

**At a meeting of the PORT BOARD held at CAPSTAN HOUSE, GREENWELL QUAY, SOUTH DOCKS, BARRACK STREET, SUNDERLAND on MONDAY, 6 SEPTEMBER 2010 at 9.30 a.m.**

**Present:-**

Councillor P. Watson in the Chair

Councillors Allan, McClennan, Mordey and Mr. F. Nicholson

**Also in Attendance:-**

Mr. K. Wilson

**Part I**

The meeting commenced with a tour of the Port.

**Apologies**

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

**Declarations of Interest**

Councillor Allan declared a personal interest in relation to item 8 – Commercial Update as Portfolio Holder for Resources.

**Minutes**

5. RESOLVED that the minutes of the last meeting of the Board held on 26 July 2010, Part I, be agreed as a true record.

**Trading Update**

The Port Director submitted a report advising the Board of the current trading position of the Port of Sunderland.

Members were reminded that the Port's annual budget was agreed at Council on 3 March. The budget did not include income targets neither did it reduce to take into effect the impact of the loss of the SOSL contract. In acknowledgement of the potential trading difficulties as a consequence of the economic downturn, a prudent level of contingency provision was agreed by Cabinet in June.

Members referred to the latest trading position, as detailed within the report and acknowledged that this reflected the full year impact of the loss of the oil contract and also due to general economic conditions a deficit of £755,000 was shown at the end of period 4, 31 July. The forecast income position had improved reflecting a reduced overspend on employee expenditure following the release of a number of temporary employed staff that were taken on to assist with stevedoring duties. The Port Director assured the Board that he was constantly seeking to develop business opportunities in order to mitigate the budget position and present the best possible outturn position.

Mr. Wilson queried the 'non delegated items' and was advised by Mr. Magog that these included financial, legal and administrative support in the form of Service Level Agreements. The current Business Transformation Project or 'Sunderland Way of Working' was likely to massively impact on SLAs within the next financial year.

A Port reserve had previously been established to meet investment requirements. This was currently at £575,000. No time restrictions for spend, were applied to this money.

Councillor McClennan went on to ask what flexibility the Port of Sunderland had to market test the value of the services currently provided by the City Council. The Port Director responded by advising that the services provided were of excellent value and was most happy with the support given.

Councillor Allan recognised that at times the Port may need to undertake procurement at short notice and asked whether this was likely to have limitations for the Port given the procedures which needed to be adhered to, in a fast changing market. The Port Director agreed that this could be an issue however would notify the Board of any limitations which arose.

Councillor McClennan asked how quickly the Director was able to respond to market conditions for example purchasing equipment. The Acting Assistant Chief Solicitor advised the Councillor that this was dependent upon cost. The Port Director was currently able to spend up to £250,000 within the Delegation Scheme, although costs greater than these did require approval by the Board, but there were provisions in place for 'special urgency' decisions to assist the Director in responding quickly to the market if need be.

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

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

## **Risk Management Report**

The Port Director submitted a report updating Board Members in relation to risk management issues.

Members were reminded that the Director had involved the Risk Management Team of the City Council to assess the suitability of current arrangements for the management of risk within the Port and it was proposed that this would be achieved by:-

- Key Risk Management Framework to be established by the Council's Corporate Risk Management Team; and
- Risk Management activities undertaken with the Port's Management Team.

In the first instance, it was proposed that the main business risks to the Port be identified and form part of the reporting and business planning process for the Port going forward.

Mr. Nicholson suggested that this information be depicted in the form of a graph to enable Board Members to see at a glance, the most significant risks. This could then be reviewed at quarterly intervals. The Director agreed to action this request.

It was:-

7. RESOLVED that the contents of the report be noted and further reports on Risk Management and business risk be received in due course, once the assessment was complete.

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

8. 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.