

**OBAN CHORD – UPDATE REPORT ON MEETING HELD WITH OBAN BAY MARINE LTD
ON THE 9th JULY 2015**

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update the OLI Area Committee on the meeting held with OBM Ltd on the 9th July 2015. The attached minute of the meeting (Appendix A) outlines the discussion that took place and the agreed actions.
- 1.2 Both parties felt the meeting had been constructive and have agreed the actions outlined below.
- 1.3 Agreed Actions:
- OBM to provide Council with emails from Linda Houston confirming revised Business Case should go ahead.
 - OBM to provide Council with written permission from CalMac agreeing to pontoons being placed on the south side of the North Pier.
 - OBM to provide Council with copies of the technical reports they hold for the south of the north pier.
 - On receipt of above reports, these will be passed to ABC's engineers to consider alongside the proposal for the north of the north pier.
 - After ABC engineers have reviewed OBM reports and others available Council will arrange an engineering meeting with OBM
- 1.4 It is recommended that the OLI Area Committee note the content of this paper.

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2. INTRODUCTION

- 2.1 As requested at the OLI Area Committee held on the 9 April 2015, a meeting was held between Council officers and OBM Ltd to address their concerns. This report updates members on the minute of the meeting and agreed actions.

3 RECOMMENDATION

- 3.1 It is recommended that the OLI Area Committee note the content of this paper.

4. DETAILS

- 4.1 The agreed minute of the meeting including actions is attached, see Appendix A.

- 4.2 The agreed actions are:

- OBM to provide Council with emails from Linda Houston confirming revised Business Case should go ahead.
- OBM to provide Council with written permission from CalMac agreeing to pontoons being placed on the south side of the North Pier.
- OBM to provide Council with copies of the technical reports they hold for the south of the north pier.
- On receipt of above reports, these will be passed to ABC's engineers to consider alongside the proposal for the north of the north pier.
- After ABC engineers have reviewed OBM reports and others available Council will arrange an engineering meeting with OBM

5 CONCLUSION

- 5.1 Both parties felt the meeting had been constructive and have subsequently agreed the Minute of the meeting which includes a meeting with ABC's Engineers following receipt and review of OBM's technical reports. A further update will be provided to the OLI Area Committee once the above engineering meeting has taken place.

6. IMPLICATIONS

POLICY	A further update will be provided to the OLI Area Committee once the above engineering meeting has taken place.
FINANCIAL	None.
LEGAL	None
PERSONNEL	None.
EQUAL	There are no equal opportunities implications.

OPPORTUNITIES	
RISK	None
CUSTOMER SERVICE	There are no customer service implications.

Executive Director Development and Infrastructure Services: Pippa Milne

Policy Lead: Ellen Morton

20th July 2015

For further information - please contact :
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**ARGYLL AND BUTE COUNCIL/OBAN BAY MARINE
MEETING ON THURSDAY THE 9TH JULY 2015 10AM
CORRAN HALLS OBAN**

Oban Bay Marine: OBM

Argyll and Bute Council: ABC

Present OBM: Mike Robertson (MR) - Chair
 Elaine Lauder (EL)
 Jean Ainsley (JA)
 Brian Swinanks (BS)
 Maitland Murray (MM)
 Roger Parry (RP)
 Linda Battison (LB)
 Graeme Bass (GB)

Present ABC: Charles Reppke (CR)
 Fergus Murray (FM)
 Helen Ford (HF)
 Kirsteen MacDonald (KM)
 Dominique Brown (DB) – Minute Taker

Apologies: John Peden (JP) In his absence he had prepared a report which was circulated and noted.

Item	Detail	Action
1.	Welcome and Introductions Meeting opened by Mike Robertson followed by round the table introductions with each attendee giving a short description of background and role.	
2.	The Business Community Viewpoint GB outlined that the business community feel that there is a gap in the town's ability to compete effectively and this is due to a lack of maritime facilities for visitors and cruise ship customers. Cruise ship customers receive a poor first impression alighting on the slip on the north side of the North Pier. Lerwick forecast eighty two cruise ship visits bringing in £1.2 million. In comparison Oban has only received fourteen visits. The business community feel there	

is a strong need for concrete plans for a step ashore facility to be in place as soon as possible.

LB added that tourism has been lost for many years due to the inability of yachts to berth, the modern day yachtsman will not come ashore in a rubber dingy, it needs to be a step ashore facility, the lack of facilities has meant that over the years Oban has suffered a loss of prestige amongst this community.

FM explained that ABC recognises the need for greater facilities and is in the process of bringing forward proposals for a transit berthing and step ashore facility as instructed by the Area Committee. ABC is committed to developing marine tourism and has recently done so in Campbeltown; after opening this facility 300 boats went through in the first week. FM posed the question of why the private sector had not built the marina if there was strong private sector demand?

LB replied that OBM were in such a position eight years ago with funding from crown estates, and HIE however ABC prevented the project moving forward.

CR indicated that the Council had a different view of the previous discussions with OBM.

RP explained that OBM believed there was £2 million available through the CHORD programme and so OBM waited to proceed alongside ABC.

HF stated that projects are subject to a Full Business Case. Each town received a funding allocation, a portion of Oban's allocation was put set aside for a transit berthing facility. To date a Full Business Case hasn't been put forward for a transit berthing facility hence the funds have not been approved/released.

CR asked if OBM feel the project is dependent upon public sector funding.

JA responded that OBM feel that the construction of a marina/pontoons could be funded by the private sector

	<p>however wider costs such as dredging, and maintenance would require ABC /other public funding.</p> <p>BS referenced the question posed by CR and added that an attenuator will also be necessary for the project, previous projects built their piers without thinking of a marina, there has been a lack of joined up thinking historically between the harbour and harbour authorities.</p> <p>MR further noted that it will require a combination of public and private sector funding, which is an established principle for example Campbeltown Marina. Secondly there was £800,000 promised to OBM 8 years ago which was going to form funding in partnership with crown estates, if ABC were not planning on funding the proposal it should have been stated then.</p> <p>CR, FM, indicated that the Council had a different view point in respect of the second point made by MR in reference to the suggestion that there had been a commitment of £800,000.</p> <p>In summary LB&GB emphasized that :-</p> <ul style="list-style-type: none"> • A short stay facility would complement the marina at Kerrera. • The business community has waited long enough, and the fear is that further delay in providing improved infrastructure for visiting yachts threatens Oban’s tourist industry. • OLTA members don’t care which side of the pier the development takes place, as long as it happens quickly, and provides facilities for a large no of yachts, not just a pontoon for cruise ship walk ashore. 	
<p>3.</p>	<p>The Tobermory Experience</p> <p>BS explained his intention to outline his experience with Tobermory Marina. The Tobermory project involved working with multiple partners which as a result has proved</p>	

successful. Funding is harder to find in today's climate however it is still available, Lochboisdale is an example of this having recently attracted £5 million from HIE. It is the delivery of wider benefits to the town that should be used as a measure of success, rather than the turnover. Once facilities had been installed in Tobermory overnight stays doubled to seven thousand; cruise liner visits have risen to thirty, boat visits have doubled and the population has doubled too. Incoming inhabitants to Tobermory state moorings as a key motivator for their relocation.

Oban needs to be a strategic hub port with links to the Caledonian Canal channelling marine tourism up and down the coast and furthermore onto Tobermory. Locations further North need 50% of marine visitors to continue on to break even, the figure is currently sitting at 20-30%.

The facilities needed in Oban are varied including: broadband, large berths, fuelling, toilets and services, waste disposal, servicing, and easy access for passengers. Furthermore strategic management, day to day management and communication between stakeholders will all be important.

BS stressed that while cruise ships are good business, it is the floating tourists with their own boats who spend the most money ashore. He quoted "The bigger the ship, the smaller the spend".

MR concluded with the question of whether it is accepted by both parties that the Tobermory experience outlines the need for Oban to have a marina?

FM replied to MR saying that ABC is fully aware of the challenges of addressing the needs of marine tourism in Oban. Campbeltown Marina has now been delivered, and ABC recognises the importance of marine tourism for Oban too, this is why the council is addressing the issue.

CR asked Brian if he believed there would be competition between the development of an Oban transit marina and Tobermory Marina.

BS responded to CR saying that there will be competition

	<p>for cruise liners however the tourists afloat business is seen to be complementary to the Tobermory Marina.</p> <p>LB voiced her view that the key tourism for Oban will be from the tourists afloat as statistics show that they are the group who step ashore and spend the most money in comparison to cruise customers.</p> <p>MM expressed a concern that Tobermory will out-compete Oban due to the island position and charm of Tobermory.</p> <p>FM disagreed with MM stating that Helensburgh had recently been described as an ‘attractive fishing village on the Clyde coast’ by a Cruise Operator and that he felt Oban has its own unique appeal.</p> <p style="padding-left: 40px;">BS had stressed that while cruise ships are good business, it is the floating tourists with their own boats who spend the most money ashore. He quoted “The bigger the ship, the smaller the spend “.</p>	
<p>4.</p>	<p>The Council’s Current Proposals</p> <p>HF began by saying that ABC is committed to delivering a marine tourism facility in Oban and as such the arrangements for an integrated Maritime Facility is progressing and that the Full Business Case for a Maritime Visitor Facility has been approved, unfortunately a current legal challenge is blocking this project from moving forwards.</p> <p>RP queried why ABC had thrown out OBMs Business Case.</p> <p>HF answered RP’s query by explaining that this was due to the Business Case assuming that ABC would fund considerably more than it had agreed to.</p> <p>JA stated that she had emails from Linda Houston confirming that the revised business case should be progressed.</p>	

	<p>FM stated that he had no knowledge of such emails moreover ABC officers do not have the authority to commit any funding beyond what was set out in the letter, as this would require Council/Area committee decisions</p> <p>RP added that a meeting was held in August 2014 with Linda Houston, Fergus Murray and OBM at which point the revised content of the Business Case had been agreed.</p> <p>FM disagreed with the above point made by RP, £200,000 was offered by both ABC and HIE to fund the Business Plan, as stated in ABC's letter of 24 April 2014. There was no agreement to go beyond that figure and in any case it was made clear in the letter that this offer was subject to member approval.</p>	<p>JA to provide a copy of Linda Houston emails to ABC.</p>
<p>5.</p>	<p>Council Funding Available</p> <p>RP questioned how the marina is to be funded; through CHORD alone or through CHORD and TIF.</p> <p>HF replied to RP saying that North Maritime Quarter would be funded by CHORD and TIF and that ABC would also be looking to attract external funding.</p> <p>LB expressed her view that money spent on the interim solution would prevent the full marina being developed and that there needed to be a marina in Oban now.</p> <p>HF replied to LB saying that the interim solution and full marina were not mutually exclusive and that it takes 12-14 months minimum to get the necessary permissions i.e. licences to put infrastructure in the water. This also applies to the OBM option.</p> <p>RP voiced his doubt that the current funding is sufficient to fund a long term solution.</p> <p>HF explained that it is the intention of ABC to attract external funding in addition to ABC funds.</p> <p>BS expressed his view that if you started now you could have pontoons in the south bay by next summer and as</p>	

	<p>they are mobile they could be moved to the north side of the north pier if ABC so chose.</p> <p>HF stated that ABC officers have a duty to ensure that public money is spent efficiently; dredging twice in combination with other abortive costs of moving the pontoons does not represent value for money.</p> <p>CR queried if all stakeholders would be happy with pontoons being placed on the south side of the north pier noting CalMac as an example.</p> <p>MR stated that OBM had written permission from CalMac agreeing to pontoons being placed on the south side of the North Pier.</p> <p>MM added that CalMac agreed to these proposals in a meeting held back in 2012 with Lorna Spencer.</p> <p>CR asked if the proposals remained the same.</p> <p>MR answered CR saying that they were not however the new proposal is for fewer berths than previously suggested so the spirit of the agreement has not changed. OBM stated they were happy to provide ABC with a copy of the Marine Safety Action Plan agreed with CalMac.</p> <p>BS stated his intention to engage with Crown Estates in order to raise the profile of the proposed marine facilities.</p> <p>FM responded to BS saying that he would welcome that.</p>	<p>OBM to give a copy of this document to HF.</p>
<p>6.</p>	<p>The Serviced Site Principle</p> <p>MM asserted that there is great private sector support for OBM's proposals; Peter Weir has indicated that if OBM were able to cover dredging and the attenuators he would supply the pontoons.</p> <p>CR replied to MM saying that private sector funding of pontoons would need to be put out to tender to ensure fair competition.</p>	

The Scope Of The New Consultancy

HF stated that ABC has allocated £45,000 to investigate options for an interim solution.

RP enquired which side of the pier ABC plans to investigate.

HF replied that it was the north side of the North Pier.

RP questioned why ABC is not investigating the south side of the North Pier.

HF answered RP saying that ABC engineers feel this option is more deliverable.

RP disagreed saying that there is more protection and less dredging required for a facility on the south of the north pier, OBM engineers feel this to be the better option.

CR commented that in his experience qualified engineers can often have different views on the best course of action.

MR requested that the allowance of £45, 000 is spent on investigating both sides of the north pier. Consultant reports developed by OBM have been submitted to ABC several times, please consider this information.

Some discussion ensued on the above point.

FM stated that ABC has an open mind on this issue and was concerned with the facts only. If OBM provide the technical reports mentioned which recommend the south side these will be given to ABC's engineers to consider alongside the proposal for the north side.

CR posed the question to OBM of whether they are opposed in principle to the development of the north side of the North Pier or simply take the view that is isn't feasible.

MR replied saying that OBM are not opposed to the development of the north side of the North Pier. OBM welcomes investment from ABC into the provision of

OBM to provide a copy of the technical reports. FM to provide to ABC engineers.

facilities, if ABC concludes that the north side of the pier is best OBM would disagree from a technical viewpoint but welcome the investment nonetheless.

FM expressed his view that both OBM and ABC want the same thing for Oban, increased berthage, more cruise ship visits, and increased numbers of yachts visiting the town. ABC is investing in marine tourism; recently having developed Campbeltown Marina and in the past facilitating new facilities at Rothesay.

BS voiced his concern that greater clarity was needed as to the type of marine tourist target OBM want to attract and that OBM are very keen to see provision for yachts in the new facilities as OBM feel this will provide the local economy with a greater boost.

LB echoed the above sentiment of BS and added that cruise ships would undoubtedly be a bonus however the tourists afloat business is the target market most valued by OBM.

RP outlined his concern that the £45, 000 would be spent on investigating a temporary solution rather than a full project.

HF replied to RP saying that interim did not mean temporary and that it would be more accurate to think of the interim facility as a phase of the project. Phase four of the project will cover the long term solution. ABC engineers are investigating this and have started to draft a brief.

EL requested a timeframe regarding development of the brief.

HF replied that ABC cannot give a firm time frame for it, currently looking to recruit a new project manager. It is hoped that the brief will be finished in the next few months.

JA enquired how many berths the new facility will provide.

HF responded to JA by saying that this has not been determined yet.

	<p>JA asked if any external companies were involved in the development of the brief or if engineers were employed by ABC.</p> <p>FM replied to JA saying that the engineers will be internal.</p> <p>CR commented that it should be noted that the brief will not necessarily cost £45, 000 to complete.</p>	
	<p>AOCB</p> <p>CR asked if it would be a fair comment to say that a lack of clarity regarding the role of OBM needs to be addressed as a barrier to moving forward.</p> <p>HF added to the above comment by CR saying that this clarification of their role is necessary as it will affect the level of involvement of OBM. Is it as an owner, developer, operator or advisor? For example if OBM intended to operate the marina ABC could be accused of allowing OBM unfair access to the project. OBM's Business Case uses language that casts OBM in several different roles.</p> <p>MR explained that the role of OBM has evolved over time and in response to challenges faced. OBM currently sees itself as a pressure group, promoting the importance of a step ashore facility for Oban rather than having a direct role in the ownership, development or operation of the facilities.</p> <p>RP commented that OBM is happy for the Business Case to be reworded in these sections, OBM started off wanting to put in pontoons; this has changed.</p> <p>JA added that ABC should have raised the wording of the Business Case as an issue earlier.</p> <p>HF explained that KM and herself are new to the project and so are unable to comment on past communication between OBM and ABC.</p> <p>RP asked if the Business Case was still of use.</p>	

	<p>HF replied to RP saying that it is useful as an illustration of the type of project that could be done in this type of location.</p> <p>LB enquired if the wording of the Business Case was to be resolved along with displacement and state aid issues, could the proposal be moved back up to 60 berths?</p> <p>HF replied that this would be unlikely as a greater number of berths would likely increase displacement/state aid issues.</p> <p>LB disagreed that a larger number of berths would increase displacement.</p>	
	<p>Conclusion: Is There A Way Forward?</p> <p>HF returned to the earlier point made by EL in item six regarding a lack of dialogue between OBM and ABC and suggested that a meeting be arranged between OBM and ABC engineers to discuss the location to be used for the step ashore facility. HF noted that ABC engineers would need time to review the reports in advance of the meeting, Arthur McCulloch is the chief engineer for ABC. Additionally it would be helpful for OBM to decide upon a spokesperson to be the point of contact between OBM and ABC.</p> <p>MR volunteered to be the point of contact for OBM, thanked ABC officers for attending and expressed the continued commitment of OBM to promoting movement towards a transit facility for Oban.</p> <p>RP enquired how ABC was going to report back to the Area Committee on the contents of this meeting.</p> <p>HF the report back to the Area Committee will be the minutes of this meeting once they have been agreed by both parties.</p> <p>CR confirmed that he would be briefing the Area Chair at the conclusion of the meeting and said that he proposed to advise that the meeting had been positive and nobody disagreed with that assessment.</p>	<p>After ABC engineers have reviewed OBM reports and others as available HF to arrange an engineering meeting between OBM and ABC.</p>

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