

EXECUTIVE COUNCIL

CONFIDENTIAL

Title of Report: FIPASS Management Agreement Extension

Paper No: 13/09

Date: 29 January 2009

Report of: Marine Officer

1.0 Purpose

- 1.1 This paper seeks the approval of Honourable Members to extend the duration of the current Agreement for the Provision of Management Services at FIPASS between FIG and Byron McKay Port Services Ltd. for a further two years until 31 August 2011.
- 1.2 The current Agreement has been in use for four years (initial two year term plus two year extension) and is due to determine on 31 August 2009.

2.0 Recommendation

- 2.1 That Executive Council be advised to approve the extension of the FIPASS Management Agreement for a further two years upon the same conditions contained in the current Agreement.

3.0 Summary of Financial Implications

None

4.0 Background

- 4.1 The original duration of the FIPASS Management Agreement was for a period of two years from 01 September 2005 to 31 August 2007. At the ExCo meeting on 28 March 2007 an extension of the Agreement for two years was approved (ExCo paper no. 68/07). The initial length of contract of only two years was felt to be too short and was perceived to engender a lack of continuity in the management of the structure.
- 4.2 Clause 11.2 of the Agreement provides for extension by any period upon the same conditions subject to negotiation between the two parties. From 01 September 2007, during the second two years a slight increase of 3.6% was applied with Treasury

approval to the management fee in line with the average RPI Index for the previous two years. The management fee is currently £14,240 per month or £170,880 per annum.

- 4.3 Byron McKay Port Services Ltd. have offered to continue managing FIPASS for two years from 01 September 2009 on the current Agreement conditions with no increase in management fees.
- 4.4 The Marine Officer discussed among other matters the possibility of contract extension in relation to FIPASS with the Major Projects and Port Development Director prior to the latter's departure to the UK. At the time it was not known whether any increment to the management fee would be required by the Contractor if extension was approved. The Port Development Director was in agreement that extension would be preferable to letting a new contract both on the grounds of continuity and to afford time for the development of future port strategy and consultation.
- 4.5 The performance of the present FIPASS management contractors has been entirely satisfactory throughout.
- 4.6 The previous FIPASS Agreement from 2000 to 2005 was also extended twice.

5.0 Financial Implications

- 5.1 None. Management fees remain at current level.

6.0 Legal Implications

- 6.1 None.

7.0 Human Resources Implications

- 7.1 None.