



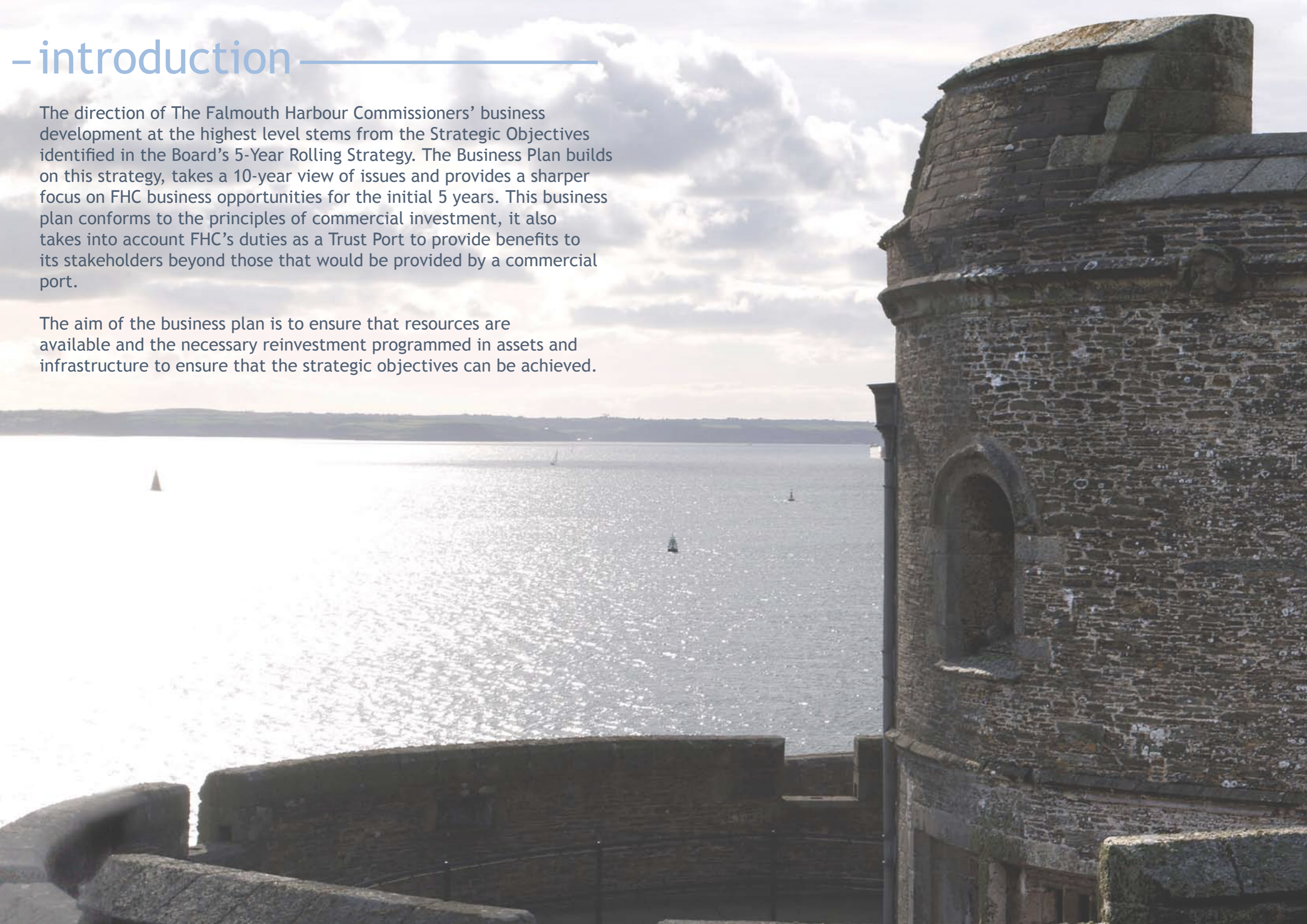
Falmouth Harbour
Commissioners

business plan statement 2009-2019

– introduction

The direction of The Falmouth Harbour Commissioners' business development at the highest level stems from the Strategic Objectives identified in the Board's 5-Year Rolling Strategy. The Business Plan builds on this strategy, takes a 10-year view of issues and provides a sharper focus on FHC business opportunities for the initial 5 years. This business plan conforms to the principles of commercial investment, it also takes into account FHC's duties as a Trust Port to provide benefits to its stakeholders beyond those that would be provided by a commercial port.

The aim of the business plan is to ensure that resources are available and the necessary reinvestment programmed in assets and infrastructure to ensure that the strategic objectives can be achieved.



key considerations

High level assumptions over the 10-year period of the Plan provide the key drivers. First among these is that the Port will continue to be commercially viable and that bunkering operations will continue at the 2008 level over the initial 5 year period.

It is anticipated that the dredging of the harbour will proceed, thus enabling an increase in commercial shipping and an opportunity for alternative energy technologies to be based in Falmouth. It is considered that there will be an increasing demand for leisure activities and opportunities for Falmouth to host maritime events.

Environmental challenges will remain at current levels and it is expected that the overhead for legislation is likely to increase.

The working assumptions that derive from the above are that staffing levels will need to remain at or above that of 2008, there will be a requirement for FHC-owned craft to be maintained at current levels and there is an urgent need to enhance the office space to provide an efficient service.

Improvement to FHC real estate and Port Control facilities will need to be addressed.

economic climate

The predicted performance of the Port needs to be set in the context of the current economic climate. In general, economic forecasts anticipate a slowdown in the global economy that will reduce international freight traffic and thus general shipping activity.

The majority of the Commissioners' income stream relies on the activities of other businesses, particularly in the marine sector, that are subject to outside market forces and the wider economic influences. This makes reliable forecasting of income extremely challenging. The business plan is therefore subject to annual review, when the

expenditure programme will be assessed to ensure that it remains affordable.

The Board aims to provide good quality services within a competitive pricing structure to facilitate the competitiveness of those businesses operating within the Port environment by providing navigational infrastructure and pilotage so that vessels may navigate safely within the port.



investment policy

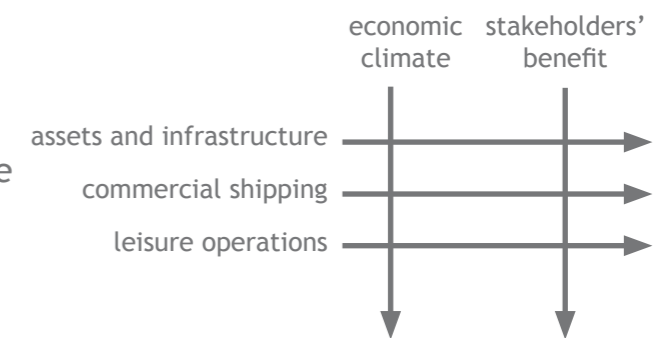
Investment in assets to provide the long term resilience of the Port is of prime importance whilst maintaining appropriate levels of reserve.

Accommodation of staff in facilities more fit for purpose will enable safer port operations, lead to greater efficiency and more flexibility, which in turn will result

in a better service for customers. Improvement of local amenities will assist in enhancing the prosperity of Falmouth to the benefit of the stakeholders.

investment plan

In line with the corporate strategy the investment plan will be a 5 year rolling plan, reviewed annually for approval at the budget meeting. It will be effected by balancing the prevailing economic climate with the stakeholders' benefit against the assets and infrastructure, commercial shipping and the leisure operations.



Above: Diagram detailing Investment Plan

— assets and infrastructure —



The Port Estate consists largely of seabed or fundus and the historic quays that formed the original port infrastructure including Custom House Quay, North Quay and King Charles Quay. The Falmouth Harbour Commissioners also own the Harbour Office building, situated in Arwenack Street, a building on North Quay, and part of the Grove Place Boat Park with the associated Slipway.

The substantial growth experienced in the last two years has placed the existing office accommodation under considerable strain and in the interest of efficiency the Board has decided to construct a new building on North Quay. The larger building will provide fit for purpose accommodation for the leisure services section and a more streamlined

management of the Yacht Haven Facilities as well as improved amenities for visitors. The immediate development of the improved leisure services support facilities will involve the demolition of the existing shower block followed by the erection of a larger building on the combined site of the existing building and the former site of North Quay House.

The building development will allow a programme of improvements to the whole North Quay site with the aim of improving appearance and public access. In financial terms ownership of the new building will increase the fixed assets of the commissioners that it is anticipated will appreciate in value. It will also provide potential for further organisation

expansion and improved harbour monitoring.

Allowance is made for works in respect of the main office building. This anticipates that the working space will require reconfiguring after leisure services have relocated to North Quay. The capital proposal also allows for the long-deferred proposal to undertake construction of a new workshop facility at Grove Place. The new, larger, structure for which planning permission has already been obtained will provide purpose-built storage and maintenance facility that will improve the appearance of the working area and reduce associated hazards to the public. The improved workshop facilities will improve FHC maintenance capabilities and reduce costs.

The Commissioners own a fleet of craft with which it manages its statutory functions. These include two pilot boats, a relief pilot boat / harbour master's launch, a fast patrol craft and a mooring maintenance vessel. In addition there are two small general purpose motor boats.

The reliability of the Commissioners' fleet is fundamental to achieving its performance targets in safety critical areas. For this reason Provision is included for craft-improvements, specifically a life-extension programme for PENDENNIS; the Board has already approved new engines for the L K MITCHELL.

— commercial shipping —



The Port has experienced an extremely busy year in 2008, largely due to a very significant increase in bunkering activity after the introduction of the Sulphur Emissions Control Area (SECA) in August 2007. Although it is anticipated that SECA regulations will be reviewed, particularly in respect of the allowable sulphur content, it is likely that the boundary will remain unchanged for the next 5 years.

On this basis, FHC are forecasting a similarly high level of harbour dues and pilotage income throughout the period, and will be working closely with those involved in delivery of bunker fuel to ensure that the port charges remain competitive. Provision is made for supporting the

Falmouth Port Development Initiative. The Board recognise that a major threat to the long term future of the Port is its shallow approach that is substantially less than most other ports receiving similar-sized vessels.

The Environmental Impact Assessment delivered towards the end of 2008 indicates that dredging is feasible from an environmental viewpoint and barriers to delivery are largely financial. It is likely that funding will be required for a further Economic Impact Assessment as well as expenses relating to consent applications.

This funding is not shown as part of the capital programme but is included in the extra-ordinary expenditure

budget for 2009.

This scheme is considered to be strategically vital to the future well-being of the Port and to the long-term interests of a large number of other stakeholders, including regional and national stakeholders.

Key to the ability to accommodate the increased commercial shipping activity has been the acquisition of the new pilot boat ARROW in 2006. However, the increase in movements has been such that the decision has been made to retain the L K MITCHELL to provide reliable support for the ARROW. Over the next five years a decision will need to be taken as to whether or not to order a new boat to replace the L K MITCHELL.

Provision is made for expenditure on port monitoring systems, such as radar and CCTV, as the Commissioners are committed to a safe port environment. There will be an increasing requirement for monitoring as more attention is focussed on the Port Marine Safety Code. FHC has a clear obligation to comply with the Code and reduce identified risks to as low as reasonably practical.

This investment will enable primary functions to be discharged more effectively as well as providing security for FHC premises; the CCTV system has frequently supported police and other agencies in their investigations.

– leisure operations –

Falmouth Harbour Commissioners leisure businesses had a turnover of approximately £285,000 in 2008. Whilst recognising that the current economic climate will make growth for 2009 and 2010 challenging, the Board believe that concentration on good value facilities for residents and visitors will perform well and show a slight increase. In the longer term, the Board is confident that the growth in requirement for both residents and visitors facilities will continue.

Provision is made for enhancing the yacht haven facilities to increase the number of available visitors berths close to the Town Centre. This expansion will accommodate additional winter berthing and offer potential for increased residents berthing.

The programme will allow for the upgrading of facilities on the pontoons to the benefit of customers and provide further stakeholder benefits in terms of the financial impact on the Town. An additional stakeholder benefit of the Visitors Yacht Haven extension will be the sheltering of a section of Fish Strand Quay; this will help support the Town Development Plan and will assist with the redevelopment of this site for marine use.

The investment plan encompassing the new building on North Quay and the improvement of the Visitors Yacht Haven will provide for greater efficiency within the Leisure Services section. It is also anticipated that an increase in revenue will be generated by the improved stakeholder facilities and the enhanced experience for visitors.

– conclusions –

The business plan provides a rolling framework for decisions relating to investment and development of the FHC's infrastructure and facilities.

The Business plan will be reviewed annually and a statement prepared and published to ensure that the organisation's intentions are transparent.

In preparing its plans the Board will have regard to the Guidance given by the Department for Transport in relation to the governance, openness and accountability of Trust Ports. They will also have regard to local and regional plans and strategies and national and EU policies together with the views of their stakeholders.

The Board will undertake formal consultative meetings with both leisure and commercial stakeholders and use the input from these sessions to review and revise their plans.

The business plan statement will be available both from the FHC web site and in printed form from the Harbour Office. It will be distributed to those attending the FHC Annual Meeting.

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Falmouth Harbour
Commissioners

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