

**At a meeting of the PORT BOARD held at CAPSTAN HOUSE, GREENWELL QUAY, SOUTH DOCKS, BARRACK STREET, SUNDERLAND on THURSDAY 2 DECEMBER 2010 at 9.00 a.m.**

**Present:-**

Councillor P. Watson in the Chair

Councillors Allan and Mordey, and Mr. F. Nicholson and Mr. K. Wilson.

**Part I**

**Apologies**

An apology for absence was submitted to the meeting on behalf of Councillor McClennan.

**Declarations of Interest**

There were no declarations of interest.

**Minutes**

21. RESOLVED that the minutes of the last meeting of the Board held on 1 November 2010, Part I, were approved as a true record subject to the following amendments:-

Trading Update to read 'A Port reserve had previously been established to meet investment requirements. This comprised an uncommitted balance of £575,000 and a committed balance of £320,000'.

**Port Procurement Procedures**

The Director of Financial Resources and Head of Law & Governance submitted a report providing Board Members with a general overview of the public procurement rules insofar as they applied to the Port and the procedures for the award of Port contracts which involved the procurement of works, services or goods.

Jonathan Rowson, representing the Head of Law and Governance explained the key provisions of the Utilities Regulations which apply to higher value Port procurements, as outlined in section 3 of the report. In summary the Regulations offered greater flexibility than the equivalent provisions in the Public Contracts Regulations 2006 for non-Port procurements. In particular, there were higher financial thresholds for supplies and service contracts before the Utilities Regulations applied to the Port's procurement activities.

Members of the Board were advised that where the total value of a Port contract exceeds the relevant thresholds set out in the Utilities Regulations, the contract must be publicly advertised to potential contractors in the Official Journal of the European Union (OJEU) and then awarded in accordance with one of the procedures outlined in the Regulations.

There were only a small number of permitted exceptions to this requirement to advertise an above threshold contract through the OJEU. One exception was where the need for the procurement had arisen for reasons of extreme urgency brought about by unforeseen events which rendered it impossible for the Council to undertake a full and competitive procurement process and any delay could lead to a breach of contract and financial liability to a third party customer or loss of business to the Port.

In addition, the Council has its own internal Procurement Procedure Rules as part of the Constitution which apply to all Council service areas including the Port. These rules govern the internal procedures for the award of contracts (in particular those contracts below the thresholds for the Utilities Regulations), authorisation for the award of all contracts and any variations/extensions to existing contracts.

Mr Nicholson referred to paragraph 4.5 of the report which detailed the level of authorisation required for the award of Port contracts and questioned whether the Board would be made aware of the award of contracts below £250,000 which are delegated to the Deputy Chief Executive where there is existing budget provision. The Port Director advised that he would use his judgement and report contracts which had been awarded under delegated powers as and when necessary.

When enquiring as to what level of competition is applied to the award of below threshold Port contracts, the Board were advised that with regard to procurements above £75,000 the general position is that contract would be advertised and competitively tendered whilst in the case of contracts below £75,000 where practicable up to three quotations would be sought from suitable providers.

Consideration having been given to the matter, it was:-

22. RESOLVED that the contents of the report be noted.

### **Financial Position – Summary**

The Port Director submitted a report which advised the Board of the current trading position for the Port of Sunderland.

Members were referred to section 3 of the report which detailed the projected outturn based on actual figures to the end of Period 7, 31 October 2010.

As the year progressed further clarity on spend and income projections were being achieved. On-going work by the Port Director in reviewing expenditure requirements and income projections was continually informing the outturn position. This exercise in conjunction with seeking to develop the Business had the clear aim of mitigating the budget position to present the best possible outturn position.

Consideration having been given to the matter, it was:-

23. RESOLVED that the contents of the report be noted and further financial reports be received during the course of the year.

### **Local Government (Access to Information) (Variation Order) 2006**

24. RESOLVED that in accordance with the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during consideration of the remaining business as it was considered to involve a likely disclosure of information relating to the financial or business affairs of particular persons (including the Authority holding that information) (Local Government Act 1972, Schedule 12A, Part I, Paragraph 3).

(Signed) P. WATSON,  
Chairman.

### **Note:-**

The above minutes comprise only those relating to items during which the meeting was open to the public.

Additional minutes in respect of other items are included in Part II.

