



Purpose: For Decision

Delegated Decision Report

DECISION UNDER DELEGATED POWERS

DECISION CANNOT BE TAKEN BEFORE 12 JANUARY 2023

Title **VENTNOR HARBOUR, AWARD OF MANAGEMENT CONTRACT**

Report to **CABINET MEMBER FOR INFRASTRUCTURE, HIGHWAYS PFI AND TRANSPORT**

EXECUTIVE SUMMARY

1. The report seeks approval to award a five (5) year management contract for all aspects of the operation of Ventnor Harbour to Ventnor Haven Management Limited.
2. The report sets out the background to the decision as well as the risks and financial implications.

RECOMMENDATION

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| <ol style="list-style-type: none">3. To agree to award a five (5) year management contract for all aspects of the operation of Ventnor Harbour to Ventnor Haven Management Limited with the contract commencing on 1st April 2023. |
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BACKGROUND

4. The Isle of Wight Council currently manage Newport and Ventnor harbours; both of which are statutory ports. The ownership and operation of Ryde Harbour transferred to Ryde Town Council on 1 April 2022.
5. Ventnor Harbour currently operates at a cost to the council, which for 2021/22 was a £118k operating loss before depreciation. This is driven by the annual cost for the removal and disposal of seaweed (macroalgae), of £103,155 for 2022/23.
6. Key factors in relation to the management and operation of the harbour include: -
 - The commercial operators have a 125-year lease which runs until 28 February 2129
 - The council is required to maintain a right of navigational access to the commercial operators' premises for the duration of their lease
 - The council has a duty to remove and dispose of the macroalgae to prevent a statutory nuisance being created through its accumulation and decay;
 - The council has a licence from the Marine Management Organisation for the disposal of sediment and macroalgae from Ventnor Haven; this expires on 24 March 2026
7. The current contract for the removal of macroalgae was let on 1 April 2022 and will expire on 31 March 2024; as this was let as a one year plus year should the decision be made to award the management contract it can be terminated on 31.03.23 without any financial penalties for doing so.
8. In view of the considerable subsidy required to operate the harbour it was agreed with the Cabinet member for Infrastructure, Highways PFI and Transport to undertake a procurement exercise with a view to awarding a contract for all aspects of the harbour's management and operation
9. A specification for the contract was prepared and this required the potential supplier to manage all aspects of the harbour at Ventnor; typically, this included, but was not limited to: -
 - Supervision of the harbour
 - Management of the berths
 - Collection of berthing income
 - Maintenance of pontoons, navigation lights and harbour infrastructure
 - Full insuring liability
 - Reporting all accidents and incidents
 - Provision of monthly, quarterly, and annual reports
 - Compliance with the Port Marine Safety Code (PMSC)
 - Compliance with all relevant legislation, including Health and Safety
 - Statutory returns to the Marine Management Organisation (MMO)
 - Removal of seaweed in accordance with the current MMO licence
10. The contact opportunity was published on 24 August 2022 with a deadline for the return of tenders by 2pm on 27 September 2022; at which point two submissions had been received.

11. The two tenders received were as follows: -
 - Cheetah Marine - £264,320 per annum
 - Ventnor Haven Management Limited - £78,500 per annum
12. These submissions were duly evaluated in accordance with the methodology set out in the tender documentation; the preferred supplier is Ventnor Haven Management Limited.
13. Ventnor Haven Management Limited is a newly formed company and have their roots in the Ventnor Haven Fishery which they own and operate from within the harbour.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

14. This supports the Regeneration Strategy, the Climate and Environment Strategy and the Corporate Plan.

CONSULTATION

15. As this was a formal procurement process no formal consultation was undertaken.
16. The harbour committee and Cabinet member were briefed on the process before it commences; Ventnor Town Council were also advised.

FINANCIAL / BUDGET IMPLICATIONS

17. The value of the contract for the removal of seaweed in 2022/23 is £143,155; this consists of £103,155 for the removal of the seaweed and a one-off contribution of £40,000 for refurbishment of the dredging vessel.
18. The base budget for contracted services is £73,189; accordingly, the balance of £69,966 has been funded from corporate contingency for 2022/23 only.
19. It should however be noted that the base costs for removing the seaweed over the last 3 years have been in excess for the contracted services budget and are as set out below: -
 - 22/23 - £103,155
 - 21/22 - £87,420
 - 20/21 - £87,420
20. Whilst the annual cost for the management contract (£78,00) is in excess of the current base budget (£73,189) it will reduce the annual overspend.

CARBON EMISSIONS

20. One of the key changes the proposed by the potential contractor is to implement a move away from fossil fuel driven methods in the removal of seaweed. The change

form diesel to electric provides the opportunity to seek carbon neutral ways of sourcing power.

21. In the long term, the area lends itself to power generation through both solar and wind power. Also, new, and emerging technologies such as wave and tidal power will be investigated and utilised. Add on to that the constant stream of fresh water entering the Haven coming from the natural spring in Ventnor that is not currently utilised.
22. The potential contractor can see a situation where, given proper permissions and under correct management, the site could generate excess energy to give back to the grid.

LEGAL IMPLICATIONS

23. There are no legal implications though the award of the contract.

EQUALITY AND DIVERSITY

24. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010, to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
25. As the contractor will take on the management functions from the Isle of Wight Council there is no requirement for an EIS.

OPTIONS

26. The options available are as follows:

Option 1 – In consultation with the Cabinet Member for Infrastructure, Highways PFI And Transport to approve the award of a five (5) year management contract for all aspects of the operation of Ventnor Harbour to Ventnor Haven Management Limited with the contract commencing on 1st April 2023.

Option 2 – In consultation with the Cabinet Member for Infrastructure, Highways PFI And Transport not to approve the award of a five (5) year management contract.

RISK MANAGEMENT

27. The current level of costs incurred for the removal of the seaweed are not sustainable; in addition to the requirement to management the seaweed in accordance with the MMO licence the contract requires the contractor to management all aspects of the harbour's operation.
28. Whilst there is a risk that any contractor may not be able to deliver the requirements of the contract Ventnor Haven Management Limited's directors have been involved with the harbour throughout its history and have an in-depth knowledge of the area.
29. Accordingly, the risk of them not being able to deliver is considered to have been mitigated to the lowest possible level

EVALUATION

30. The tender submission has been evaluated by the three staff detailed below: -
 - Sean Newton – Strategic Manager Commercial Services
 - Alex Minns – Assistant Director Neighbourhoods
 - Ashley Curzon - Assistant Director Economic Development Planning & Assets
31. The evaluation has been overseen by the council's procurement team and has also involved staff from finance, Health and safety and insurance.
32. The tender submission has passed the stage 1 and 2 evaluation and accordingly it is considered appropriate to award the contract to Ventnor Haven Management Limited as they have demonstrated that they can fulfil the contractual requirements.

Contact Point:

Colin Rowland
Director of Neighbourhoods

Councillor Phil Jordan
Cabinet Member for Infrastructure,
Highways PFI and Transport