

Fuel Supply Contract

Overview & Scrutiny Panel 15 October 2024

By Tony Marmo, Head of Coastal and Public Realm

Cabinet Portfolio Member Cllr Rick Everitt, Leader of the Council

Key Decision Yes

Decision classification Unrestricted

Call in status Yes

Ward: Central Harbour

Purpose of the Report

The purpose of this report is to invite members of the Overview and Scrutiny Panel to scrutinise, note and comment upon the proposal for Cabinet to undertake a key decision to ensure officers have permission to undertake the procurement and award of a contract for the supply of fuel at the Ramsgate Royal Harbour. The estimated value of the contract will be £140k per year over a 7 year contract (4 years with potential for 3 year extension), making a total estimated contract value of £980,000.

Recommendation(s):

That the Overview and Scrutiny Panel note and scrutinise the report and consider any representations to Cabinet in advance of its meeting on the 25th June 2024.

That the Overview and Scrutiny Panel note and comment on the two proposed recommendations to Cabinet, as follows:

1. Approve the key decision to award a contract with a value in excess of £250k and thought to be approximately £980,000 over a 7 years period, to supply fuel at the Ramsgate Royal Harbour, following a procurement exercise.
2. Agree that the Director of Environment, having sought advice from legal services, agree the final terms of any contract award and sign the contract with the successful bidder.

1. Summary of Reasons

- 1.1 Ramsgate Royal Harbour owns its own fuel barge to which it can supply customers with three types of fuel; Red FAME free Gasoil, White Gasoil and Unleaded petrol. In order to maintain the supply Ramsgate Royal Harbour requires a fuel contractor that can supply the above fuel at a reasonable rate within an appropriate timescale when requested.

- 1.2 Without the supply of fuel many of the harbour customers and visiting craft would not be able to use their boats and would therefore have to berth at different marinas. This would see a massive loss of income for the harbour.

2. Background

- 2.1 The Ramsgate Royal Harbour had a fuel contract in place for a number of years. In November 2021 the previous contractor 'Certas' could no longer maintain the required supply and so the Council and Certas mutually agreed to cancel the contract. Due to the urgent requirement to maintain fuel deliveries to the harbour a local contractor 'Jentex' continued the supplies on a waiver whilst the formalities of cancelling the contract and retendering were completed. There has been a delay in retendering due to lack of officer resources in both procurement and the coastal and public realm service to complete this procurement project.

3. Relevant Issues

- 3.1 The fuel supply to leisure users is an essential service offered by the Ramsgate Royal Harbour. Without this service Ramsgate Royal Harbour would lose the majority of its leisure visitors and permanent berth holders as they would not be able to refuel and use their vessels. The current income achieved from leisure vessels is £222,900.
- 3.2 Each year approximately 90,000 litres of fuel is used by leisure vessels and the fuel is stored safely in a health and safety compliant fuel barge located on the Western side of the harbour.

4. Alternative Options

- 4.1 Option 1
The Council could stop providing fuel to vessels. Without the supply of fuel many of the harbour customers and visiting craft would not be able to use their boats and would therefore have to berth at different marinas. This would see a massive loss of income for the harbour. This is not therefore the recommended option.
- 4.2 Preferred Option
The recommended option is the preferred option. This will ensure that the Council has adequate fuel supplies for the purposes set out in this report.

5. Consultation

- 5.1 There is no statutory or public law duty to consult in relation to this decision.

6. Corporate Implications

6.1 Finance and Resources

- 6.1.1 The total anticipated cost of this procurement is within agreed budgets available for fuel supplies at the Ramsgate Royal Harbour. As a result there are no new financial implications arising from this decision, but any variation in actual vs anticipated cost would need to be met from within already agreed resources.

6.2 Legal and Constitutional

- 6.2.1 The decision sought in this report seeks Cabinet's authority for the award of a contract with a value, estimated to be approximately £980,000 over 7 years, for the supply of fuel at the Ramsgate Royal Harbour. It is proposed that the contract be awarded following a procurement exercise in accordance with the provisions of the Public Contract Regulations and the Council's contract standing orders. The procurement will support the Council to satisfy its best value duty.
- 6.2.2 Legal and procurement advice should be sought in relation to both this procurement and the contract award. Depending on when the procurement is commenced, it is possible that it will be caught by the provisions of the new Procurement Act.
- 6.2.3 In accordance with the provisions of Part 3 of the Council's constitution, as with all key decisions, this is a decision that must be taken by Cabinet.

6.3 Council Policies and Priorities

- 6.3.1 This report relates to the following corporate priorities:
- To create a thriving place
 - To work efficiently for you

6.4 Risk

- 6.4.1 There is a risk when the Council goes out to tender for the fuel supply contract that bids received are at a greater cost than the budgeted amount. Fuel is charged on to customers at cost price plus a small admin fee per litre which ensures cost recovery. So any increased costs would be mitigated through increased income.
- 6.4.2 Carrying out refuelling operations at the harbour always carries a risk of oil pollution which can be mitigated

6.5 Climate Change and Biodiversity

- 6.5.1 Environmental and climate change implications have been reviewed and mitigated as far as practicably possible.

7. Equality, Equity and Diversity Implications

- 7.1 The Council will be undertaking an open procurement exercise to ensure equality of opportunity is provided to companies to provide a cost effective option for the supply of fuel at the Ramsgate Royal Harbour. An Equality Screening tool has been completed.

8. Crime and Disorder Implications and Community impact

- 8.1 Crime and disorder implications have been reviewed and no implications have been identified.

9. Subject History

- 9.1 Information regarding the history of this issue including decisions on funding has been set out in the body of the report.

Annexes

None

Background Papers

None

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Report Sign Off:

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