
NORTH AYRSHIRE COUNCIL

13 September 2023

Council

Title: Ardrossan Harbour Update

Purpose: This report provides an update on the Ardrossan Harbour development following Transport Scotland's decision to pause procurement activity for the project.

Recommendation: Council notes the response to Transport Scotland's decision to pause activity for the Ardrossan Harbour development programme.

1. Executive Summary

- 1.1 During 2017, North Ayrshire led a successful campaign to ensure that Ardrossan Harbour remained the mainland port servicing the Arran ferry, with a programme of marine and landside development works also agreed at that time. While partners have progressed works to a design for the project, changes to the original scope of works and cost inflation have created a predicted significant increase in the cost to deliver the project. As a result, in August 2023, Transport Scotland announced its decision to pause procurement activity for the project to reassess the business case for the project.
- 1.2 This report sets out the background to the current project status and the Council's response to the decision to pause procurement activity for the project

2. Background

Project History

- 2.1 During 2017, North Ayrshire Council led a successful campaign to ensure that Ardrossan Harbour remained the mainland port servicing the Arran ferry service.
- 2.2 The campaign highlighted the wide range of benefits of Ardrossan continuing to be the mainland port serving Arran, as well as extensive analysis of socio-economic impact that would occur through the loss of the service to Ardrossan. The case also referenced the wider regeneration activity planned for Ardrossan, which has advanced significantly in the time that has passed since the original case was agreed. The Ardrossan Coastal Quarter is a regeneration programme of national scale, which will support Ardrossan to become a more resilient, sustainable and thriving coastal community by maximising the economic impact of the coast and marine environment. The socio-economic benefit to the Arran and Ardrossan communities was reflected in the Scottish Government's decision to support the Ardrossan to Arran route.

- 2.3 As part of the agreement to retain the Ardrossan to Arran service, a package of marine and landside infrastructure investment was identified to ensure that the harbour was suitable for serving the ferry into the future. The package of infrastructure works was to be funded by Transport Scotland and Peel Ports Group for marine infrastructure; while North Ayrshire Council, Transport Scotland, and Peel Ports Group were to fund landside infrastructure. The landside funding package also sought to secure external funding from sources including Strathclyde Partnership for Transport's Capital Programme, who have supported development to date. When the Scottish Government confirmed the Ardrossan to Arran service in 2017, a Ministerial Taskforce was established to oversee the completion of the infrastructure works package. The Taskforce has continued to meet since that time.
- 2.4 In the intervening period, although an exemplar design for the infrastructure works has been agreed by Taskforce partners as a basis for procuring a contractor to deliver the project, costs for delivery and scope of works has increased such that in August 2023 Transport Scotland notified Taskforce members and publicised that it was pausing the project prior to proceeding to procurement to reassess the project business case. Transport Scotland advise that the business case review will conclude in November 2023. Transport Scotland's correspondence on this matter, and related press release are available online.
- 2.5 This position was not anticipated by the Council, given that Cabinet approval on 30th May 2023 agreed to enter into a procurement agreement to allow Peel Ports Group to lead project procurement activity on behalf of partners, following agreement to that approach through Taskforce meetings in January and March 2023. The decision, and delay added, will have significant impact on island service delivery and the emerging wider Ardrossan strategic regeneration programme, given that the success of the programme will be in part linked to the wider integrated and connected place-based design approach to all elements, which will benefit communities, businesses, and the environment.

North Ayrshire Council Response

- 2.6 In response to the latest position of Transport Scotland, the Council has expressed disappointment that a review of the business case will result in further delay to the project, however, acknowledges Transport Scotland's decision to review the project business case. The Council has publicly expressed its view that both the Arran and Ardrossan communities are best served by the provision of services from Ardrossan and that the Council remains committed to supporting and retaining the Arran ferry service from Ardrossan.
- 2.7 Notwithstanding the pause on procurement activity, Transport Scotland has informed partners of the intent to maintain project technical working groups. Council officers will continue to engage with project technical meetings to progress the project in support of the original aspirations for Ardrossan.
- 2.8 Additionally, the Council is procuring economic consultants to provide updated socio-economic analysis to underpin the case for investment at Ardrossan to inform the Transport Scotland business case review, which will reaffirm the key benefits identified during the campaign to secure the Ardrossan to Arran route.
- 2.9 During the Save our Ferry Campaign, the case for the Ardrossan to Arran route was accepted based on a range of critical benefits, which remain valid, including:
- That the Ardrossan to Brodick route is the shortest, cheapest and fastest crossing point between the mainland and Arran. This was estimated as providing value in

time travel saved of £33.5m. In addition, further savings on operational costs of servicing the shortest most efficient route through savings on staffing, fuel costs and maintenance – all of which will be vital to Arran communities and businesses.

- Ardrossan is the safest and most resilient location for the service, with the location and proposed infrastructure providing all-weather berthing and greatest berthing capacity in addition to service areas for parking, marshalling passenger access and terminal, which have now been developed to design stage.
- Ardrossan is the best-connected harbour for the service, with multi-modal transport interchange with rail, bus, cycling and pedestrian links directly serving the port.
- That the Ardrossan to Brodick route was the overwhelming preferred location for Arran and Ardrossan communities, whilst providing significant economic benefit to Ardrossan communities, which contains areas of long-standing high deprivation. The service also provides the most efficient, cost effective and sustainable service provision model for Arran communities by providing better accessibility for staffing and transport of goods and services, such as waste management operations.
- That Ardrossan Harbour provides the most sustainable, low carbon location for the Arran crossing, given its ability to service low carbon fleet, it is the shortest and most resilient route and Ardrossan provides multi-modal low carbon transport solutions and the low carbon hub aspirations that are being developed as part of the wider Ardrossan programme. This includes the current delivery of low carbon infrastructure, funded through Transport Scotland. The sustainability position is only likely to be a heightened consideration for the business case, given the local, national and global commitments to responding to the climate emergency that have been made since the original case was accepted.

2.10 While it is expected that these benefits will remain valid, and in some instances the case for Ardrossan to Arran may have increased, a refreshed socio-economic analysis of the project will be beneficial to assisting Transport Scotland's review to support the case for investment at Ardrossan Harbour and reflect impacts that may have changed since the original case through factors such as Covid, the energy and cost of living crises.

2.11 With particular reference to understanding the impact of Covid, the Fraser of Allander Institute 2020 report "The Impact of Covid-19 on the Arran Economy" outlined the economic value of the Ardrossan to Arran ferry crossing, as follows: -

- It is estimated that, on average, each day of ferry operation contributes just under £170,000 to the island's economy.
- Some island jobs may require skills which the local population cannot offer. This means that businesses in Arran have to rely on commuters from North Ayrshire and other parts of Scotland to meet these skill requirements, making ferry transport a crucial mode of transport for local employers.
- Ferries are the primary mode of transport to and from Arran. Restrictions on ferry capacity are a primary concern for the tourism industry.

2.12 Given the current project status, it is critical to refresh socio-economic analysis to be able to fully articulate and quantify the benefits arising from the continued operation of the Ardrossan to Arran route, and investment in ferry service infrastructure, to ensure the review of the project business case considers the strategic, economic, financial, commercial and management cases for progressing the Ardrossan Harbour project to delivery as soon as possible.

2.13 Members are asked to note the content of the papers and the actions taken to support the assessment of options to progress the redevelopment of Ardrossan Harbour. Future updates will be provided to members throughout the business review process.

3. Proposals

3.1

Council notes the response to Transport Scotland's decision to pause activity for the Ardrossan Harbour development programme.

4. Implications/Socio-economic Duty

Financial

4.1 None directly arising from the content of the report.

Human Resources

4.2 None.

Legal

4.3 None directly arising from the content of the report.

Equality/Socio-economic

4.4 As set out in this report, the Save our Ferry Campaign outlined extensive socio-economic benefits arising from the retention of the Ardrossan to Arran service and the investment in infrastructure. Officers are procuring support to update the socio-economic analysis currently held to reflect the current position, including increased benefit through additional capital expenditure for the programme, and other changes since the base case was established.

Climate Change and Carbon

4.5 As set out in paragraph 2.11, Ardrossan Harbour provides the most sustainable, low carbon location for the Arran crossing, given its ability to service low carbon fleet, it is the shortest and most resilient route and Ardrossan provides multi-modal low carbon transport solutions and the low carbon hub aspirations that are being developed and delivered as part of the wider Ardrossan programme, including some funded through Transport Scotland. The sustainability position is only likely to be a heightened consideration for the business case, given the local, national and global commitments to responding to the climate emergency that have been made since the original case was accepted.

Key Priorities

4.6 The retention of the Arran to Ardrossan ferry and improved service provision through infrastructure investment will support the Council Plan objectives of Climate Change,

Wellbeing and Communities & Local Democracy. This is set out in further detail in paragraphs 2.9 and 2.11.

Community Wealth Building

4.7 The programme of investment and regeneration at Ardrossan Coastal Quarter, including the Ardrossan Harbour redevelopment is a national scale regeneration programme, which will bring significant benefits to local communities and businesses. Including supporting regeneration opportunities within Ardrossan town centre. The updated socio-economic will consider the community wealth building and wellbeing impact of the proposed investment at Ardrossan.

5. Consultation

5.1 No consultation has been undertaken in preparing this report; however, as referred to in the body of the report, extensive consultation has been undertaken both throughout the Save Our Ferry campaign and in the ongoing development of the project that has been undertaken since.

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Background Papers

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