
**OBAN NORTH PIER MARITIME QUARTER – PHASE 1 – MARITIME VISITOR FACILITY –
ADDENDUM to FULL BUSINESS CASE**

1. EXECUTIVE SUMMARY

- 1.1 The revised Full Business Case (FBC) for the Oban North Pier Maritime Quarter – Phase One – Maritime Visitor Facility is now complete. The FBC revision has been prepared by the project manager supported by the design team led by CAPITA and Peter Brett Associates, Economic and Business Consultants.
- 1.2 The proposals for the Maritime Visitor Facility approved by Argyll & Bute Council on the 20th August 2014 have been altered due to objections by an adjacent business. Therefore, the “Gathering Place” design has been altered to a more compact “wedge” shape, which sits within the site boundary of the existing White Building. As a result, the approved Full Business Case, dated 20 August 2014, has been updated to reflect the impact these changes in the design and associated project costs have had on the financial viability and economic impact of the project.
- 1.3 The facility will include: dedicated showers, toilets, changing areas and secure lockers for maritime visitors. Additionally it will create 4 office spaces, two on the mezzanine floor and two on the ground level, including: a harbour-master’s office; an office for the transit berthing facility operator; and two additional commercial offices which can be offered to the market.
- 1.4 The economic benefits to the local economy are:
 - £312,102 Gross Value Add (GVA) in the construction phase;
 - A cumulative impact on the local economy of over £2m over 15 years;
 - Contribution of £165,000 in revenue to local businesses through occasional marine-based events;
 - Over £1m additional GVA to the local tourism economy over a 15 year period.

2.0 RECOMMENDATIONS

- 2.1 It is recommended to the Policy and Resources Committee that:
 - The Full Business Case for the Maritime Visitor Facility is approved;
 - £1.6m is drawn down from the CHORD budget allocation for provision of the Maritime Visitor Facility;

- Approval is given to the Executive Director of Development and Infrastructure Services to proceed to tender for the Maritime Visitor Facility; and
- Approval is given to the Executive Director of Development and Infrastructure Services to award the contract to the preferred contractor should total project costs fall within the allocated project budget.

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3.0 INTRODUCTION

- 3.1 The purpose of this paper is to bring forward the revised final business case (FBC) for the Maritime Visitor Facility for approval.

4.0 RECOMMENDATIONS

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

- The Full Business Case for the Maritime Visitor Facility is approved;
- £1.6m is drawn down from the CHORD budget allocation for provision of the Maritime Visitor Facility;
- Approval is given to the Executive Director of Development and Infrastructure Services to proceed to tender for the Maritime Visitor Facility; and
- Approval is given to the Executive Director of Development and Infrastructure Services to award the contract to the preferred contractor should total project costs fall within the allocated project budget.

5.0 DETAILS

- 5.1 The revised FBC for the Maritime Visitor Centre project is now complete.
- 5.2 The revised FBC updates the approved 2014 version which outlined the business case for a larger, iconic building on Oban's waterfront, as part of a suite of waterside regeneration projects funded by the CHORD initiative. Following adjustments to the design to address objections by an adjacent business this revised business case reflects: related changes in the design layout; project costs; financial viability of the facility; and the economic impacts which are anticipated to be derived from the project. The original FBC which outlines the strategic fit of the project remains unchanged is available for members, if required.
- 5.3 The Maritime Visitor Facility (MVF) will act as a focal point for marine-based activity and other visitors, providing a point of welcome at the North Pier, and offering occasional event space indoors and flexible outdoor rentable space. It will also provide high-quality office space at a desirable waterside and town centre location. These features are expected to generate economic benefit for the immediate area and the wider Oban economy.
- 5.4 The main function of the Maritime Visitor Facility (MVF) will be to provide a modern functional space with dedicated showers, toilets, changing areas and secure lockers

for maritime visitors. Additionally it will create 4 office spaces, two on the mezzanine floor and two on the ground level, including: a harbour-master's office; an office for the transit berthing facility operator; and two additional commercial offices which can be offered to the market. The open plan area within the foyer will be able to cater for small events, and the building will be fully accessible. The foyer on the ground floor may be rented for occasional event space, and there will be the opportunity to rent the space outside the building for markets and pier side events. The previous designs proposed layout had a large gathering space that was open to the elements and public, whereas the new layout is contained within the building, which is accessed by a digital keypad entry system. This now allows for income to be generated for the space and provides a more secure environment for clients wishing to use the showering facilities out-with office hours.

- 5.5 The Estimated Project Costs are provided within the exempt paper provided separate to this report.
- 5.6 It is recommended that the ownership, management, and operation of the building should, for the first year of operation, sit with the council and then be subject to an operational and financial review in 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; rental collections; and facility management can all be managed to a high standard, which should result in a book value for the building, which is more attractive to the private sector if the facility is subsequently marketed in conjunction with the transit berthing facility.
- 5.7 The four options included below will be assessed following a review of the building's management and all revenue cost/income implications for the council and marine services.
- 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 operator of the transit berth if the council do not operate the transit berth in-house

Option 4. Council contract out the management of the building to the Transit Berthing Facility and or partners, and pay rent and service charges to the operator/management.

- 5.8 Financial Viability – The project funding arrangements and costs are provided within the exempt paper provided separate to this report.
- 5.9 Economic Impact Assessment - this has been undertaken by Peter Brett Associates. The assessment demonstrates the positive impacts the project will have in Oban and the wider environs, as detailed below:
- £312,102 GVA in the construction phase.
 - A cumulative impact on the local economy of over £2m over 15 years.
 - Contribution of £165,000 in revenue to local businesses through occasional marine-based events.
 - Over £1m additional GVA to the local tourism economy over a 15 year period.
- 5.10 The project has secured all the necessary statutory approvals to implement the works. The Traffic Regulation Order will be advertised in November 2016 post FBC sign off.
- 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.
- 5.12 The contingency will be reviewed on a monthly basis.
- 5.13 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.

- 5.14 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.
- 5.15 A 'Community Benefits' clause will be inserted to the National Engineering Contract (NEC) 3 Option A contract to ensure that the Oban North pier project provides clear opportunity to deliver community benefits in terms of employment and learning opportunities.
- 5.16 A detailed programme plan has been prepared and the works are programmed to start early January 2017 and finish mid-summer 2017. The project programme is provided within the exempt paper provided separate to this report
- 5.17 The Oban Maritime Visitor Facility project has an allocation from CHORD funds of £1.6 million as agreed by OLI AC 20 August 2014.

6.0 CONCLUSION

- 6.1 The revised layout of the MVF has created a much more financially sustainable facility which better serves 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 and Waterfront through increased footfall.

7.0 IMPLICATIONS

- 7.1 **Policy** - The delivery of the capital regeneration programme 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.
- 7.2 **Financial** - The drawdown of funds is within the currently allocated CHORD budget.
- 7.3 **Legal** - Each of the capital regeneration projects requires differing levels of legal resources to ensure their timely delivery.
- 7.4 **Equal Opportunities** - An Equality Impact Assessment has been completed and reviewed by the Council's Policy Officer.
- 7.5 **HR** - Resources have been allocated to the project should they be required.

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