

Tarbert and Lochgilphead Regeneration Fund – Tarbert Harbour Authority Shore Side Facilities Full Business Case

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides an update on the proposals for the Tarbert Harbour Authority Shore Side Facilities and consideration of the full business case following the approval of an allocation of up to £125,000 by Committee in September and October 2017.
- 1.2 To assess this project, Tarbert Harbour Authority have provided a full business case for the capital project together with their Business Development Plan 2016-21, accounts etc. A copy of the assessment is contained at Appendix 1 and has been informed by the business case with input from Strategic Finance.
- 1.3 Following this assessment, it is considered that overall the impacts of the project and the organisation's governance, financial planning and project planning are sufficient to enable the Council's funding to be confirmed, subject to Committee approval. If the Committee agree the funding allocation of £125,000, a grant agreement will be prepared in relation to the funding which will set out the conditions associated with the grant including a requirement for expenditure to be evidenced. A summary of the key points of the assessment is shown at 4.5.

Recommendations

- 1.4 Members of the Mid Argyll, Kintyre and the Islands Area Committee are asked to:
1. Recommend to Policy and Resources Committee that:
 - a. The full business case is approved and the grant funding of up to £125,000 is confirmed from the Tarbert and Lochgilphead Regeneration Fund. Release of this funding would be on the basis that expenditure can be evidenced and would be subject to a grant agreement between Argyll and Bute Council and Tarbert Harbour Authority.
 - b. Delegated authority be afforded to the Executive Director of Development and Infrastructure Services to confirm the details of the grant agreement.

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2.0 INTRODUCTION

- 2.1 This report provides an update on the proposals for the Tarbert Harbour Authority Shore Side Facilities and consideration of the full business case.
- 2.2 On 6 September 2017, the Mid Argyll, Kintyre and the Islands Area Committee agreed the six projects which should proceed to full business case through the Tarbert and Lochgilphead Regeneration Fund. This decision was ratified by Policy and Resources Committee on 19 October 2017.
- 2.3 It was noted in the previous report that full business cases for each of the projects will be submitted for consideration by committee as they become available given that each of the projects will develop at a different pace. The agreed projects included an allocation of up to £125,000 for the shore side harbour facilities at Tarbert Harbour. This was the first element of works to be funded at Tarbert Harbour, the second was focused on improving car parking. The full business case for the shore side facilities has now been provided.

3.0 RECOMMENDATIONS

- 3.1 Members of the Mid Argyll, Kintyre and the Islands Area Committee are asked to:
1. Recommend to Policy and Resources Committee that:
 - a. The full business case is approved and the grant funding of up to £125,000 is confirmed from the Tarbert and Lochgilphead Regeneration Fund. Release of this funding would be on the basis that expenditure can be evidenced and would be subject to a grant agreement between Argyll and Bute Council and Tarbert Harbour Authority.
 - b. Delegated authority be afforded to the Executive Director of Development and Infrastructure Services to confirm the details of the grant agreement.

4.0 DETAIL

- 4.1 The scoring process which was used to select the six projects to proceed to full business case identified the Tarbert Harbour project as the top scoring project for Tarbert. The project is split into two elements, the first being focused on the construction of new shore side facilities. The second will look to extend the car park

but is reliant upon the upgrade of the Barmore/Garvel Road junction, the second project within Tarbert which is subject to funding through the Tarbert and Lochgilphead Regeneration Fund. Committee agreed that a maximum of £125,000 be allocated for the onshore facilities and a maximum of £105,000 for the car park. The project will be led by Tarbert Harbour Authority.

- 4.2 The shore side facilities will consist of the following elements:
- a new wash and laundry block (stage 1);
 - refurbishment of the existing wash facilities building to house the office and chandlery (stage 2);
 - removal of the current temporary buildings which house the office and chandlery and provision of a new waste facility (stage 3); and
 - a new fuelling berth (stage 4).

- 4.3 This project was the successful recipient of funding from the Coastal Communities Fund (CCF) with £300,000 of funding allocated. In order to comply with the requirements of CCF, work commenced on stage 1 of the works in the autumn of 2017. Without additional funding the remaining stages cannot be commenced and successfully completed. The contribution through the Tarbert and Lochgilphead Regeneration Fund will help to progress stages 2-4 of the works and support the full benefits anticipated as a result of the project, see appendix 1 for expected benefits.

Assessment of Full Business Case

- 4.4 To assess this project, Tarbert Harbour Authority have provided a full business case for the capital project together with their Business Development Plan 2016-21, accounts etc. A copy of the assessment is contained at Appendix 1 and has been informed by the Business Case with input from Strategic Finance.
- 4.5 Following this assessment, it is considered that overall the impacts of the project and the organisation's governance, financial planning and project planning are sufficient to enable the Council's funding to be confirmed, subject to Committee approval. If the Committee agree the funding allocation, a grant agreement will be prepared in relation to the funding which will set out the conditions associated with the grant including a requirement for expenditure to be evidenced. A summary of the key points is shown below:
- Policy Review – the project is in line with Council policy including supporting the objectives of the Single Outcome Agreement/Local Outcome Improvement Plan. The project has the potential to provide facilities which can support marine tourism, a key sector identified in the Economic Development Action Plan as well as the Scottish Government's Awakening the Giant framework for growth in the marine tourism sector. The site sits within Local Development Plan allocation AFA 13/1 which identifies harbour improvements, regeneration and environmental improvements as desirable. Tarbert Harbour Authority expect that the works will help to support the existing 11 full time equivalent posts at the Harbour and create an additional 1.5 jobs.
 - Governance Review – Tarbert Harbour Authority is a Trust Port established by the Piers and Harbour Order Confirmation (No. 1) Act 1912. There are currently 8 trustees including the Chairperson, Vice Chairperson and Harbour Master. The

- project has been approved by the Trustees at their meeting of 17 August 2016.
- Financial Review – Capital costings for the project have been set out and a funding strategy identified, all funding is secured with the exception of the contribution through the Tarbert and Lochgilphead Regeneration Fund. An operational business plan has been set out and demonstrates surpluses in the years following construction works. The overall cash flow statement shows that the harbour will generate cumulative surpluses which will be available for the refurbishment and upgrade of facilities in the future which should provide for the long term viability of the harbour without additional funding being required.
- Deliverability/Risk Review – The project will be managed by Tarbert Harbour Master supported by a design team. Tarbert Harbour Authority has substantial experience in delivering regeneration projects. The early stages of the project are well progressed with planning permission in place and work commenced on stage 1, this helps to reduce some of the risks with the project not progressing however consent is still required for the later stages. Deliverability of stages 2-3 is reliant upon the previous stage being completed. It is expected that the Council funding, which is the subject of this report, will be the final funding decision to be received.

Work has commenced on the stage 1 which is expected to be completed in September 2018. The tender process for stage 2 will commence during this period with works expected to start onsite in October 2018 and be completed by March 2019. Stage 3 tender will have been completed by this time with works starting onsite in March 2019 and being completed by May 2019. Stage 4 is not dependent upon the other stages and Tarbert Harbour Authority are undertaking initial design works with a view to seeking planning permission. It is expected that this stage can commence shortly after the decision on the Tarbert and Lochgilphead Regeneration Fund is confirmed.

Risks normally associated with construction projects exist such as unexpected ground conditions, escalated costs or impact of weather on the construction process. In addition, given the close proximity of the site to the sea, flooding is a risk which could delay the construction process and also impact the buildings once constructed. Tarbert Harbour Authority advise that flood mitigation measures are being incorporated into the design of the buildings.

It should however be noted that there are risks associated with the project not receiving funding from the Council including that stages 2-4 of the project will not be completed.

Funding allocation

- 4.6 The funding required for the delivery of capital project is as follows (in addition Tarbert Harbour Authority will pay professional fees expected to be in the region of £15,000):

Funder	Contribution	Confirmed/ expected/ applied for	Date expected/ confirmed/ to be applied for
Coastal Communities Fund	£300,000	Confirmed	June 2017

Tarbert Harbour Authority	£267,394	Confirmed	Phase 1 tender – September 2017
Argyll and Bute Council	£125,000	OBC approved, FBC to March MAKI & May P&R	May 2018
	£692,394		

Table 1: Funding

- 4.7 The decision of the MAKI committee in September 2017 confirmed that the maximum contribution from the Council for the shore side facilities will be £125,000. It is therefore proposed that this maximum allocation from the Tarbert and Lochgilphead Regeneration Fund budget will be £125,000.

Grant agreement

- 4.8 Should this funding request be confirmed, an offer of grant from the Council to Tarbert Harbour Authority will be prepared which will stipulate the criteria for drawing down the funding. No monies will be paid out until the project is fully funded and confirmed as deliverable. Proof of expenditure will be required in relation to any payment made.

5.0 CONCLUSION

- 5.1 On the basis of the assessment, it is recommended that the maximum of £125,000 funding is confirmed for Tarbert Harbour Authority shore side facilities from the Tarbert and Lochgilphead Regeneration Fund. The terms of the grant will be detailed in a grant agreement, the details of which will be delegated to the Executive Director of Development and Infrastructure for final approval.

6.0 IMPLICATIONS

- 6.1 Policy – The project offers the opportunity to support the objective and long term outcomes of the Single Outcome Agreement/Local Outcome Improvement Plan as well as the Economic Development Action Plan, Local Development Plan and Awakening the Giant.
- 6.2 Financial – £125,000 maximum grant contribution. Spend is expected to take place in 2018/19 and 2019/2020.
- 6.3 Legal – a formal grant agreement will be put in place to cover the grant payment.
- 6.4 HR – support will be required from Legal Services and Strategic Finance.
- 6.5 Equalities – none at this time.
- 6.6 Risk – Risks normally associated with construction projects exist such as unexpected ground conditions, escalated costs or impact of weather on the construction process. In addition, given the close proximity of the site to the sea, flooding is a risk which could delay the construction process and also

impact the buildings once constructed.

6.7 Customer Service – none at this time.

**Executive Director of Development and Infrastructure
Policy Lead – Councillor A Morton**

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APPENDICES

Appendix 1: Assessment of Redevelopment Proposals