
NORTH AYRSHIRE COUNCIL

23 August 2022

Cabinet

Title: **Ardrossan Strategic Regeneration Programme and advanced works infrastructure update**

Purpose: The purpose of the report is to update Cabinet on the Ardrossan Strategic Regeneration Programme and the package of infrastructure works to enable construction of the Ardrossan Community Campus, marine, commercial and residential development.

Recommendation: That Cabinet:

- Notes the update to the Ardrossan Strategic Regeneration programme
- Notes a detailed update will be brought to Cabinet in November 2022.

1. Executive Summary

- 1.1 The Ardrossan Strategic Regeneration Programme is an ambitious initiative which is anticipated will deliver investment of c.£170m over the next 10 years and will lead to a major transformation of the local area and beyond. This nationally significant regeneration programme will establish Ardrossan as a major centre for lifelong learning and academic achievement, a tourism destination of choice, a multi-modal transport hub, the gateway to Arran and the Clyde Islands and recognition as an exemplar in marine innovation and the blue economy.
- 1.2 The paper to Council at its meeting on the 8th September 2020 set out that a package of advanced works would be required including the construction of a revetment (sea wall) to address flood risk, the remediation of the site, construction of new roads and drainage, the infill of land to create a commercial development site, new utilities provision and the development of a coastal path. These works are required to facilitate the construction of the Ardrossan Community Campus, marine, residential and commercial buildings to be developed as part of the programme. It was anticipated that these advanced works would commence on site in Spring 2022 with a view to completion in 2023 to align with the construction works of the Ardrossan Campus which is due to for completion in January 2025.

- 1.3 A tender for the advance works package was published in November 2021. Following the close of the tender period in March 2022, only two submissions were received from contractors. The submissions suggested a contract value well in excess of cost estimates and the budget available. In addition, the lowest cost (and highest quality) bid included a significant number of clarifications that would have increased the risk profile to the Council in terms of both cost and programme. Ultimately both bids have been deemed to be non-compliant within the current procurement exercise and have not been accepted.
- 1.4 Following the conclusion of the tender process, discussions have been held with Scottish Futures Trust as key funders to the Ardrossan community campus project to ascertain their continued support and involvement in the project. They have been very engaged in on-going discussions and recently facilitated a workshop to scope out the key areas of work to be progressed to determine options and recommendations for the way forwards. From this workshop a plan has been developed to progress strands of work to inform future options and recommendations.

This paper provides an update on the Ardrossan strategic regeneration programme, a more detailed update on the tender process for the advanced works and the work that is under way to support the analysis of options and recommendations for the way forward.

2. Background

- 2.1 The Council paper from 8th September 2020 sets out the component projects in the Ardrossan Strategic Regeneration Programme. Table 1 below has been updated to reflect the current status of individual projects.

Table 1

Ardrossan: Strategic Regeneration Element	Description of Project	Current Status of Project
Site enabling Infrastructure works	Construction of a sea wall, remediation of the North Shore Site, provision of onsite road and utilities.	<ul style="list-style-type: none"> • Tender process undertaken between November 2021 and March 2022. • Two bids were received but both were deemed to be non-compliant following extensive evaluation.
Ardrossan Community Campus	A new community campus, which will replace Ardrossan Academy and Winton Primary School including early learning and childcare provision, public swimming pool and library and accommodation for health and social care staff.	<ul style="list-style-type: none"> • Statutory Public Consultation completed. • Funding approved via Phase One of the Learning Estate Investment. • Programme (LEIP) Design team appointed

Ardrossan Harbour	Significant harbour improvements to ensure the long-term resilience of Ardrossan as the mainland port for the Arran and Campbeltown ferries.	<ul style="list-style-type: none"> • Consultation undertaken with some adjustments to the design following feedback. • Further discussions required in the context of the pre-tender exercise. • Agreement from the Transport Minister to proceed to tender.
Ardrossan Connections	A new coastal path and improved links to the town centre.	<ul style="list-style-type: none"> • Design of coastal path complete and within scope of enabling works • Recent consultation on Ardrossan Connections being considered
International Marine Science Centre (IMSE)	An innovation, research and development centre of excellence focusing on marine and environmental sustainability as part of a wider focus to create a blue economy innovation ecosystem. AGD project in deal documents.	<ul style="list-style-type: none"> • Working towards an Outline Business Case. • MoU agreed with University of Stirling to develop proposals.
Marina	A proposed extension to the existing marina as part of a wider programme of works to support the development of marine tourism. AGD project in deal documents	<ul style="list-style-type: none"> • Programme Business case submitted to Scottish Government. Some further work required. • Further design and cost assessment being undertaken • Progress to FBC with detailed design and tender of project in 2023.
Residential Development	An opportunity to introduce a range of housing types and tenures.	<ul style="list-style-type: none"> • To be taken forwards once the campus is progressed
Commercial Development	Development proposals include the potential for a hotel, commercial and retail use	<ul style="list-style-type: none"> • To be marketed once IMSE and

		Marina further developed
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- 2.2 As indicated above, an enabling works package is required to facilitate the development of the Ardrossan Community Campus, marine, residential and commercial development. A planning application for the works was approved by the Council's planning committee subject to conditions in March 2022. To align the advanced works with the target date for completion of the Ardrossan Community Campus in early 2025, the procurement process commenced on 30 November 2021 when a Contract Notice was published on the Public Contract Scotland portal. The tender package was issued on the basis of an open tender process.
- 2.3 At the close of the tender period in late March, two bids were received. While the majority of the 63 contractors who had registered interest in the project did not have the required scale or experience to undertake the works, five or six responses from major contractors were expected. Corporate Procurement sought feedback from contractors that did not submit a bid, with this identifying the following main issues:
- lack of capacity by contractors
 - level of contractor risk
 - short tender return period
 - the varied scope and nature of the works
 - requirements for contractor to meet required minimum annual turnover
- 2.4 Following an extensive evaluation, it was determined that the two tenders were non-compliant so that NAC were unable to award the contract. The highly challenging environment including contractors being very selective in projects that they bid for, skills shortages, volatility in the price of materials, uncertainty in supply chains, global market uncertainties and construction inflation have undoubtedly played a part in this particular tender process. The level of contractor risk may also be a significant issue as the Council sought to transfer as much of the risk as possible in this highly complex programme. The immediate concern has been the impact on the programme of construction of particularly the Ardrossan Community Campus given that tight timelines have been established as part of the funding package.
- 2.5 Consequently, discussions have been held with Scottish Futures Trust (who provide c50% of the funding for the campus development). SFT have been very constructive in their support recognising that the issues that have been faced are common to many construction and infrastructure projects across Scotland. Several discussions and a facilitated workshop by SFT have culminated in the development of a plan which is designed to ascertain options and a preferred route forwards.

Specifically, the plan has been designed to determine:

- if a fresh procurement process and repackaging of projects would lead to a competent tender in current market conditions and would be informed by early engagement with potential contractors to improve understanding of market conditions;
- how risk sharing and transfer could be improved;
- the efficiency and effectiveness of current designs, specifications and technical solutions with amendments as appropriate.

- 2.6 The work is now in progress and a more detailed position can be presented to the Cabinet in November. SFT continue to be involved in this work as their on-going support is critical. SFT have also raised the prospect of accessing additional funding to reflect the complexities of the site conditions and current market conditions. This is being further explored with SFT.

3. Proposals

3.1 That Cabinet:

- Notes the update to the Ardrossan Strategic Regeneration programme
- Notes a detailed update will be brought to Cabinet in November 2022.

4. Implications/Socio-economic Duty

Financial

- 4.1 The financial implications of the work being undertaken are still to be determined.

Human Resources

- 4.2 The human resource implications of the work being undertaken are still to be determined.

Legal

- 4.3 The legal implications of the work being undertaken are still to be determined.

Equality/Socio-economic

- 4.4 A detailed review of the socio-economic implications is being undertaken.

Climate Change and Carbon

- 4.5 The climate change and carbon implications of the work being undertake are still to be determined.

Key Priorities

- 4.6 The site remediation proposals will help contribute to several of the Council Plan key priorities including:
- Inclusive, growing, and enterprising local economy.
 - Developing North Ayrshire as a coastal and Island destination, attracting tourism investment and visitors.
 - Best start in life for children and young people

- People enjoy good life-long health and well-being.
- Effective infrastructure and digital connectivity.
- Affordable, modern, and well-designed homes that meets residents' needs.
- Vibrant, welcoming, and attractive places.
- A sustainable environment

Community Wealth Building

- 4.7 The Ardrossan Programme is the most significant regeneration proposal in the local area for many years, and is identified as a strategic site within the Regeneration Delivery Plan and provide opportunities for significant improvements in Community Wealth Building and Placemaking.
- 4.8 The site remediation proposals will contribute to the Community Wealth Building objective of making the best use of our land and assets by bringing back into economic use one of the largest vacant and derelict sites in North Ayrshire. The developments will see the creation of good quality jobs for local people and through the investment into the campus and IMSE a range of skills and education opportunities. IMSE has the potential to bring a new anchor institution to the area and the construction contracts will be procured adopting CWB principles.

5. Consultation

- 5.1 Communication with stakeholders is an important part of explaining why the advanced works have not already commenced and a communications strategy has been developed. It is intended that appropriate communications will now take place to explain the current circumstances and actions.

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For further information please contact Karen Yeomans, **Director, Growth & Investment**, on 01294 324131.

Background Papers

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