

**OBAN CHORD - OBAN NORTH PIER MARITIME QUARTER – UPDATE AND
REQUEST FOR FUNDING**

1.0 EXECUTIVE SUMMARY

- 1.1** There are now essentially four phases to the delivery of the Oban North Pier Maritime Quarter. Phase 1 consists of the North Pier Maritime Visitor Facility, for which the Full Business case was approved by Council in September 2014. Following a non-planning legal challenge from an adjacent business a revised planning application has subsequently been lodged and a decision is expected later this month. Phases 2 and 3 addresses the need for interim step ashore solutions for cruise liner passengers and other users for 2015 and 2016, whilst Phase 4 will outline the development process for an Integrated Maritime Quarter Facility, inclusive of a short stay transit berthing/step ashore facility.
- 1.2** The purpose of this report is to:
- a) update members on the current position in delivering the Oban North Pier Maritime Quarter;
 - b) advise members on the outcome of the evaluation of OBM Ltd's recent Business Plan;
 - c) seek support to proceed with the interim step ashore solutions for 2015 as outlined in the paper;
 - d) seek support to recommend to the Policy and Resource Committee the approval to drawdown £45,000 to advance the development stage of the interim step ashore solution for 2016.
- 1.5** It is recommended that the OLI Area Committee:
- Note and endorse the contents of this paper;

- Request officers to implement the interim step ashore solution proposals for 2015;
- Recommend to the Policy and Resource Committee, for their interest, the drawdown of £45,000 to implement the development stage of the interim step ashore solution for 2016;
- Request officers to bring an update report outlining the implementation cost of delivering the 2016 interim step ashore solution following completion of the development stage, which is likely to be around September/October 2015; and
- That the Oban CHORD Project Managers brings an update report on the delivery of the Oban North Pier Maritime Quarter to subsequent Area Committee meetings.

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2.0 SUMMARY

2.1 Aim of Update

To update members on the delivery of the Oban North Pier Maritime Quarter and to seek support to take forward the interim step ashore solution proposals for 2015 and 2016, whilst progressing the development of the Integrated Maritime Quarter Facility.

3.0 RECOMMENDATIONS

3.1 It is recommended that the OLI Area Committee:

- Note and endorse the contents of this paper;
- Request officers to implement the interim step ashore solution proposals for 2015;
- Recommend to the Policy and Resource Committee, for their interest, the drawdown of £45,000 to implement the development stage of the interim step ashore solution for 2016;
- Request officers to bring an update report outlining the implementation cost of delivering the 2016 interim step ashore solution following completion of the development stage, which is likely to be around September/October 2015; and
- That the Oban CHORD Project Managers bring an update report on the delivery of the Oban North Pier Maritime Quarter to subsequent Area Committee meetings.

4.0 DETAILS

4.1 There are essentially now four phases to the delivery of the Oban North Pier Maritime Quarter:

- **Phase 1 - North Pier Maritime Visitor Facility**
- **Phase 2 – Interim step ashore solution for 2015**
- **Phase 3 - Interim step ashore solution for 2016**
- **Phase 4 - Integrated Maritime Quarter Facility**, inclusive of a short stay transit berthing/step ashore facility.

4.2 The CHORD Full Business Case for **North Pier Maritime Visitor Facility** was approved by members in September 2014. Following a non-planning legal challenge from an adjacent business the project has been delayed. To help take the project forward an amended planning application has been lodged, a decision on the revised planning application is expected later this month. The outcome of the legal challenge is also awaited.

The project will provide key facilities for maritime visitors, residents and local businesses in due course. Current programme is for a site start by autumn 2015 with completion summer 2016.

4.3 The delivery of a financially viable Business Case, supported by all key stakeholders for the provision of a **Step Ashore Transit Facility** has still to be made despite various reports being undertaken over the last few years. This is because there are challenging practical deliverability issues which required to be resolved, which include potential conflict with ferries, sea conditions, attenuation issues etc. There is also procurement and state aid issues which require to be addressed, especially if public monies are given to a third party to deliver and/or operate the facility.

4.3.1 The latest Business Plan submitted by OBM Community Interest Company (OBM), (jointly funded by HIE and ABC), was predicated on the Council and HIE contributing £200,000 each (subject to formal approval) is not financially viable as it requires the public sector to fund the infrastructure works (dredging, attenuator and cruise ship tender berth and access bridge), circa £1.6m and in addition make a contribution of circa £250k split between the Council and HIE towards the pontoons and associated costs (licence fees, contract manager etc.) estimated to be circa £610k. The current OBM business plan estimates the cost of delivering a 36 berth visitor pontoons, individual fuel pontoon and a dedicated sheltered cruise ship landing stage to be circa £2.212m. Even with the above level of capital funding the proposed facility is forecasted to generate a marginal surplus, which may be insufficient to cover maintenance costs going forward.

Based on discussions with the Scottish Government's State Aid Unit this level of public funding if given directly to a third party is likely to raise state

aid issues, which is deemed a high risk.

It should be noted that the OBM Ltd current planning permission expires in July 2015 and their revised scheme which their current Business Plan is based upon requires a further planning consent. The current planning permission has 16 conditions including details of a safety management system being agreed with various parties, including CMAL. The details of this safety system have still to be submitted to planning.

4.4 Given that a viable Business Case for the provision of a Step Ashore Transit Facility has still to be made, officers have been looking at Interim Step Ashore Solutions for 2015 and 2016, details of which are outlined below.

4.4.1 2015 Solution – Improve the existing Oban Times slipway by removing the central fencing to enable both sides to be used for the safe stepping ashore for cruise passengers arriving on the Queen Mary in May and The World in October, thus doubling capacity and maintain security by using the existing fencing at 90 degrees at the top of the slip. Set up a meet and greet area with a waiting area fenced off and secure on the north pier – The Oban Harbour Master needs one day to adjust the fencing and place the existing meet and greet facility on the North Pier. There is no need for additional staff resource or a project plan. The full existing process is in place to cover these events. The existing committee are in full contact with the relevant partners and suppliers, and work with Marine Operations at all times. Officers will endeavour to extend this arrangement for other cruise liners arriving this summer.

4.4.2 2016 Solution – A fixed piled landing platform with an attached bridge put in place alongside the North Pier – see attached Project Plan, **Appendix A**, to demonstrate indicative timelines for delivery. To deliver this solution a Marine Licence as well as approval from the Crown Estate, Immigration and Argyll and Bute Council planning requires to be in place. To achieve the necessary statutory approvals, services will require to be procured to prepare the necessary applications and supportive documentation including, design proposals, site and dive surveys and site plans that are required to inform the statutory consultation process. The estimated cost of the design development stage is circa £45,000. In addition this process and resultant documentation will inform the most appropriate procurement route and estimated capital cost to deliver this interim solution, which will be reported to members in September/October 2015. As shown in **Appendix A**, the timescale for delivering this solution for summer 2016 is extremely tight and will require close monitoring of the various tasks and decisions taken timeously. This is likely to require decisions to be taken out with the Council's Programme of Meetings

4.5 Phase 4 – Integrated Maritime Quarter - Given that development

proposals for the Lorn Arc North Pier extension project will shortly be underway, subject to member approval of the development funding, it would make sense that the Step Ashore Transit Facility form an integral part of the North Pier Maritime Quarter Masterplan thus ensuring better value for money as well as a cohesive development. Once the masterplan is approved, there is a viable FBC and the strategic infrastructure is in place, the Council will then have the opportunity to market a serviced site for visitor pontoons run by a commercial operator, or run it as a commercial council asset if a suitable commercial operator is not found. The timescale for delivery is 2 – 3 years subject to members' approval of the Masterplan and FBC.

5.0 CONCLUSION

5.1 Despite there still being challenging issues to address involving a number of stakeholders, progress is being made in delivering the **Oban North Pier Maritime Quarter**, with hopefully a start on site autumn this year with the commencement of the North Pier Maritime Visitor Facility. In addition officers will, subject to council approval, progress the development stage of an Interim Step Ashore solution and update members in September/October 2015 of the likely implementation costs of delivering the interim 2016 solution followed by progressing the delivery of a permanent integrated Step Ashore Transit Berthing Facility solution in 2017/18.

6.0 IMPLICATIONS

6.1 POLICY

The delivery of the CHORD Programme fits with the Council's Corporate Plan, SOA and approved Development Plan policy for town centre regeneration.

6.2 FINANCIAL

There are sufficient funds available within the remaining Oban CHORD programme allocation to deliver the project identified above subject to Member approval.

6.3 LEGAL

Each of the CHORD projects requires differing levels of legal resources to ensure their timely delivery. Legal resources have been allocated for the active projects.

6.4 EQUALITY

An Equalities Impact Assessment has been undertaken for Oban CHORD.

6.5 CUSTOMER SERVICE - None

6.6 RISK

As stated in section 4.3 i.e. an agreed safety management system in place, addressing sea conditions, obtaining the necessary statutory approvals and licences and addressing procurement and state aid issues.

Executive Director of Development & Infrastructure – Pippa Milne.

April, 2015

For further information – please contact Linda Houston, Oban Regeneration Project Manager, 01631 569181 or Helen Ford, CHORD Programme Manager Development and Infrastructure Services, Economic Development and Strategic Transportation 01436 658839.