
NORTH AYRSHIRE COUNCIL

8th September 2021

North Ayrshire Council

Title: **Ardrossan Strategic Regeneration Programme and enabling Infrastructure Investment**

Purpose: To update Council on the progress of a nationally significant development programme in Ardrossan and the infrastructure investment required to enable the regeneration of a major strategic site.

Recommendation: Council notes progress to date of the Ardrossan North Shore outline business case and agrees to further budget provision of up to £14.3M of investment in enabling infrastructure to support the development of a major strategic site.

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 By harnessing community wealth building, this programme will provide a powerful catalyst to stimulate economic growth, increase job opportunities and prosperity. An investment of this magnitude will shape the lives of many people from the local area and beyond and provide the positive stimulus needed to transform the opportunities and prospects of future generations to come. The ambition is therefore significant and is becoming a tangible reality with enabling infrastructure works due to commence in 2022. This report provides an update on the programme and its component projects with a particular focus on the investment required in enabling infrastructure to proceed.
- 1.3 The Ardrossan Regeneration programme comprises two key locations – Ardrossan North Shore – a 12.25 ha parcel of land which is one of the area’s high profile post-industrial sites and has been vacant for 40 years, and the adjacent Ardrossan Harbour which is home to one of the busiest ferry passenger terminals in Scotland. The combination of these sites has presented the Council with a significant opportunity to undertake the scale of regeneration programme described above. Substantial external investment has been secured from a variety of sources, recognising the national

priority of the programme.

- 1.4 The Ardrossan North Shore site requires remediation, works to address flood risk, and improvements to road and utility infrastructure. There have been extensive technical studies to inform a detailed understanding of the infrastructure solutions required to support the proposed developments across the whole site.
- 1.5 Consequently, the outline business case for the development of the Ardrossan North Shore site has been updated. To ensure that appropriate financial provision is incorporated within the 10-Year Capital Investment Programme, the technical requirements of the site's development, coupled with a challenging construction cost environment suggest the need for additional financial provision of up to £14.3M, with the potential for this to be reduced should the related UK Government Levelling Up Fund application be successful.
- 1.6 The programme for construction work indicates that the enabling infrastructure works require to commence in Spring 2022 to enable the start of construction of the first phase of projects including the community campus in late 2022. The additional investment requires to be committed so that the procurement process for the enabling infrastructure works can begin in Autumn 2021.

2. Background

- 2.1 The Ardrossan Strategic Regeneration Programme comprises a range of projects which are set to transform central Ardrossan and in North Shore, one of the largest vacant and derelict sites in Scotland which is identified as a key strategic location in the recently approved Regeneration Delivery Plan. These ambitious proposals represent the largest physical regeneration project in the local authority area since the 1970's. Table 1 below sets out each project and its status. This represents a transformational investment programme which aligns with the Council key strategic priority of creating a vibrant and welcoming and attractive environment and links to the key action to develop North Ayrshire as a coastal and island destination, attracting tourism investment and visitors. The proposal will also address issues including long standing derelict land, a lack of opportunity for employment and a lack of private sector investment. It will build on the earlier development of the Clyde Marina and residential, retail and leisure use between 2000-2010.

Table 1: Ardrossan Strategic Regeneration Programme Status

Ardrossan: Strategic Regeneration Element	Description of Project	Current Status of Project
North Shore Enabling Infrastructure works	Construction of a sea wall, remediation of the North Shore Site, provision of on-site road and utilities.	Technical work developed, tender package complete September 2021
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.	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.	Landside works awaiting consultation. Tender process for marina and landside works to proceed following conclusions of negotiations between Transport Scotland and Peel Ports
Ardrossan Connections	A new coastal path and improved links to the town centre.	Design of coastal path complete, requirement to implement works by September 2022 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 ecosystem.	AGD project in deal documents. Working towards an Outline Business Case. Evolving partnership with a major Higher Education academic institution
Marina Development	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. Outline design developed Working towards an Outline Business Case
Residential Development	An opportunity to introduce a range of housing types and tenures.	To be taken forwards once the campus is progressed

	Anticipated to deliver a capital receipt which is included in the outline business case	
Commercial Development	Proposals include the potential for a hotel, commercial and retail use	To be marketed once the campus is progressed

2.2 It is envisaged that the implementation of these ambitious proposals will deliver investment of c £170m. A summary of the proposed investment profile is included in Table 2 below.

Table 2: Ardrossan Strategic Regeneration Programme Financial Profile

Ardrossan: Strategic Regeneration Programme Investment Profile	Anticipated NAC Investment £m	Projected External Investment £m	Total £m
<u>Ardrossan North Shore</u>			
Enabling Infrastructure works	22.3	1.6	23.9
Ardrossan Community Campus*	61.9	-	61.9
IMSE	4	6.5	10.5
Ardrossan Marina***	0.6	9.5	10.1
Residential ****		15.0	15.0
Commercial Development**	-	6.0	6.0
Total	88.8	38.6	127.4
<u>Other Projects within the Ardrossan Programme</u>			
Ardrossan Harbour	3.7	33.9	37.6
Ardrossan Connections		2.0	2.0
Total	92.5	74.5	167

*Note that, as a revenue consequence of the investment in the Campus and dependent upon achievement of agreed outcomes, Scottish Government will provide revenue funding of £43.3m over a period of 25 years.

** Estimated investment levels based on site capacity and current discussions

*** Assumes funding secured from external sources

**** Final mix of housing and funding will be subject of further detailed consideration

Across the programme, it is projected that significant levels of external funding will be attracted to the area including the £43.3M in Scottish Government revenue funding for the campus over a 25-year period to match the Council's investment in the area.

Ardrossan North Shore Development Framework

2.3 The Planning Committee of 23rd April 2021 approved a Framework for the North Shore sites' development. An extract from this framework is included at Appendix 1. This illustrates the scale of development proposed at the site and the components of the sites' development which include:

- The community campus
- An International Marine Sciences and Education Centre (IMSE)
- Residential which could incorporate a mix of house types and tenures

- Commercial development, with the potential for a hotel, commercial leisure, and retail use
- A new coastal path

2.4 The community campus is the largest development on the site. As well as the significant educational, community and regeneration benefits this will bring, the potential for the campus to act as a catalyst and create opportunities for the private sector investment and employment suggested above, should be recognised. This catalytic effect was part of the decision to proceed with the North Shore site, alongside the development capacity and potential to secure Scottish Government funding support which was not the case with other options.

2.5 The Council's commitment and emerging plans have already allowed partnerships to be developed with third parties. In the case of the IMSE discussions with a major academic institution to act as a partner/tenant for the project are progressing well. In addition, interest in the sites' residential and commercial elements has already been expressed from the private sector, although it is considered that the maximum impact of this will be secured by marketing development opportunities once the campus development has been progressed, the local environment improved, and appropriate site infrastructure is in place.

Ardrossan North Shore Site Infrastructure

2.6 A summary of the technical requirements of the sites' development is provided below:

Sea Wall/Revetment

2.7 The revetment or sea wall will protect the north shore site from coastal erosion, wave impact and flood risk. The Scottish Environmental Protection Agency (SEPA) Technical Flood Risk Guidance for Stakeholders (2019) advises that an education use requires the highest level of protection.

2.8 A flood risk assessment and wave analysis have informed the proposals for the revetment. The flood risk assessment identifies the level of protection the site requires to offer against flooding from rainwater, watercourses and rising sea levels or long-term climate change. The wave study identifies the protection the site requires to offer against wave action from the Firth of Clyde to the west.

2.9 The engineering proposals have been confirmed by a recent independent peer review of the engineering specification as well as the proposed construction materials.

Remediation and Earthworks

2.10 Members have previously been updated on proposals for the remediation of the North Shore site at the Council meeting on 23rd June 2021. Extensive site investigations have been undertaken and reports were published in October 2019 and June 2021.

Roads

2.11 New on-site road infrastructure is required which includes the construction of a spine road between the primary access at Barr Street and North Crescent Road to the north, and an access to the commercial area and campus/marina parking to the south. Part of the cost of road infrastructure will help to secure future capital receipts from residential development. Roads within the private residential area to the north will be

the later responsibility of a residential developer. Provision has also been made for wider transport and active travel improvements in central Ardrossan.

Site Infill

- 2.12 There are aspirations to enable residential and commercial development as outlined above. Residential development will be accommodated at the north and east of the site. The proposals for commercial development are however constrained by the c.1 ha available for development at the south of the marina basin, the area with the best commercial development potential.
- 2.13 It is proposed that additional development land is created by infilling land adjacent to the site at the marina basin and through a realignment of the revetment. This will allow the commercial development land to increase in size from c.1 ha to c. 2ha. This area will accommodate proposals for IMSE. In addition, advice on the commercial potential of the site suggests that provision should be made for a hotel development and commercial/retail uses as well as parking for the campus/marina. The increased area of land will allow all these aspirations to be accommodated and for the site to provide commercial, tourism and education opportunities.

Other Development Work/Site Infrastructure

- 2.14 As a more detailed design of the site has been progressed, proposals for additional infrastructure requirements have been identified including:
- Site utilities
 - A coastal path, with proposals for a 4m coastal path for active travel and outdoor education use
 - Public realm/landscaping, both adjacent to the coastal path and at the entrance to the campus overlooking the marina basin.

The Ardrossan North Shore Business Case

- 2.15 An outline business case for the North Shore site has been developed to provide a strategic and financial framework for the projects, enabling infrastructure requirements and relevant capital receipts. The Ardrossan North Shore projects have now been considered with a more detailed understanding of the site configurations and on-site works required to unlock the regeneration plans for the whole site. A prudent approach based on the worst-case scenario has been adopted to assess the budget requirement for these investment works.
- 2.16 As can be seen from Table 2, an estimated £23.9m is required for the enabling infrastructure works. This requires an estimated investment of up to £14.3m, additional to the £9.6m that has already been included in the March 2021 capital programme. The principal reasons for the investment include:
- Extensive technical work has now been undertaken on confirmation of funding from Scottish Government and Ayrshire Growth Deal as the main funding sources.
 - The in-depth technical analysis has reflected the requirements of the SEPA regulations, the outcome of the Flood Risk Assessment and climate change considerations. These have affected the volume of material required for the revetment and the level of the site.

- The implications of the detailed site investigations have informed the site remediation strategy.

2.17 The Ardrossan North Shore business case will continue to be updated through ongoing technical work. At this stage, while costs are based on developed designs for the enabling infrastructure works, there remains the potential for variation given that construction inflation is currently particularly volatile, that raw materials have been subject to significant price increases, and that the proposals are yet to proceed through all the statutory consents processes (planning, marine licences, roads construction consent, etc). The final business case position will be confirmed following the tender stage of the key construction contracts.

2.18 Further external funding opportunities will continue to be explored and assessed in support of the programme objectives. The remaining investment is proposed to be met through borrowing and incorporated into the 10 Year capital programme which will be subject to further review in 22/23 and addressed as part of the budget process.

Levelling up Fund

2.19 An application was submitted in June 2021 for £5M of funding from the UK Governments Levelling Up Fund. This would contribute to the cost of site infrastructure, with a focus on the commercial and residential development proposed within the site in line with the objectives of the fund. Given the deprivation statistics seen in the local area and the nature of the proposals, the application is seen as very much in line with any levelling up agenda. The application is linked to further funding applications for investment in the B714 road and the Lochshore site, which together would provide improved access to the Ayrshire Coast and the regeneration of the proposed tourism/leisure destinations. It is anticipated that the outcome of the application will be known around November 2021.

Programme Overview and Timelines

2.20 A high-level overview of the Ardrossan North Shore projects is included in Appendix 2. The site remediation works require to be implemented prior to the construction of the community campus, due to commence in late 2022. Timescales for site remediation are estimated to take up to 9 months, and with processes for the publication and award of contracts, the enabling infrastructure package requires to be published in Autumn 2021.

2.21 There is a need to move forward with construction works to be able to deliver the Community Campus at the earliest possible opportunity and in line with the project programme. The poor condition of Ardrossan Academy is a critical factor as well as being able to meet the Learning Estate Investment Programme funding criteria. In addition, any further delay is likely to impact on costs due to significant construction cost inflation.

3. Proposals

3.1 Council notes progress to date of the Ardrossan North Shore outline business case and agrees to further budget provision of up to £14.3M of investment in enabling infrastructure to support the development of a major strategic site.

4. Implications/Socio-economic Duty

Financial

4.1 The capital programme agreed in March 2021 includes current budget provision of £92.0 M for investment in the Ardrossan North Shore projects (the campus, IMSE and marina). The current outline business case position following technical assessment of key infrastructure works indicates an investment requirement of £106.4M. Details of how the increase in expenditure will be funded are shown in the table below. This includes an additional £14.3m which would require to be met from prudential borrowing at an annual revenue cost of £0.700m per annum over 30 years. Subject to approval of the report this will be incorporated in the 2022/23 to 2024/25 Medium Term Financial plan and the review of the Capital investment Programme 2022/23 to 2030/31.

Funding Source	Capital Programme March 2021 £m	Updated Business Case September 2021 £m	Movement £m
Prudential Borrowing	69.6	83.9	14.3
Capital Receipts	4.1	4.1	-
Capital Fund Contribution	0.8	0.8	-
Ayrshire Growth Deal (SG and UKG)	12	12	-
Vacant and Derelict Land Fund	1.5	1.6	0.1
Other External funding	4.0	4.0	-
Total	92.0	106.4	14.4

The additional borrowing requirement would be reduced pending the outcome of the Levelling Up Fund bid. The application includes up to £5m costs in respect of the Ardrossan North Shore Development and a decision is anticipated around November 2021.

Costs have been developed through detailed design or engineering work, and advice from a cost consultant which has involved market testing of rates. Costs include sums for contingencies, mobilisation of contractors, etc. The challenging construction cost environment should be noted, and final costs cannot be confirmed until tender awards have been made. This position will be reflected in the final business case.

Human Resources

4.2 The development and implementation of site infrastructure works including remediation, the improvement of the sea wall, roads, etc will be managed by a dedicated project manager following a recruitment process.

Legal

4.3 The main infrastructure works have been developed by an engineer and environmental consultant, who will require to provide a warranty for site works and a validation process following the completion of construction works. Legal advice has been taken on the management of the two major construction works packages proposed proceeding concurrently (campus and enabling infrastructure packages). This will identify the processes required to minimise risk including the provision of separate construction site accesses and for collateral warranties.

Equality/Socio-economic

4.4 The proposals will bring a long term vacant and derelict site into beneficial use. This will have significant socio-economic benefits for the local community through the provision of a new community campus and other residential and commercial proposals.

Environmental and Sustainability

4.5 The proposals for the remediation of the site will involve considerable environmental benefit or betterment, in removing known contaminants within the site and the provision of new clean material to allow the sites development and safe use. The major package of investment will transform a longstanding derelict site and central Ardrossan.

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.
- 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 report outlines the scale of the opportunity that will be released at the North Shore site and in the wider area. The proposals are the most significant regeneration proposal in the local area for many years, are identified as a strategic site within the recently approved 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 Recent consultation on the development framework for the north shore site encouraged interested parties to engage with Council officers and made the offer of one-to-one meetings. Contacts through that process have been informed of the publication of the updated site remediation strategy and officers have met several times with representatives of a residents group concerned over site contamination including a meeting between the group and the environmental consultant.
- 5.2 Regular communication with local communities will be an ongoing feature of the development of the north shore site. Local groups or residents will be able to attend further drop-in sessions as the Community Campus design team develop designs for the site and through the planning process.

Karen Yeomans
Director, Growth & Investment

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

Background Papers

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Appendix 1 – Development Framework



