



Portfolio Holder Report

The portfolio holder will make a decision on this item after seven days have elapsed (including the date of publication).

Report of:	Portfolio Holder	Date of publication
Mark Billington, Service Director for People and Places	Councillor Peter Murphy Planning and Economic Development Portfolio Holder	29 March 2018

Fleetwood to Knott End Ferry Service

1. Purpose of report

- 1.1 To seek approval to enter into a contract for the running of the Fleetwood to Knott End Ferry Service.

2. Outcomes

- 2.1 The continuation of the Fleetwood to Knott End ferry service.
- 2.2 We will deliver cost effective, quality services.

3. Recommendations

- 3.1 That a contract is entered into between Supplier B, Wyre Council and Lancashire County Council (LCC) on the terms of the procurement exercise and subsequent negotiation undertaken under OJEU regulations.

4. Background

- 4.1 On the 30th March 2017 the Resources Portfolio Holder approved the recommendation to enter into an agreement with LCC and Wyre Marine Services for a period of two months (extendable on a month by month basis). This allowed the ferry service to continue following the expiry of the existing contract on 31 March 2017 until a formal decision could be made.
- 4.2 Following a procurement exercise undertaken by Wyre Council, two tenders were received. Both tenders proposed a seven day a week, year round service similar to the existing offer. Subsequently a tender negotiation process has been undertaken including presentations by the prospective contractors.

- 4.3** LCC have agreed to contribute to the running of the ferry service on a 50/50 basis. In addition they will provide the ferry, 'The Wyre Rose' to the successful supplier under a mortgage arrangement whereby the vessel becomes the responsibility of the operator and its ownership transfers to them at no cost. This provides that should the operator default on the contract within the first eight years, LCC can claim the vessel back under the terms of the mortgage. If funding for the service ceases after the first four years and the contract is ended the vessel will transfer to Supplier B.
- 4.4** The procurement exercise sought to provide a self-sufficient service with initial financial support for four years. Supplier A was originally selected as the preferred supplier and the Portfolio Holder approved their appointment on 22 December 2017. However on 28 January 2018 following further negotiations, Supplier A withdrew their tender.
- 4.5** Officers had further discussions with both bidders and agreed to increase the annual subsidy of £76,550 by 10% to help make the service more viable. This brings the agreed subsidy for the first four years to £84,205.
- 4.6** In addition to the increased subsidy, further dredging will be undertaken on an annual basis by Wyre Council to remove silt adjacent to Knott End slipway. It is anticipated that this will cost up to £3,000 per annum.
- 4.7** As part of the approval granted on the 22 December it was agreed that Wyre and LCC would set up a Joint Ferry Services Working Group (JFSWG) to meet on at least a bi-annual basis. The Working Group would include elected members from each authority, lead officers and the ferry operator.

5. Key issues and proposals

- 5.1** Wyre Council tendered for the operation of the service through an OJEU negotiated tender process using the council's procurement system, the CHEST.
- 5.2** Following the negotiation process and withdrawal of Supplier A's tender it is proposed to award the contract to Supplier B on the basis that their offer meets the criteria in the tender specification for the continued operation of the service.
- 5.3** It is proposed that an eight year contract (with a break clause at year four) is signed with Supplier B based on jointly produced Wyre and LCC contract documentation in order to facilitate the continued running of the ferry service.

6. Delegated functions

- 6.1 The matters referred to in this report are considered under the following executive function delegated to the Planning and Economic Development Cabinet Member: “To exercise any powers in relation to the operation of the Fleetwood/Knott End Ferry Service.”

Financial and legal implications	
Finance	<p>The original ferry contract, operated at a cost of £76,550 from each authority (Wyre and LCC) per annum.</p> <p>Since 1 April 2017 the ferry has operated on a short term contract extendable on a monthly basis at a cost of £6,380 per month. Since 21 June 2017 LCC have contributed 50% of this cost.</p> <p>The Portfolio Holder report in December 2017 indicated that savings to both authorities of £38,280 would be achieved. Following the extended negotiation process the annual subsidy will now increase by 10%, reducing the savings by £3,830 for each authority.</p> <p>Under the arrangements proposed above the annual subsidy will be £84,205 shared equally between Wyre Council and Lancashire County Council.</p> <p>The ferry dock office was formerly utilised by the operator providing an annual rental income of £4,000. Further discussions are ongoing with regard to the future use of this asset.</p> <p>In addition a separate agreement will be entered into with regard to small scale land based dredging around the Knott End slipway at an estimated cost not exceeding £3,000 per annum (bringing the total revised savings to Wyre down to £31,450).</p>
Legal	<p>An OJEU negotiated procurement tender (Competitive procedure with negotiation) seeking expressions of interest to run the ferry for an eight year period has been undertaken. Under the procedure the council may accept the most economically advantageous tender.</p> <p>The proposed appointment of Supplier B meets the requirements of the original tender and Contract documents have been prepared.</p>

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	x
data protection	x

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List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

None

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