
NORTH AYRSHIRE COUNCIL

22nd February 2022

Cabinet

Title: Ardrossan Marina – Operator Agreement

Purpose: To seek approval for the Heads of Terms of an agreement between The Council and Clyde Marina Ltd, the proposed operator of an extension to Ardrossan Marina.

Recommendation: That Cabinet agree to the Heads of Terms of an agreement for the operation of Ardrossan Marina with Clyde Marina Ltd.

1. Executive Summary

- 1.1 Exciting proposals have been developed for a 150-berth extension of Clyde Marina in Ardrossan. An expanded marina would bring tourism activity, jobs and spend to central Ardrossan, and would be a catalyst for commercial and residential development on land beside the community campus on the north shore site. The marina extension will be part of a wider programme of capital investment in central Ardrossan which will transform the town over a 5-10 year period.
- 1.2 Funding for the investment in the marina has been secured from the Ayrshire Growth Deal (AGD, subject to the approval of a Full Business Case) and North Ayrshire Ventures Trust, with an application to Crown Estate Scotland approved at the first stage. It is therefore envisaged that the marina will be delivered with the majority of funding provided by project partners, with the Council's contribution through borrowing against the income that the project will generate.
- 1.3 The paper seeks approval for the principles or Heads of Terms of an agreement with Clyde Marina Ltd who will fit-out and operate the marina, with the agreement covering the financial and investment relationship between the parties.
- 1.4 The project will help to grow marine tourism on the Clyde and West Coast of Scotland and aligns with a number of the ambitions of the Scottish Marine Tourism Strategy.

2. Background

- 2.1 The existing marina at Ardrossan was developed within the Eglinton basin at Ardrossan Harbour in 1996 by Clyde Marina Ltd, who have operated it since that time. It currently provides 280 marina berths and 300 boatyard spaces. The marina development was an important part of a series of investments made in the late 1990's and early 2000's and was a catalyst which helped to deliver investment in residential, retail and restaurant uses within the town centre.

- 2.2 An expanded marina will build on this success. Proposals for an extension of the marina have been an aspiration for some time, with the project a priority of the Irvine Bay Regeneration Company.
- 2.3 An expanded marina will be an important part of the wider regeneration and placemaking proposals in central Ardrossan. The Ardrossan Strategic Regeneration Programme is an ambitious initiative which it is anticipated will deliver investment of c.£170m over the next 10 years and will lead to a major transformation of the local area. 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.
- 2.4 The Council have in recent years taken full ownership of the land at Ardrossan North Shore after acquiring the interests of the Irvine Bay Regeneration Company and Peel Land and Property. Ambitious proposals for the site have been developed which include a community campus, commercial and residential use. Advance infrastructure works are due to start on site in early summer and a planning application for the campus will also be submitted, allowing the community to see the positive momentum of investment in the town starting to take place.
- 2.5 The marina would provide additional tourism and visitor activity, and additional jobs and spend in local services. It will be an important placemaking improvement, helping to deliver commercial and residential development on land adjacent to the proposed new community campus.
- 2.6 Additional marina capacity in Ardrossan will help to increase sailing activity on the Clyde Coast. As well as the benefit to central Ardrossan in terms of jobs and tourism spend, it will help to support marine tourism investments in Arran and Cumbrae.
- 2.7 An outline design has been developed and this suggests that a marina with the capacity for around 150 berths can be delivered within current cost and budget expectations. Projected costs will be confirmed through an ongoing design process, with the appointment of a design team to develop a detailed design and undertake site investigations envisaged in March 2022. This will then allow appropriate planning and marine consents to be pursued.
- 2.8 It is envisaged that, subject to confirmation of all assumptions on cost and budget availability, the marina will commence development in Autumn 2023 - continuing the positive regeneration programme which will commence this year on the north shore site.

3. Heads of Terms

- 3.1 Proceeding to the detailed design stage and the cost associated with site investigations requires confirmation of an operator commitment. Clyde Marina Ltd have had a long standing aspiration to extend their facility in Ardrossan with strong interest from the market in additional capacity on the Clyde Coast. The existing marina is currently operating at maximum capacity with its best ever occupancy figures in 2021.
- 3.2 The case for entering into an agreement with Clyde Marina Ltd is based on their existing operation including significant boatyard, office, services and boat lifting facilities in the town. A new operator of a stand-alone marina at Montgomerie Pier

would not be able to deliver the boatyard and boat lifting facilities required given the lack of capacity on adjacent land.

3.3 The main terms of the agreement proposed include:

Subject	Proposed Terms
Lease Subjects	Marina basin and onshore services/facilities
Lease Term	70 years
Lease Value	12% of gross income to be paid to NAC, with a guaranteed minimum of £63,000 by year 5 of operation
Investment obligations of Council and partners	Provision of breakwaters, services to site, landside parking
Investment obligations of Clyde Marina	Provision of pontoons, access to berths and a marina services building
Provision for termination	Reflects that implementation is subject to the approval of a Full Business Case for the AGD funding

3.4 The lease terms have been developed with independent advice from a leisure agent and comparison with other marina developments.

4. Proposals

4.1 It is proposed that Cabinet agree to the Heads of Terms of an agreement for the operation of Ardrossan marina with Clyde Marina Ltd.

5. Implications/Socio-economic Duty

Financial

5.1 The cost of the Council led investment in the project is estimated to be £8.25M, which will allow investment in two breakwaters to form the marina basin, dredging of the basin and agreement to the use of Montgomerie Pier. Funding for the project would be provided by a combination of:

- £5.5M from Scottish Government through the Ayrshire Growth Deal, subject to the submission and approval of a Full Business Case
- £0.8M from North Ayrshire Ventures Trust (approved by the NAVT Board)
- £0.75M from the Crown Estate Boat Based Tourism Fund, with the project successful at stage 1 of a 3 stage application process
- £1.2M from North Ayrshire Council through prudential borrowing

In addition to the commitments from partners outlined above, additional external funding will continue to be sought.

The cost of prudential borrowing for the Council's investment will be met from income from the marina facility, with income assumptions also allowing for maintenance costs and a seabed rental charge. Therefore no additional net borrowing cost to the council.

The revised level of investment will be included as part of the review of the Council's Capital Programme.

Human Resources

5.2 None

Legal

5.3 Advice has been taken on the proposed Heads of Terms, including the principle of the agreement with Clyde Marina Ltd and compliance with UK Government State Subsidy regulations.

Implementation of the project and entering into a lease agreement are subject to the approval of a Full Business Case for funding by the Scottish Government.

Equality/Socio-economic

5.5 The proposals will help to facilitate investment by the private sector with associated job creation and tourism spend, in line with the aims of the Ayrshire Growth Deal.

Environmental & Sustainability

5.6 The proposals will help to facilitate the development of the adjacent Ardrossan north shore brownfield site through commercial and residential development.

Key Priorities

5.7 The proposal responds to the key Council Priorities of:

- Inclusive, growing and enterprising local economy;
- Vibrant, welcoming and attractive places; and,
- A sustainable environment.

Community Wealth Building

5.8 The proposals will contribute to the Council's Community Wealth Building strategy through the best use of land and assets, the growth of a local business and the creation of local employment.

6. Consultations

6.1 Consultation has been undertaken with partners including Peel Ports, Peel Land and Property, Crown Estate Scotland and the proposed operator Clyde Marina Ltd. Consultation on the aspiration for a marina alongside the proposals for development at Ardrossan north shore was most recently undertaken in Spring 2021 through public consultation on the development framework for North Shore. Additional consultation will take place as plans are developed further.

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For further information please contact **Alasdair Laurenson, Senior Manager for Growth & Investment**, on **01294 324030**.

Background Papers

None.