

**Oban North Pier Maritime Quarter – Phase 2 – Transit Berthing Facility – FBC
report**

1.0 EXECUTIVE SUMMARY

- 1.1 The Full Business Case (FBC) for the Oban North Pier Maritime Quarter – Phase Two – Transit Berthing Facility is now complete. The FBC has been prepared by the project manager, supported by the design team led by Fairhurst and Peter Brett Associates, Economic and Business Consultants.
- 1.2 The proposals for the Transit Berthing Facility are the result of extensive consultation over several years culminating in a council led engineering workshop in September 2015. The September workshop proved that the best location for the development was to the North side of the North Pier for financial, attenuation, and future proofing of design. The Oban Lorn and the Isles Area committee in April 2016 recommended that officers take this layout and outline design to detailed design and full business case.
- 1.3 The Transit Berthing Facility includes an access ramp from the North side of the North Pier Car Park down to 36 finger berth pontoons attenuated by a circa 200 m floating concrete breakwater. The facility is for transitory maritime clients and businesses only and complements marinas in the vicinity and further afield by providing a step ashore experience that directly enables visitors to use the town center amenities and wider attractions on offer. This new facility will assist in the growth of indigenous and new businesses in the area by attracting maritime visitors directly into the area.
- 1.4 The current CHORD budget allocation is £1.5m, this was reduced from £2m at the April 2015 OLI Area Committee. The project funding arrangements are provided within the exempt paper provided separate to this report where external funding is laid out.

1.5 It is proposed that the facility is operated by the council for the first season prior to going out to tender in the open market subject to review in month 6 and 12.

1.6 Economic impacts

- 57% uplift in direct, indirect and induced expenditure in Oban due to the Transit Berthing Facility.
- £0.27 million annual Gross Value Add (GVA) directly related to the Transit Berth Facility, £0.37 million GVA including indirect and induced expenditure p.a.
- The Transit Berthing Facility will support 21 direct, indirect and induced FTEs—nearly 30% of the total FTEs supported by Oban’s marine tourism product.
- 2.5 FTE direct employees
- Direct, indirect and induced visitor expenditure of £1.2 million annually.
- Cumulative direct, indirect and induced expenditure of £15 million over 15 years
- The Transit Berthing Facility will account for 36% of the total economic impact of Oban’s marine tourism product.

2.0 RECOMMENDATIONS

2.1 It is recommended to that the Policy and Resources Committee that:

- The Full Business Case for the Transit Berthing Facility is approved;
- £1.5m is drawn down from the CHORD budget allocation for provision of the Transit Berthing Facility;
- Approval is given to the Executive Director of Development and Infrastructure Services to proceed to tender for the Transit Berthing Facility; and
- Approval is given to the Executive Director of Development and Infrastructure Services to award the contract to the preferred contractor should the project costs fall within the allocated project budget, as augmented by any external funding.

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3.0 INTRODUCTION

- 3.1 The purpose of this paper is to bring forward the Final Business Case (FBC) for the Transit Berthing Facility for approval.

4.0 RECOMMENDATIONS

- 4.1 It is recommended to the Policy and Resources Committee that:

- The Full Business Case for the Transit Berthing Facility is approved;
- £1.5m is drawn down from the CHORD budget allocation for provision of the Transit Berthing Facility;
- Approval is given to the Executive Director of Development and Infrastructure Services to proceed to tender for the Transit Berthing Facility; and
- Approval is given to the Executive Director of Development and Infrastructure Services to award the contract to the preferred contractor should the project costs fall within the allocated project budget, as augmented by any external funding.

5.0 DETAIL

- 5.1 The FBC for the Transit Berthing Facility is now complete.
- 5.2 The April 2016 Oban Lorn and the Isles (OLI) Area Committee approved the design layout for the transit berthing facility. The June OLI Area Committee approved the recommendation to seek approval for development funding from the August Policy & Resources Committee to take the project forward to tender stage. The current budget allocation is £1.5m, this was reduced from £2m at the April 2015 OLI Area Committee. Full project costs and funding arrangements are provided within the exempt paper provided separate to this report.
- 5.3 *External Funding* - Given the national strategic importance of this project to the wider West Coast of Scotland and the Scottish Government's Marine Tourism Strategy – Waking the Giant, discussions are being held with external potential delivery partners, and funding applications submitted, regarding financial contribution to the capital budget. The Blue Economy is vitally important to Oban and the wider Lorn area including a number of economically fragile communities based on nearby islands such as Mull, therefore a substantial contribution is anticipated. The funding application

decisions are expected early January 2017 and are provided within the exempt paper provided separate to this report.

- 5.4 The Transit Berthing Facility (TBF) will act as a focal point for marine-based activity and other visitors, providing a point of welcome at the North Pier to maritime visitors and businesses. It will provide high-quality step ashore facilities at a town center location allowing direct access to Oban's services and facilities. This facility is expected to generate economic benefit for the immediate area and the wider Oban economy.
- 5.5 The main function of the Transit Berthing Facility (TBF) will be to provide a modern step ashore facility, with dedicated showers, toilets, changing areas and secure lockers for maritime visitors provided in the adjacent Maritime Visitor Facility. The Transit Berthing Facility will provide up to 3 nights only for visiting craft and day stops for operating maritime leisure businesses. The facility is intended to complement the existing marinas in the vicinity and in time grow the market for all services and customers alike for the West of Scotland.
- 5.6 It is recommended that the ownership, management, and operation of the facility should, for the first year of operation sit with the council and then be subject to an operational and financial review at months 6 and 12. The Marine Operations Service has been fully involved in the project to date and have worked with the project manager in creating the operating options for the facility's future management. If the council own operate and manage the facility for the first year, then: snagging; quality of service; business development; marketing; fee/dues collections; and facility management can all be managed in a cohesive manner, which should result in a more attractive proposition to the private sector, especially as intended, the facility is subsequently marketed in conjunction with the maritime visitor facility.
- 5.7 Following a review of both the transit berthing and maritime visitor facility's management and all revenue cost/income implications for the council and marine services, an options appraisal will be undertaken, which will include as a minimum the following:
 - Option 1: Council own, operate and manage the facility
 - Option 2: Council own and contract out the management and operation of the facility
 - Option 3: Council work in partnership with a contractor/operator dependent on findings of review.
- 5.8 Economic Impact:

The assessment undertaken by Blue Sea Consulting LLP and Peter Brett Associates demonstrates the positive impacts the project will have in Oban and the wider environs, as detailed below:

 - 57% uplift in direct, indirect and induced expenditure in Oban due to the Transit Berthing Facility.

- £0.27 million annual GVA directly related to the Transit Berth Facility, £0.37 million GVA including indirect and induced expenditure p.a.
 - The Transit Berthing Facility will support 21 direct, indirect and induced FTEs—nearly 30% of the total FTEs supported by Oban’s marine tourism product.
 - 2.5 FTE direct employees
 - Direct, indirect and induced visitor expenditure of £1.2 million annually.
 - Cumulative direct, indirect and induced expenditure of £15 million over 15 years
 - The Transit Berthing Facility will account for 36% of the total economic impact of Oban’s marine tourism product.
- 5.9 To complement the other local marinas and mooring operators in the Oban area a maximum stay of 3 nights per week will be enforced by the operator and the pricing structure is to be set at a slight premium against local overnight stay rates. Based on similar projects, such as Campbeltown Transit Facility and Tobermory Harbour it is believed that the proposed transit berthing facility will be a catalyst for change and increase direct spending in Oban’s tourist economy. Estimates indicate that the town’s economy could benefit by an additional 5,600 visiting boat nights delivering around 22,000 additional visitors. The marina itself will create 2.5 full time equivalent jobs, but the impact of the additional spend will undoubtedly support further business development and increased local employment.
- 5.10 The project has secured all the necessary statutory approvals to implement the works, apart from the Traffic Regulation Order, which will be advertised in November 2016.
- 5.11 Rigorous monitoring of the works and the budget will be undertaken due to the ongoing operational requirements of the pier and adjacent businesses. A site supervisor will be in place for the duration of the works to monitor progress on a daily basis to ensure the Contractor is applying the correct temporary traffic management and standards of quality to all elements of the project. The project manager and cost consultants will prepare monthly cost appraisal and financial statements that will track works spend against contractual lump sum and overall project spend against budget allocation. The contingency will be reviewed on a monthly basis.
- 5.12 The Council’s Road and Amenity officers have been consulted during the various design development stages with regards to buildability, durability and maintenance, with all issues raised having been addressed. The Head of Roads and Amenity Services has been briefed on the final design proposals and on the future management and maintenance requirements.
- 5.13 The council’s Marine Operations Service has been fully involved in the design and delivery process and is fully supportive of the recommendations being made in this report.
- 5.14 A ‘Community Benefits’ clause will be inserted to the National Engineering Contract (NEC)3 Option A contract to ensure that the Transit Berthing Facility project provides clear opportunity to deliver community benefits in

terms of employment and learning opportunities.

- 5.15 A detailed programme plan has been prepared and is contained within the exempt paper provided separate to this report. The works are programmed to start early January 2017 and finish mid- summer 2017.

6.0 CONCLUSION

- 6.1 The transit berthing facility will create a much anticipated and needed asset in the heart of Oban. The layout of the transit berthing facility as presented represents the best financial model that can be achieved with the funds available. The design as presented is also future proofed and represents the best location within the setting of Oban. The facility will serve the needs and requirements of the maritime tourism sector. As a result it will make a significant contribution to the economic regeneration of Oban Town Centre, the surrounding mainland and islands, and, the waterfront through increased footfall.

7.0 IMPLICATIONS

Policy	The delivery of the CHORD program fits with the Council's Corporate Plan, Single Outcome Agreement and approved Development Plan policy for town centre regeneration. The economic outcomes from these projects will contribute to the Government's Economic Strategy.
Financial	The drawdown of funds is within the currently allocated CHORD budget.
Legal	Each of the CHORD projects requires differing levels of resources to ensure their timely delivery.
Equal Opportunities	An Equality Impact Assessment has been completed and reviewed by the Council's Policy Officer.
HR	Resources have been allocated to the project should they be required.

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15 September 2016

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