
NORTH AYRSHIRE COUNCIL

18 December 2019

North Ayrshire Council

Title:	Ardrossan Harbour Redevelopment
Purpose:	To provide an update on the proposed redevelopment of Ardrossan Harbour
Recommendation:	<p>(a) That Council notes:</p> <p>(i) The identification of a preferred option for the reconfiguration of Ardrossan harbour;</p> <p>(ii) the need for a decision by the Transport Scotland Board on the financial investment package required to allow the project to proceed; and,</p> <p>(iii) that the Council's investment in the project will be funded through revenue from the car park and terminal building and secured through a lease between the Council and Peel Ports Group; and</p> <p>(b) That Council agrees to write to the Minister for Energy, Connectivity and the Islands to stress the need for a decision by the Transport Scotland Board in January to allow the main construction works contract to commence in Autumn 2020.</p>

1. Executive Summary

- 1.1 This report provides an update on the proposed redevelopment at Ardrossan Harbour.
- 1.2 In 2017 Scottish Ministers confirmed Ardrossan as the mainland port for the Brodick and Campbeltown ferry. Subsequently, Transport Scotland (TS) accepted that to secure the long-term resilience of Ardrossan Harbour a more comprehensive redevelopment of the harbour was required. The preferred option now proposes a realignment of the Arran berth to improve the manoeuvrability of vessels and increase service reliability.
- 1.3 As the design process for the marine works is now well developed, a decision requires to be made by the Transport Scotland Board on the financial package for the works. While the overall project cost has increased to c£35m, the Council's proposed financial contribution remains at the level proposed in 2017.
- 1.4 Should a decision be reached in January 2020, works would commence in Autumn 2020. Further delays to the decision will directly impact on the programme, and also potentially result in increased costs.

2. Background

- 2.1 The Council and the Ardrossan and Arran communities successfully campaigned to retain Ardrossan as the mainland port for the Arran and Kintyre ferry services through the Save our Ferry Campaign in late 2016/early 2017. Ardrossan was confirmed by the Scottish Government as the mainland port for the Brodick and Campbeltown ferry services in April 2017, following assessment of the respective merits of the ports of Troon and Ardrossan. This followed an unsolicited bid by the owners of the port of Troon, Associated British Ports, to operate the services from Troon.
- 2.2 The Council meeting of November 2016 agreed to take all necessary steps to retain the lifeline service at Ardrossan. This led to the submission of a technical case to justify the advantages of retaining Ardrossan as the mainland port for the services in December 2016, and the submission of a financial case setting out proposals for investment in the harbour infrastructure by the Council and the ports owners, Peel Ports Group (PPG) in January 2017.
- 2.3 At that time, it was envisaged that works could commence in Autumn 2017, allowing the improvements in the marine infrastructure to be in place by Autumn 2018, with the development of a new terminal building completed in 2019. This package of works involved only a limited upgrade to the existing marine infrastructure specification. At that time, an upgrade to the existing marine infrastructure at Ardrossan was envisaged at a cost of around £15M.
- 2.4 However, following the decision to maintain the services at Ardrossan in April 2017, additional concerns were raised over the resilience of the port at Ardrossan, i.e. the level of disruption to the ferry timetable in certain weather conditions. This led to further modelling and simulations of the ferry utilising the harbour, and the conclusion that additional works to the marine infrastructure at the harbour would be required to deliver a more resilient harbour service in the long term.
- 2.5 This has since led to extensive analysis to determine the optimal specification of the harbour. A preferred option was identified and agreed by the Ministerial Task Force leading the development of the project in April 2019. This preferred option proposes the removal of around 2,500 sq. m from the land adjacent to the Arran berth, or a realignment of the berth by 30 degrees from a SE-NW axis, to roughly equivalent to a South-North axis. This would provide additional manoeuvring space for ferries utilising the Arran berth. The preferred option proposals are included at Appendix 1. This has increased the project cost to c£35m.
- 2.6 Detailed designs for these marine infrastructure works have since been developed and are nearing completion. This design work has included:
 - testing operational viability through vessel simulation and consultation with Shipmasters and Pilots;
 - site investigations of ground conditions;
 - engineering studies including construction methodology and project delivery risks;
 - wave modelling and mooring analysis;
 - cost estimates; and,
 - consideration of construction management including impact on the continued operation of the ferry services.

- 2.7 North Ayrshire Council (NAC) and Peel Ports Group (PPG) are also progressing with the design works for landside works and appointed a design team to develop detailed designs in mid-November. This includes design of:
- the terminal building;
 - marshalling areas;
 - access / public transport; and
 - active travel / car parking.
- 2.8 The development of the designs for the works will involve public consultation, commencing in January 2020, while the project partners have also held workshops to learn lessons from the recent Brodick Harbour redevelopment project.
- 2.9 Given that the marine works will involve significant disruption to the harbour infrastructure, the closure of the Arran berth for an 18-month period will be required. To allow both the works to proceed effectively and to allow the continued use of Ardrossan by the ferry services, a temporary works package will be carried out prior to commencement of the main works contract. This will:
- see the closure of the Arran berth to allow its reconfiguration;
 - facilitate the use of the Irish berth;
 - see the provision of temporary terminal facilities; and,
 - provide a clear distinction between the construction area and temporary operating area by the phased closure from public access of construction areas.
- 2.10 A plan illustrating the temporary works arrangement is shown at Appendix 2.
- 2.11 While Ardrossan would continue to be the mainland port for the Arran and Kintyre services during the works contract, the potential for some additional disruption on the service due to the use of the Irish Berth and the need for alternative ports to be used on occasion is recognised. Caledonian MacBrayne have recently undertaken survey work with ferry users, and additional consultation will be undertaken with businesses, Council services and partners to fully understand the impacts of any service disruption and any mitigation measures that need to be put in place.
- 2.12 In order for the procurement process to commence through the issue of a tender package for the works, agreement is required from the Transport Scotland Investment Decision Making Board. The Board has considered the project in October and November 2019 and has approved the project in principle. However, agreement has not yet been reached on the overall financial package and the allocation of risk. The Board is due to meet to reconsider the project on 13th January 2020.
- 2.13 Should there be agreement at the Transport Scotland Board meeting in January, a tender package would be issued in March to allow works to start in Autumn 2020. It is envisaged that the works would take around 18 months to complete. Further delays to the Transport Scotland Board approval will have a direct impact on the programme and could result in further cost due to construction cost inflation.

- 2.14 As agreed by the Council in January 2017, the investment proposed by the Council will be funded by revenue from the car park charges and the lease of the terminal building. The Council's investment will be on a commercial basis, thereby avoiding any state-aid issues. In turn this will be secured through the lease from the owner of the landside infrastructure, Peel Ports Group. Detailed lease terms are in development, and a plan of the proposed area is attached at Appendix 3. The Heads of Terms for the lease include a 30-year term and a rental of £1 per annum.
- 2.15 The proposed works to Ardrossan harbour are one of a series of major capital investment projects in the town with the potential to transform the town, attract visitors and create additional employment opportunities. This will also include:
- the proposed relocation of Ardrossan Academy to the north shore site as part of an education campus including Winton Primary (subject to the outcome of the statutory consultation process);
 - the construction of a marine sciences centre, residential development, an expanded marina and a coastal path at the north shore site;
 - improved connections between the major regeneration areas; and,
 - the potential development of a hotel in the town centre.

3. Proposals

3.1 (a)-That Council notes:

- (i) The identification of a preferred option for the reconfiguration of Ardrossan harbour;
- (ii) the need for a decision by the Transport Scotland Board on the financial investment package required to allow the project to proceed; and,
- (iii) that the Council's investment in the project will be funded through revenue from the car park and terminal building and secured through a lease between the Council and Peel Ports Group; and

(b) That Council agrees to write to the Minister for Energy, Connectivity and the Islands to stress the need for a decision by the Transport Scotland Board in January to allow the main construction works contract to commence in Autumn 2020.

4. Implications/Socio-economic Duty

4.1 Financial

Given the change in the nature of the works, the capital investment requirement has increased significantly since the submission of the 'base case' in January 2017. Overall costs will increase from an estimated £15M, to an estimated £35M. The vast majority of this cost increase relates to the marine infrastructure works, to which the Council is not contributing financially.

The base case agreed by the Council in January 2017 and accepted by Transport Scotland assumed the implementation of a £9.306M investment in the landside infrastructure at the harbour. This was to be funded by a combination of:

- Capital funding from the Council of £3.63M, funded in part by prudential borrowing against projected income from the car park and a lease of the terminal building;
- A £1.98M contribution from NAVT;
- A contribution of £2.196M by PPG; and,
- External funding of £1.5M (a funding application to contribute to this has recently been submitted to Strathclyde Partnership for Transport).

A request has been made to Transport Scotland that they meet the additional costs arising in relation to the landside works. Additional landside development costs arising amount to some £1.534M. Of this, £1.144M has yet to be accepted by Transport Scotland, including additional costs relating to construction cost inflation, contract management costs, and officer/consultancy costs. Discussions are ongoing with Transport Scotland.

While these additional costs have been sought from Transport Scotland, a decision has not been reached through their Investment Decision-Making board. It should be noted that, as a decision continues to be deferred, the figure sought will continue to rise, given the continuing impacts of extended timescales on construction cost inflation and officer costs.

4.2 Human Resources:

There are no Human Resource implications arising from the report.

4.3 Legal:

The proposed works to the harbour will be facilitated by the Council entering into a lease agreement for the land with the owners Peel Ports Group. A lease will also be entered into between the Council and Caledonian MacBrayne Ltd (or their successors) for the proposed new terminal building. The proposed lease area is outlined in red on the plan at Appendix 3, and will include the proposed terminal building, car park, marshalling area and access road. It will exclude the sea wall, with the lease boundary terminating around 3m from the sea wall. No liability will therefore be entered into in relation to marine infrastructure such as the sea wall or linkspan.

Maintenance of the car park and marshalling space will be an obligation of the Council, funded by income from the car park. The terminal building will be leased to Caledonian MacBrayne or successor operators, who would operate and maintain the facility. While responsibility for the operation and maintenance the Passenger Access System has yet to be confirmed, this will not be a responsibility of the Council.

On termination of the lease after 30 years the facilities would revert back to Peel Ports Group.

Legal advice on state aid has been taken on the state aid implications of public investment in the harbour area. It is considered that state aid will not arise given that:

- The Council is investing on commercial terms;
- There is no commercial advantage to Peel or Caledonian MacBrayne; and,
- The project is not likely to affect intra community trade.

4.4 Equality/ Socio-Economic:

The proposals will form part of a major capital investment programme in Ardrossan, with positive socio-economic impacts for the town.

4.5 Children and Young People:

There are no implications at this stage.

4.6 Environmental and Sustainability:

Any environmental implications of the proposed works will be addressed as part of the relevant regulatory processes

4.7 Key Priorities:

The proposed investment will support the Council Plan themes of:

- Growing our economy, increasing employment and regenerating towns
- Working together to develop stronger communities
- Helping all of our people to stay safe, healthy, and active

4.8 Community Wealth Building

Local benefits in terms of employment and skills will be sought through the procurement process for what are major capital works. In addition, the proposed lease agreements illustrate how the use of land and commercial income can be used to secure investment for community benefit.

5. Consultation

The project is being led by the Ardrossan Harbour Steering Group, chaired by Transport Scotland and with membership including North Ayrshire Council, Peel Ports Group, Caledonian MacBrayne, Caledonian Maritime Assets Ltd, and the Arran Ferry Committee.

Public Consultation will be undertaken during the design process for the landside infrastructure with the local community in both Arran and Brodick and Ardrossan. This consultation will also involve Caledonian MacBrayne, Caledonian Maritime Assets Ltd, Peel Ports Group, Scotrail, local landowners, harbour tenants and other relevant partners/interested bodies. It will commence in January 2020.

A consultation exercise is already underway in relation to the impact of the construction works on the local community and service providers/users given the potential for the works to impact on service reliability and see occasional use of alternative ports.

Project updates will be provided through project specific pages on the Council and Transport Scotland websites.

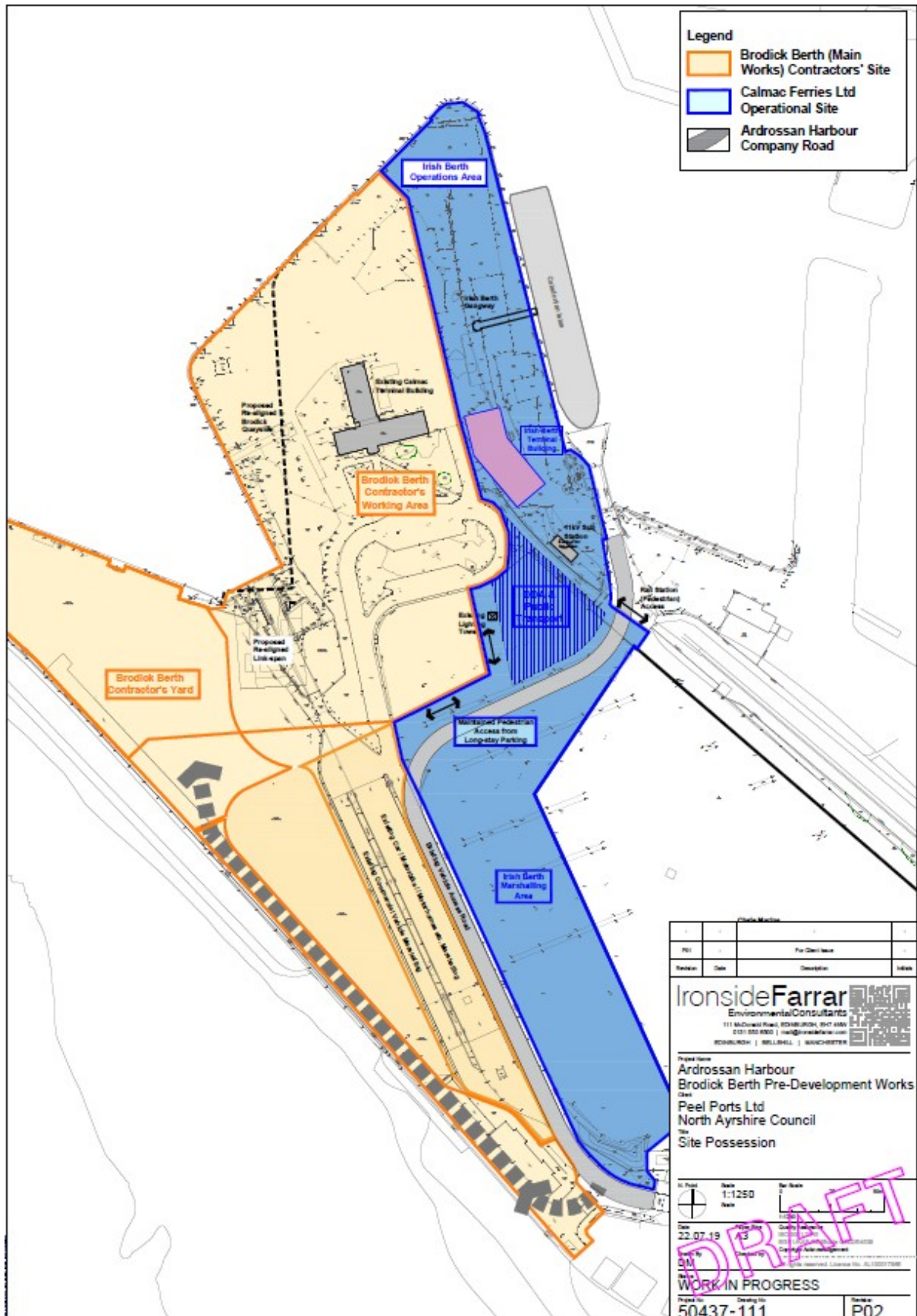
KAREN YEOMANS
Director (Growth and Investment)

For further information please contact **Alasdair Laurenson, Senior Manager, Regeneration**, on **01294 324005**.

Background Papers

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Appendix 2 – Temporary Works Package/Proposals for operation of harbour during construction works



Appendix 3 – Draft Lease Area

