbour Master is Captain Colin Crookshank, who has been employed at the port since 1990, initially as a pilot and then Deputy Harbour Master before becoming Harbour Master in April 2002. He has a background in deep-sea shipping.



Tony Vaughan Port Engineer

The Deputy General Manager and Engineering Director is Tony Vaughan. He has worked for Shoreham Port since 1987. He is a chartered civil engineer and his current role covers all operational and engineering functions.





2004 has seen a tremendous amount of investment and subsequent improvement in the way the Port operates, how it communicates with the community and its commitment to the environment, all of which have been stated aims of the Port during the previous 12 months.

Shoreham Port looks set to enjoy a very exciting and successful future.

The port is continually being developed to maintain and support a diverse customer base and to benefit all its stakeholders.



Performance Against Strategic Benchmarks

As part of the performance review for 2003, the Board identified and approved a number of business objectives against which Shoreham Port's management team could measure its performance during the coming year.

The following table restates these objectives and illustrates the Port's performance against them:

The Port is proud to announce that it has achieved the following objectives during 2004:

- The Port has now undergone an extensive re-branding exercise, including the development of a new corporate identity.
- As part of a wider Marketing and Communications strategy, the Port has successfully developed and launched a new website (at <http://www.shoreham-port.co.uk>).
- The outline planning application for the North Canal Bank was successfully lodged in September 2004.
- The new bulk handling and facility at the former LDF wharf site was completed and operational in September 2004.
- The first meetings of both the Port Users Group and Local Authority Liaison Committee took place in September 2004; regular 6 monthly meetings are now planned. Both the Users Group and Liaison Committee play a pivotal role in the management of Port stakeholder relationships.

Ongoing objectives for 2005 continue to be:

- The development of the Port's Marketing and Communications strategy.
- The development of a Leisure Sector strategy.
- The further improvement of the Port's IT systems and their ability to support new developments.
- The expansion of the supply chain function in order to provide the highest levels of customer focus and service.
- The high quality development and maintenance of the Authority's infrastructure.
- The further development of the Port's business activities in order to achieve the 2005 financial budgets, previously approved by the Board.

Despite successfully reaching an agreement for the future development of Fishersgate Terminal, the Port was unable to secure the lease due to a failure on the Government's part to provide intervention funding for the project (Freight Facilities Grant). The area is now being strategically marketed to a number of potential users.

Moving Forward

Accountability

Continuing its commitment to Openness, Accountability and Transparency, the Port will be holding its next Public Meeting at the Southwick Community Centre on 4 July 2005. Once again, stakeholders will have the opportunity to meet the Management Team and the Board and to gain an understanding and appreciation of the Port's operations.

Investing in People

Shoreham Port is committed to the investment in, and training of, all staff. Health and Safety training has and will continue to be a top priority for all staff, but in addition to this, staff receive ongoing training in their own area of particular expertise to ensure that they keep up to date with the latest practices and theories.

Investing in Infrastructure

The Port has planned a major investment programme during 2005 which will see: the purchase of new cranes; the renewal of its forklift fleet; improvements to its lock control system; investment in tugmasters and trailers; maintenance dredging; commitment to shingle bypassing; repairs to the Brighton Terminal; enhancements to security through CCTV installation; and upgrades to fencing and signage.

Serving Stakeholders

In line with its stated objectives Shoreham Port was pleased to establish and hold the first meetings of its Port Users Group and Local Authority Liaison Committee, both of which will play a pivotal role in the management of stakeholder relationships. The Port continues to provide ongoing investment to improve the infrastructure and services offered to all customers.

A Bright Future

Shoreham Port aims to deliver excellence for all of its stakeholders, now and in the future. It remains flexible and sympathetic to the changing needs of all that use the Port's services and facilities and looks forward to exciting developments in the forthcoming year.