

Subject Dunoon and Kilcreggan Ferry Terminals: Outline Business Case – Project Briefing Note

Our reference 100101197/BN/02

Date 10th December 2021

1 Introduction

Argyll and Bute Council Marine Services (A&BC) has commissioned Mott MacDonald Ltd. (in partnership with Stantec UK Ltd.) to support the preparation of an Outline Business Case (OBC) for the redevelopment of the passenger only service infrastructure at Dunoon and Kilcreggan Ferry Terminals.

The Dunoon and Kilcreggan OBC is one of three workstreams under the overarching 'Gourock, Dunoon, Kilcreggan Infrastructure and Vessel Project', as shown in Figure 1.1.

Mott MacDonald are concurrently supporting Caledonian Maritime Assets Limited (CMAL) with the OBC for the redevelopment of Gourock Ferry Terminal. BMT have been appointed as vessel designer by CMAL.

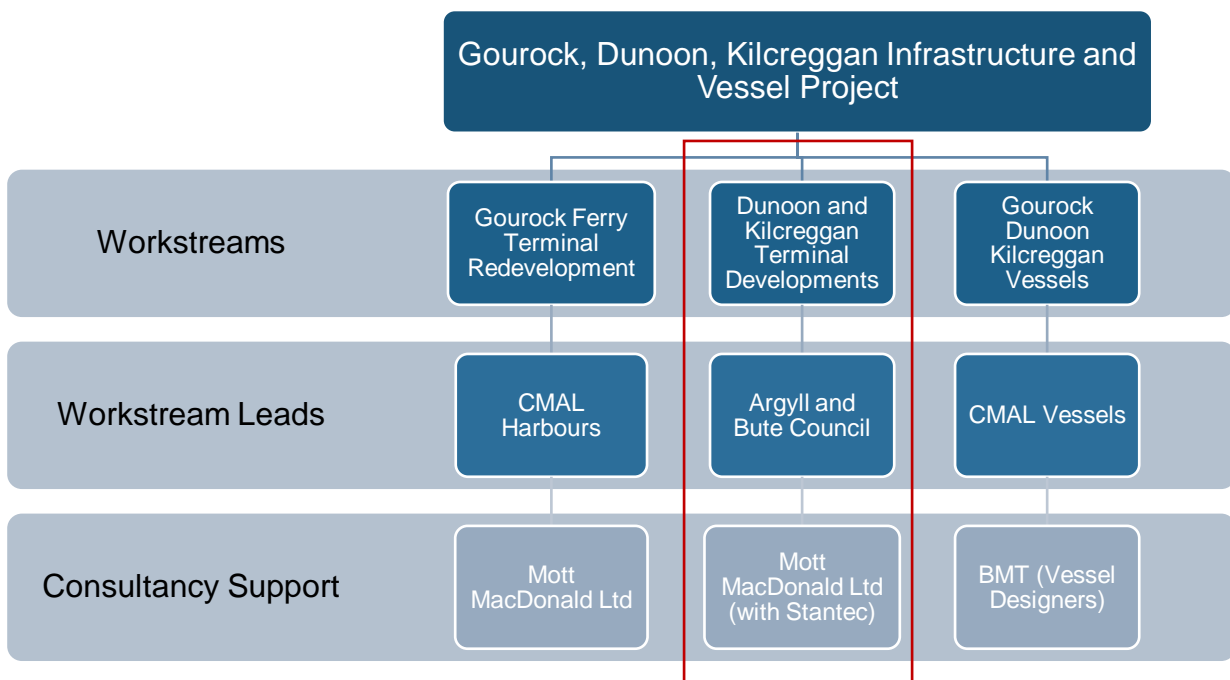


Figure 1.1 Gourock, Dunoon, Kilcreggan Infrastructure and Vessel Project Structure

The aim of this briefing note is to:

- Provide clarity on the overarching project programme,
- Provide information on the scope of each sub-project,
- Confirm the business case process which will be followed, and
- Confirm the approach to stakeholder consultation and public engagement.

2 Gourock, Dunoon, Kilcreggan Infrastructure and Vessel Project

The Gourock, Dunoon, Kilcreggan Infrastructure and Vessels Project is a collaborative project between Transport Scotland (TS), CMAL, A&BC and CalMac Ferries Ltd (CFL). The aim of this project is to realise a resilient ferry service which will facilitate sustainable economic growth and social inclusion for the wider Dunoon and Kilcreggan communities. The project is being completed in line with Transport Scotland's Business Case methodology and more information on this is provided in Section 3 of this briefing note.

The Gourock, Dunoon, Kilcreggan Infrastructure and Vessel Project developed an overarching Strategic Business Case (SBC) for the project, which was completed in August 2020. However, the project has split into a number of workstreams, illustrated in Figure 1.1 above. These workstreams report progress and agree milestone decisions with the project Working Group which includes TS, CMAL, A&BC, CFL.

There is a wider Reference Group consisting of A&BC Planning Department, Peel Ports, Dunoon Community Council, Cove and Kilcreggan Community Council, Gourock Community Council, Inverclyde Community Council and Inverclyde Council. The Reference Group is to be consulted at key points in the OBC process.

The Dunoon and Kilcreggan Ferry Terminals OBC is expected to report during Spring / Summer 2022 and will be published thereafter.

3 The Business Case Process

In making a case for transport-related capital investment in Scotland, a business case requires to be developed following the principles set out in the Transport Scotland document *Guidance on the Development of Business Cases in Transport Scotland*. The Guidance incorporates a three-stage process, as shown below:

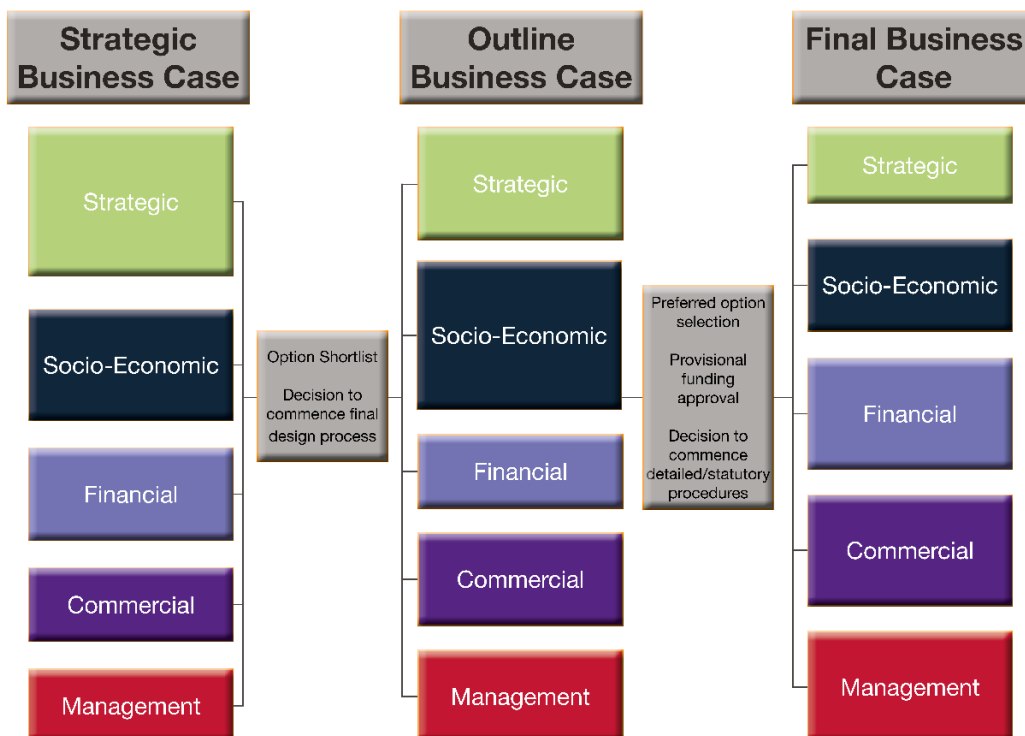


Figure 3.1: Business Case Process

3.1 The Strategic Business Case – Completed August 2020

Transport Scotland and CMAL prepared the Strategic Business Case (SBC) for the wider Gourock, Dunoon, Kilcreggan Infrastructure and Vessels Project in 2020. The SBC has been presented to and approved by the Transport Scotland Investment Decision Making (IDM) Board.

A&BC are now progressing the Dunoon and Kilcreggan infrastructure aspects of the project through Outline Business Case (OBC) stage.

It should be noted that the purpose of a Strategic Business Case (SBC) is to:

- Identify and evidence transport problems and opportunities which need to be addressed,
- Establish objectives which any investment should seek to deliver, and
- Generate, develop and appraise a range of options which could address the identified problems in line with the study objectives.

The SBC noted the following for Dunoon and Kilcreggan:

- The infrastructure at Dunoon and Kilcreggan should be improved to ensure fit for current and future vessels,
- There is a desire to improve resilience and reliability of both the Gourock-Dunoon and Gourock-Kilcreggan passenger only services, and
- There is a desire to improve accessibility to the vessel and infrastructure at Gourock, Dunoon and Kilcreggan, providing improved access across these routes.

The SBC did not develop options for the infrastructure at Dunoon or Kilcreggan and therefore at the outset of the OBC, initial development and assessment of a number of options has been completed to ensure that a preferred option can be identified for each location which meets the objectives and demonstrates value for money.

3.2 Dunoon and Kilcreggan Outline Business Case – From February 2021

The OBC further develops and progresses the SBC to the point that it identifies preferred options for the terminal infrastructure at Dunoon and Kilcreggan. Once preferred options have been identified, the Commercial, Financial and Management Cases (see Figure 3.1 above) establish how each preferred option will be funded, procured, delivered and managed.

The Dunoon and Kilcreggan Ferry Terminals OBC is expected to report during Spring/Summer 2022.

The main steps in the OBC process are as follows:

Strategic Case

MML and Stantec have reviewed the Strategic Case and the “Case for Change” set out in the Gourock, Dunoon, Kilcreggan Infrastructure and Vessels Project - Strategic Business Case (SBC) to identify any changes or developments in the Strategic Case since the SBC was written.

Socio-Economic Case

MML are leading the detailed development of the **Socio-Economic Case**. This includes:

- Review of the Problems, Issues, Constraints and Opportunities identified in the SBC and undertake initial Stakeholder Consultation to ensure these remain current,
- Confirmation of the requirements for the redevelopment of Dunoon and Kilcreggan Ferry Terminals. The details of these requirements will be developed as the OBC progresses, however are likely to

include replacement berthing facilities for passenger only services, to provide Equality Act (EA) compliant access to passenger vessels,

- Initial development and assessment of options for the infrastructure at Dunoon or Kilcreggan to ensure that a preferred option can be identified for each location which meets the objectives and demonstrates value for money. Options which do not meet the above will be sifted out,
- Appraisal of the remaining options against TPOs and Scottish Transport Appraisal Guidance (STAG) Criteria to select the **proposed preferred option for each terminal**,
- Stakeholder consultation to gather feedback on the proposed preferred options, and
- Significant further development of the preferred options and their costs,
- Incorporate stakeholder comments into the preferred options.

At the conclusion of the Socio-Economic Case, a **preferred option for each terminal** will be established and will be developed to outline design status. Necessary phasing of construction will be developed to meet the ongoing operational needs and the programme for the overall Gourock, Dunoon, Kilcreggan Infrastructure and Vessels Project.

Commercial, Financial and Management Cases

MML and Stantec will lead the outline development of the **Commercial, Financial and Management Cases**, which set out the initial proposition for the financing, procurement, delivery and management of the preferred options. Transport Scotland will feed into the Commercial, Financial and Management Cases.

4 Outline Programme

Table 4.1 Outline Programme for Dunoon and Kilcreggan OBC

Task	Anticipated Timeline
MML and Stantec appointed to support the Dunoon and Kilcreggan OBC	January 2021
Review of SBC, Baselineing and Setting TPOs	February – April 2021
<i>Working Group Inception</i>	<i>February 2021</i>
<i>Working Group TPO Setting</i>	<i>April 2021</i>
Develop Infrastructure Options and Costings	April – November 2021
Appraise Options against TPOs and STAG Criteria	November - December 2021
<i>Working Group, Reference Group and Public Engagement on Proposed Preferred Options</i>	<i>December 2021 – February 2022</i>
Confirmation of Preferred Options	February 2022
Development of Preferred Options to Outline Design	February – April 2022
Development of Commercial Financial and Management Cases	November 2021 – March 2022
March Harbour Board Reporting	March 2022
OBC Draft Reporting	April 2022
<i>Working Group Report Review and Further Reference Group Liaison</i>	<i>May 2022</i>
OBC Final Reporting	May – June 2022
September Harbour Board Reporting	September 2022

5 Stakeholder Engagement and Public Consultation

5.1 Working Group

Argyll and Bute Council is the immediate client for the commission. However, the study is guided by inputs from a wider Working Group which comprises Argyll and Bute Council, CMAL, Transport Scotland and CalMac Ferries Ltd. The Working Group meet regularly to review, advise on and challenge all aspects of the OBC.

5.2 Reference Group

In addition to the Working Group, A&BC are setting up a project Reference Group to consult with at key stages in the process. The role of the Reference Group is to advise the project team on problems, issues, opportunities and constraints specific to Dunoon and Kilcreggan and in relation to use of each ferry terminal.

Each Reference Group member is tasked with representing the views of a wider group, including ferry users, the local and wider communities, and commercial users etc.

A substantive task in the OBC process is the technical development and more detailed costing of the infrastructure options for Dunoon and Kilcreggan Ferry Terminals and the appraisal of these options. As outlined in Table 4.1, this has taken place over the period to December 2021. The output from this process will be discussed with the Reference Group prior to being made available for the wider stakeholders and general public.

5.3 Wider Stakeholder Consultation

Once the view on the proposed preferred options is established with the Working Group and shared with the Reference Group, the outcomes will be presented to wider stakeholders and to the public.

The purpose of this wider engagement programme is to:

- Explain the process and technical development work undertaken,
- Seek feedback on the proposed preferred options (both positive and negative), and
- Set out the next steps in terms of the business case.

It is intended to contact the following wider stakeholders as part of the consultation process:

- Marine Scotland, SEPA, Nature Scotland and HES (Statutory Stakeholders),
- HITRANS (Wider Stakeholder),
- Mobility Access Committee for Scotland (Wider Stakeholder),
- Dunoon Gourock Ferry Action Group (Wider Stakeholder),
- Clyde Marine (Wider Stakeholder),
- Kilcreggan Ferry User Group (Wider Stakeholder),
- Professional Diving Academy (Wider Stakeholder),
- Waverley Steam Navigation Company (Wider Stakeholder), and
- MOD Police (Wider Stakeholder).

In order to ensure that stakeholders have sufficient time to review and digest the main findings, the stakeholder consultation will be undertaken in writing (email) – material and a covering letter will be sent to stakeholders and a written response sought in return. A dedicated contact will be provided, allowing stakeholders to discuss any issues / comments / concerns / questions with a member of the team over the telephone if required.

5.4 Public Engagement

The format of public engagement will follow local and government COVID-19 restrictions which are relevant at the time. This may be either in the form of face-to-face public exhibitions and drop-in sessions **or** via virtual, pre-recorded presentations or a "StoryMap", made available for the public to view when most convenient to them.

This material will be posted on A&BC's website and will be advertised within CFL waiting rooms and on ferries, on social media and in the local press.

This engagement will take place alongside the Wider Stakeholder Consultation once the preferred options have been proposed and is currently programmed for early 2022. Material will be prepared which displays the context of the OBC, the process followed, the options considered and their scoring in the appraisal, the proposed preferred options and the reasons for their selection, together with the next steps.

The public will also be provided with a questionnaire to provide their feedback and comments on the proposed preferred options and provide comment on any further requirements that they think should be provided as the study progresses into more detailed development of the preferred options.

For those who are not able to attend drop-in sessions or to access material online, hard copies of the material can be posted to those who request it.

General public acceptability of the preferred options is an essential element of any business case and forms part of the range of assessment criteria against which a project is judged. Following on from the engagement process, the project team will:

- Revisit the preferred options to confirm they remain the most appropriate means of delivering the project objectives,
- Incorporate any relevant feedback or additional information,
- Refer any fundamental issues arising with the preferred options to A&BC and the Working Group for further consideration, and
- Complete reporting of the OBC before submitting to Transport Scotland Investment Decision Making Board.