



18 April 2025

Craignure Pier

Outline Business Case



Craignure Pier OBC

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1.1 Executive Summary

1.1.1 Introduction to the OBC

This Outline Business Case (OBC) has been developed on behalf of Argyll & Bute Council. The team producing the OBC included Turner & Townsend with sub-consultant Ramboll UK.

The OBC project began in 2020, and due to unforeseen delays and amendments to plans, recommenced with earnest in 2024, leading to submission of the OBC in 2025.

The OBC has been developed following the Transport Scotland Guidance on the development of Business Cases. From this guidance the aim/purpose of the OBC is stated as.

The purpose of the OBC is to revisit the SBC in more detail and to identify a preferred option which demonstrably optimises value for money. By this point it is expected that there will be a shortlist of options. It also sets out the likely solution; demonstrates its affordability; and details the supporting procurement strategy, together with management arrangements for the successful rollout of the scheme.

1.1.2 Structure of the report.

The OBC has five cases.

- OBCa Strategic Case.
- OBCb Socio-Economic Case.
- OBCc Commercial Case.
- OBCd Financial Case.
- OBCe Management Case.

This report is structured around the five cases and begins with an Executive Summary (this section) which includes conclusions from each case. The overall report ends with a conclusion and appendices.

1.1.3 Purpose of the report.

The list below explains which sections of the report provide the detailed workings to demonstrate each aim/purpose.

- Strategic Case: Revisit the SBC (in this case revisiting the STAG)
- Socio-Economic Case: Identify a preferred option.
- Socio-Economic Case: Define a likely solution. This is further supported by the GI & RIBA2 design completed during OBC stage.
- Commercial Case: Detail the proposed procurement strategy.
- Financial Case: Demonstrate value for money.
- Financial Case: Demonstrate affordability.

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- Management Case: Set out the management arrangements for the successful rollout of the scheme.

1.2 Project Context

Craignure is the principal point of access to the Isle of Mull from mainland Scotland with a frequent service to Oban. The Isle of Mull has a population of approximately 3,000 residents and is a popular tourist destination.

The Isle of Mull is also connected to the mainland by ferry services operating from Lochaline-Fishnish and Tobermory-Kilchoan, however these services are much less convenient for access to mainland facilities and the central belt and therefore the majority of traffic uses the Oban-Craignure crossing.

The Islands Connectivity Plan produced by Transport Scotland demonstrates the significance of this project by explaining that across the CHFS network, four routes combined accounted for over half of total passenger & car carryings in 2022. With this route from Oban-Craignure accounting for 52% and 50% of passenger & car carryings respectively.

The project requirements are further defined within the Strategic Case.

1.3 What is the Case for Change?

The ferry terminal at Craignure is approaching the end of its life and is not suitable for many of the vessels in the CalMac fleet, including CMAL new build vessels that will become operational in the next few years.

The existing pier is too short to provide a reliable overnight berth for larger vessels as these overhang the end of the pier and experience unacceptable movements and excessive mooring forces in moderate weather conditions.

In order to provide a reliable ferry service in the long term, the ferry terminal infrastructure at Craignure needs to be replaced with a longer pier equipped for a wide range of CalMac vessels, increased marshalling capacity and a modern terminal building that serves the needs of passengers.

1.4 Key points from the OBC

1.4.1 Strategic Case.

- The strategic case demonstrates that a replacement ferry terminal is required at Craignure, to ensure the Isle of Mull has a frequent, reliable ferry service to the mainland in the long term. The new infrastructure should include a new pier, marshalling yard with check-in area, terminal building, car parking and coach bays to ensure the site is suitable for the current and future vessels serving the Isle of Mull.

1.4.2 Socio-Economic Case.

- Option D1 is selected as the preferred option.

Figure 14: Option D1, located 35m closer to existing pier compared to Option D

- The proposed solution is detailed within the RIBA2 design produced for Argyll & Bute Council. Refer to drawing list in

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- Appendix B - Design Drawings & RIBA Stage 2 References.

1.4.3 Commercial Case.

- Procurement strategy options have been detailed & compared in relation to this project. Before a final recommendation can be confirmed for the Procurement Strategy for the project, the following issues are required to be addressed:
 - Final assessment of the responses to the PIN Notice (RFI) and initial market engagement.
 - Review of the Master Programme to ensure sufficient programme time for completion of the reference design, identify design to be completed by the Contractor, followed by preparation of scope and pricing documents.
 - Development of the Risk Register to take cognisance of the recommended procurement route with mitigation methods and residual cost impact identified.
 - Contract review with the Council to discuss the proposed contract and allocation of contractual risks.
- By completing this process, the most effective procurement strategy can be defined & implemented for the project.

1.4.4 Financial Case.

- The financial case demonstrates the costing process implemented to define an expected project cost.
- This case demonstrates the importance of thorough risk assessments, controlled cash flows, and a flexible funding mosaic, with which the project is equipped to proceed with confidence, ensuring that stakeholders can anticipate reliable, cost-effective results.

1.4.5 Management Case.

- This case demonstrates the management arrangements for successful project delivery.
- Key points which have been developed and will progress through the project stages include.
 - The project's master programme has been developed to guide procurement, environmental consenting and construction activities.
 - A comprehensive risk management framework ensures proactive mitigation of challenges.
 - Stakeholder engagement strategies have been established to maintain transparency and community involvement.
 - A benefits realisation plan has been defined to measure project success and long-term impact.
 - Liaison with external Statutory Authority parties and Public Utility bodies to ensure that consents and permits for the delivery of the Preferred Option are identified and actioned.

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- Throughout construction, measures will be in place to minimise disruption to ferry services and service reliability.

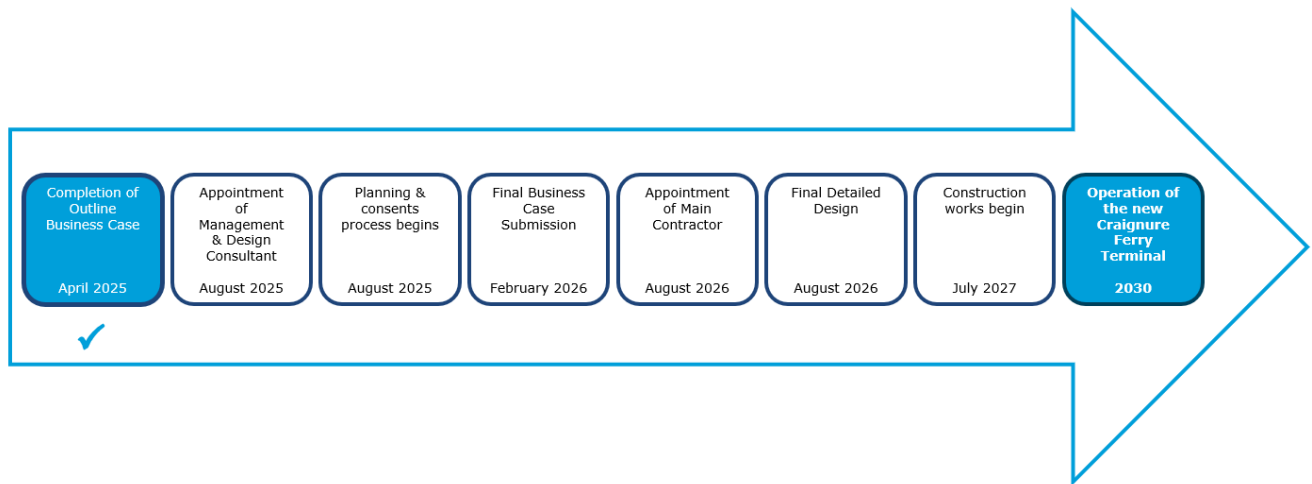
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2 Conclusions & recommendations

To achieve an operational ferry terminal in 2030 recommendations are demonstrated within the report, particularly in relation to programming of procurement & appointment of key project stakeholders/teams.

A projected project timeline is shown in Figure 1.

Figure 1: Project Programme Summary



- Completion of Outline Business Case – April 2025
- Appointment of management and design consultants – August 2025
- Planning and consents process begins – August 2025
- Final Business Case submission – February 2026
- Appointment of main contractor -August 2026
- Final detailed design - August 2026
- Construction works begin – July 2027
- Operation of the new Craignure Ferry Terminal - 2030

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2.3 Table of Abbreviations

Abbreviation	Explanation
CAPEX	Capital Expenditure
CBCG	Craignure Bay Community Group
CHFS	Clyde and Hebrides Ferry Services
CMILG	Craignure Marine Infrastructure Liaison Group)
CPDWG	Craignure Pier Development Working Group
FBC	Final Business Case
GI	Ground Investigation
ICP	Islands Connectivity Plan
OB	Optimism bias
OBC	Outline business case
OPEX	Operational Expenditure
PIN Notice	Prior Information Notice
PMO	Project Management Office
QRA	Quantitative Risk Analysis
RET	Road-equivalent tariff
RIBA2	Royal Institute of British Architects Stages of design, Stage 2.
SBC	Strategic Business Case
STAG	Scottish Transport Appraisal Guidance

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3 OBCa Strategic Case

3.1 Chapter Summary

The Strategic Case sets out the existing context in terms of ferry connections to the Isle of Mull, the rationale for intervention i.e. the reasons for a new pier and ferry terminal being built within Craignure Bay. The Strategic Case defines the objectives of the scheme and considers the changes that have occurred since the STAG Report was prepared in 2019.

The existing ferry terminal at Craignure is approaching the end of its operational life and is unsuitable for long-term use by the medium and large vessels in the CalMac fleet, due to the pier being too short, the fendering being of insufficient capacity and the landside infrastructure being constrained by the small area of land available. Significant investment is required to ensure the long-term continuity of service and provide a modern, future-proof ferry terminal which meets the needs of the local community and the wider Argyll region.

Craignure has been identified as the preferred location on the Isle of Mull for the principal ferry connection to the mainland, although resilience is also provided by the Lochaline-Fishnish service.

Although the ferry service has improved since the STAG Appraisal in 2019, primarily due to the introduction of the MV Loch Frisa, the principal reasons for constructing a new pier and ferry terminal remain compelling.

3.2 Overview of project requirements

Craignure is the principal point of access to the Isle of Mull from mainland Scotland with a frequent service to Oban. The Isle of Mull has a population of approximately 3,000 residents and is a popular tourist destination.

The Isle of Mull is also connected to the mainland by ferry services operating from Lochaline-Fishnish and Tobermory-Kilchoan, however these services are much less convenient for access to mainland facilities and the central belt and therefore the majority of traffic uses the Oban-Craignure crossing.

The ferry terminal at Craignure is approaching the end of its life and is not suitable for many of the vessels in the CalMac fleet, including CMAL new build vessels that will become operational in the next few years.

The existing pier is too short to provide a reliable overnight berth for larger vessels as these overhang the end of the pier and experience unacceptable movements and excessive mooring forces in moderate weather conditions.

In order to provide a reliable ferry service in the long term, the ferry terminal infrastructure at Craignure needs to be replaced with a longer pier equipped for a wide range of CalMac vessels, increased marshalling capacity and a modern terminal building that serves the needs of passengers.

3.3 Existing Ferry Terminal Layout

The existing ferry terminal at Craignure (Figure 2) was constructed in 1964 and consists of a pier approximately 150m long, with a hydraulically-actuated vehicle linkspan to the north. The berthing structure at the end of the pier is approximately 64m long by 12m wide and provides two berths:

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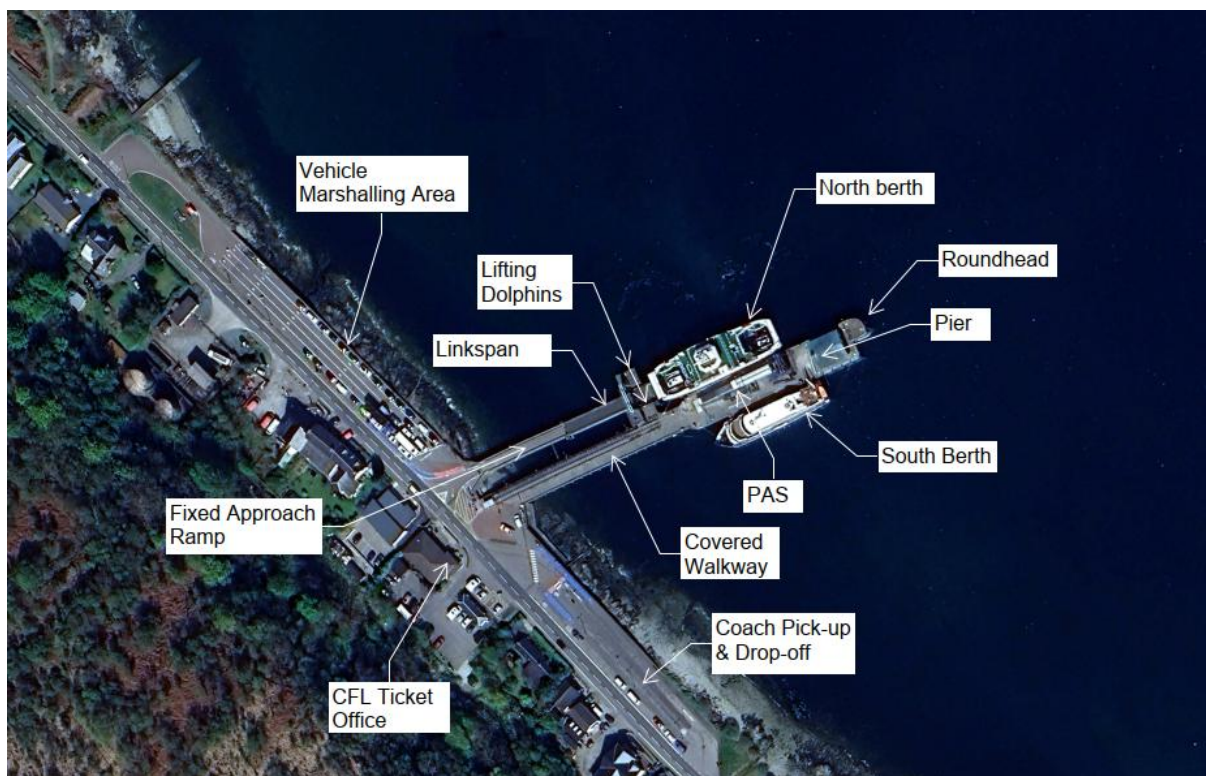
the north berth is the operational ferry berth; the south berth is used by commercial vessels on an ad-hoc basis and by smaller ferries (MV Loch Frisa & MV Coruisk) overnight in certain weather conditions.

There is a Passenger Access System on the north berth, providing step-free access to the passenger doors on the Isle of Mull, with a covered walkway from the end of the PAS to the root of the pier.

There is a marshalling yard on the seafront to the northwest of the pier and a coach pick-up / drop-off area to the southeast.

The small ticket office is located opposite the root of the pier on the other side of the A849.

Figure 2: Existing Terminal Layout



The proposed layout is detailed in 4.7.

3.4 Summary of STAG Report (2019)

Mott Macdonald / Stantec produced a STAG Report in May 2019. This report summarised the problems with the existing infrastructure as follows:

- Elements of the existing ferry infrastructure are reaching the end of their serviceable life. The implication of not repairing the existing infrastructure is load restrictions being placed on the pier structures and linkspan.
- The existing berths at Craignure are too short to reliably accommodate the larger vessels which currently serve the route in all weathers. The existing infrastructure is incapable of supporting the next generation of CMAL major vessels.

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- There is no effective year-round overnight berth, meaning that the ferry service cannot be timetabled so that the first sailing of the day always leaves from Craignure.
- The existing marshalling area is undersized for the vessels currently serving the route, with cars often queuing onto the A849 in both directions, causing congestion and increasing the risk of accidents within Craignure Village.
- The terminal building is undersized and does not have space for adequate passenger waiting facilities. The terminal building is also positioned on the opposite side of the A849 from the pier, leading to a large amount of foot traffic crossing the road.
- Journey time and route capacity analysis highlighted the critical importance of maintaining the service through Craignure during construction works.

The STAG Appraisal considered the future needs of the Isle of Mull, including whether the ferry terminal should be relocated to another location on the island.

The STAG Appraisal concluded that options to build the new ferry terminal out with Craignure Bay (Scallastle Point, Duart Bay or Grass Point) did not warrant a more detailed appraisal. This was mainly due to the quantity of dredging required, the associated utility and road upgrade requirements, the environmental impact, especially on cultural heritage sites and the detrimental effect on Craignure that would result from the relocation of the ferry terminal away from the village.

The STAG Appraisal shortlisted four options for further consideration, briefly consisting of:

- **Option 2a** - Rebuild of the ferry terminal and associated landside infrastructure on a new footprint within Craignure Bay to the **south** of the existing to accommodate the new 100 metre LOA vessel (Glen Sannox / Glen Rosa). **Finger pier** with linkspan and fixed ramp
- **Option 2b** - Rebuild of the ferry terminal and associated landside infrastructure on a new footprint within Craignure Bay to the **south** of the existing to accommodate the new 100 metre LOA vessel (Glen Sannox / Glen Rosa). **Nested berths** with linkspan and fixed ramp
- **Option 3a** - Rebuild of the ferry terminal and associated landside infrastructure on a new footprint within Craignure Bay to the **north** of the existing to accommodate the new 100 metre LOA vessel (Glen Sannox / Glen Rosa). **Finger pier** with linkspan and fixed ramp
- **Option 3b** - Rebuild of the ferry terminal and associated landside infrastructure on a new footprint within Craignure Bay to the **north** of the existing to accommodate the new 100 metre LOA vessel (Glen Sannox / Glen Rosa). **Nested berths** with linkspan and fixed ramp

Whilst all of the above options met the Transport Planning Objectives, the options to the north of the existing pier (Options 3a and 3b) scored better in the STAG Appraisal, as shown in

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Table 2-1.

Option 1, the rebuilding of the ferry terminal on the same footprint as the existing was initially discounted but later re-introduced to the appraisal following consultation. This consisted of 2 sub-options:

- Option 1A, on the existing footprint
- Option 1B, close to the existing footprint

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Table 2-1: Appraisal of options against STAG Criteria (Source: Mott Macdonald / Stantec)

Criterion	Option 1A	Option 1B	Option 2A	Option 2B	Option 3A	Option 3B
Environment	3	3	5	3	4	4
Safety	4	4	4	4	5	5
Economy	2	3	6	6	6	6
Integration	6	6	6	6	6	7
Accessibility and Social Inclusion	6	6	6	6	6	6

Scale

1 = Most negative impact
5-6= Positive impact

2-3 = Negative impact
7=Most positive impact

4=Neutral impact

CalMac preferred options which used a finger pier (1A, 1B, 2A, 3A) as opposed to nested berths (2B and 3B), which would be more exposed to wind/waves. CalMac noted that the existing pier was, in their opinion, in the best location within the bay, and therefore expressed a preference for keeping the new pier in the same location. CalMac's ranking of options was:

- Option 1A (1st)
- Option 1B (2nd)
- Option 2A and 3A (joint 3rd)
- Option 2B (5th) and Option 3B (last).

The estimated costs of the options considered are summarised in Table 2-2.

Table 2-2: Summary of estimated costs of STAG Options (Source: Mott Macdonald / Stantec)

	Options					
	1A	1B	2A	2B	3A	3B
Cost (No OB) £m	44.5	45.5	46.2	51.2	44.1	43.7
Cost (inc. 44% OB) £m	64.1	65.5	66.5	73.7	63.5	62.9

These options are further discussed, developed and compared in Chapter 4 (Socio-Economic case), prior to the selection of the preferred option.

3.5 Design life of the long-term options

In line with the STAG, the whole life cost for public transport projects should use a 60-year appraisal period. This has been adopted as the design life of the infrastructure itself.

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This also effectively provides for two vessel lifetimes, based on a typical ship operating life of 30 years.

3.6 Strategic Constraints

When developing the long-term options, it is important to consider the constraints on the location, layout and design of the infrastructure. For Craignure, the key constraints are:

- The replacement pier should be as central as possible within Craignure Village
- The alignment of the replacement pier should match the existing to avoid beam seas causing excessive heave and roll of vessels on the berth
- A ferry service must be able to run during construction – therefore the proposed pier should minimise disruption to ferries using the existing pier as far as possible.
- The volume of dredging should be minimised as the dredge material is unlikely to be suitable for reuse within the reclamation due to its high silt content.
- The terminal building, marshalling area, coach bays and car parking should be co-located on the north side of the A849 to minimise pedestrians crossing the main road.

3.7 What has changed since the STAG?

Whilst many of the problems identified in the STAG Appraisal still exist, the following events have occurred since the STAG Report was produced which have been considered when preparing the Outline Business Case:

- The coronavirus pandemic in 2020/2021 has changed travel patterns, with increased home / remote working. The effects of this on travel demand are not yet clear.
- The extension of the marshalling area in 2021 provided additional capacity and a short check-in lane, helping to reduce traffic queuing on the A849.
- The introduction of the MV Loch Frisa in 2022 enabled an early morning departure from Craignure to be provided year-round, albeit with reduced capacity compared to a large vessel such as the Isle of Mull. The MV Loch Frisa berths overnight in Oban in the winter and at Craignure in summer and first departures from Craignure are typically 0710 (summer) or 0725 (winter), compared to 0900 in winter in 2019. There has also been an improvement to the last return journey from Oban, which is typically after 2000 Mon-Fri, whereas this was as early as 1600 in 2019.
- The publication of the Transport Scotland's Island Connectivity Plan (ICP) and accompanying Vessels and Port Plan (VPP), which set out the strategic direction and priorities for island connectivity in general and ferries specifically.
- The principal inspection of the existing ferry terminal in November 2024 has highlighted issues with the condition of fendering, piling and concrete deck of the existing pier that would require significant investment to address in order to keep the facility operational in the medium to long term. Further detail of these findings is provided in 3.7.1 below.

There have been no changes that would warrant reconsideration of alternative locations out-with Craignure Village and the conclusion of the STAG Appraisal in this regard is carried forward to the OBC.

The ICP mentioned a possible fixed link (i.e. bridge or tunnel) to Mull. Depending on the location of any such link, this may negate the need for a ferry service to Oban and the associated infrastructure

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required. However, the timescales of any fixed link proposals would be extremely long and so this is not considered a viable alternative for replacement of the existing infrastructure, given its current condition.

Assuming that the replacement ferry terminal project is completed, any subsequent fixed link proposals would need to consider the considerable sunk costs incurred in the development of Craignure and the remaining useful life of the ferry infrastructure.

3.7.1 Recent Principal Inspection Findings

A principal inspection was undertaken in November 2024 which showed that various concrete elements of the existing pier are suffering from chloride ingress, corrosion of reinforcement and spalling (loss of the concrete covering the steel reinforcement). Some of the steel piles, in particular those for the north lifting dolphin, have also suffered from significant corrosion.

Whilst individual areas of spalling and corrosion are repairable, given the age of the structure and the coastal environment, this deterioration is only going to accelerate in the medium term. This would be expected to lead to more frequent periods of downtime for increasingly large areas of concrete repair, with an accompanying increase in maintenance costs.

It is understood that the fendering system on the main pier does not have sufficient energy absorption or structural capacity to allow the MV Hebrides (or other large vessels) to berth against the face of the pier. This means all large vessels have to make first contact with the higher capacity roundhead fenders prior to canting (turning) round to come alongside the pier, although this is normal berthing protocol for large CalMac vessels. This increases the time required for berthing and has knock-on impact on timetables.

3.8 Is there still a "Case for Change"?

Whilst there have been improvements to ferry services since the STAG Appraisal in 2019, the key issues identified with respect to the age and condition of the infrastructure, suitability for large vessels and inadequate terminal building facilities are still present. These issues can only be addressed by a significant investment in a replacement ferry terminal, appropriately sized for the new generation of CMAL ferries.

In particular, there has been a significant improvement to the winter service in terms of time on the mainland since the MV Loch Frisa was introduced in 2022. However, the available capacity on the route in summer is still very constrained primarily due to the size of vessels. The latest vehicle deck utilisation data (Summer 2022) shows that the sailings from both Oban and Craignure are very busy (>70% utilisation) except for the early morning and late evening sailings. This is shown in Figure 3 and Figure 4.

Figure 3: Vehicle Deck Utilisation, Oban-Craignure, in Day, Summer 2022 (Source: CalMac)

Sched Dept. Time	Mon	Tues	Wed	Thurs	Frid	Sat	Sun	Vessel
06.45am	79%							IoM
07.25am		74%	66%	82%	68%	73%		IoM
08.35am	93%	75%	83%	72%	84%	88%		Frisa

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Sched Dept. Time	Mon	Tues	Wed	Thurs	Frid	Sat	Sun	Vessel
09.55am	90%	91%	87%	86%	87%	90%	92%	IoM
11.10am							101%	Frissa
11.25am	101%	96%	99%	98%	95%	102%		Frissa
12.30pm	88%	82%	81%	84%	90%	92%	82%	IoM
02.05pm							95%	Frissa
02.15pm	101%	96%	98%	100%	101%	102%		Frissa
03.45pm							86%	IoM
03.55pm	86%	83%	83%	78%	89%	93%		IoM
05.05pm		79%	75%		96%			Frissa
05.10pm							87%	Frissa
05.25pm	94%			85%		99%		Frissa
06.15pm							51%	IoM
06.20pm	54%	47%	40%	33%	76%	83%		IoM
07.45pm							40%	Frissa
08.00pm		43%	39%		78%			Frissa
08.05pm	41%			38%		57%		Frissa
09.45pm					28%			IoM
10.20pm		19%						Frissa
10.25pm						65%		Frissa

Figure 4: Vehicle Deck Utilisation, Craignure-Oban, in Day, Summer 2022 (Source: CalMac)

Sched Dept. Time	Mon	Tues	Wed	Thurs	Frid	Sat	Sun	Vessel
07.10am	64%	56%	52%	58%	72%	82%		Frissa
08.00am	53%							IoM

Craignure Pier OBC

Sched Dept. Time	Mon	Tues	Wed	Thurs	Frid	Sat	Sun	Vessel
08.40am		61%	55%	70%	86%	91%		IoM
09.30am							102%	Frisa
10.00am	99%	98%	90%	97%	98%	104%		Frisa
11.15am	89%	81%	85%	88%	96%	94%	93%	IoM
12.40pm							101%	Frisa
12.50pm	102%	94%	96%	97%	100%	103%		Frisa
01.45pm	79%	72%	70%	85%	85%	90%	80%	IoM
03.40pm	90%	92%	91%	95%	97%		93%	Frisa
04.00pm						98%		Frisa
05.00pm							76%	IoM
05.10pm	78%	85%	81%	83%	80%	84%		IoM
06.30pm		86%	91%		86%		84%	Frisa
06.50pm	88%			92%		83%		Frisa
07.30pm							40%	IoM
07.35pm	29%	41%	46%	47%	48%	24%		IoM
09.10pm		16%						Frisa
09.15pm						32%		Frisa
10.45pm					11%			IoM

Overall carryings on the Oban-Craignure route were largely stable in the period 2008-2015. Following the introduction of road-equivalent tariff (RET) in 2015, both passenger and car carryings increased as a result of lower fares; by 16% and 49% respectively.

Since the coronavirus pandemic, carryings have rebounded strongly but have not yet returned to pre-pandemic levels. This may be partially due to vessel availability / capacity issues in the wider CalMac fleet or due to changes in travel patterns post-pandemic. (e.g. reduced commuting). This is shown in Figure 5 and Table 3-3.

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Figure 5: Annual Carryings Data 2007 - 2023 (Source: CalMac)

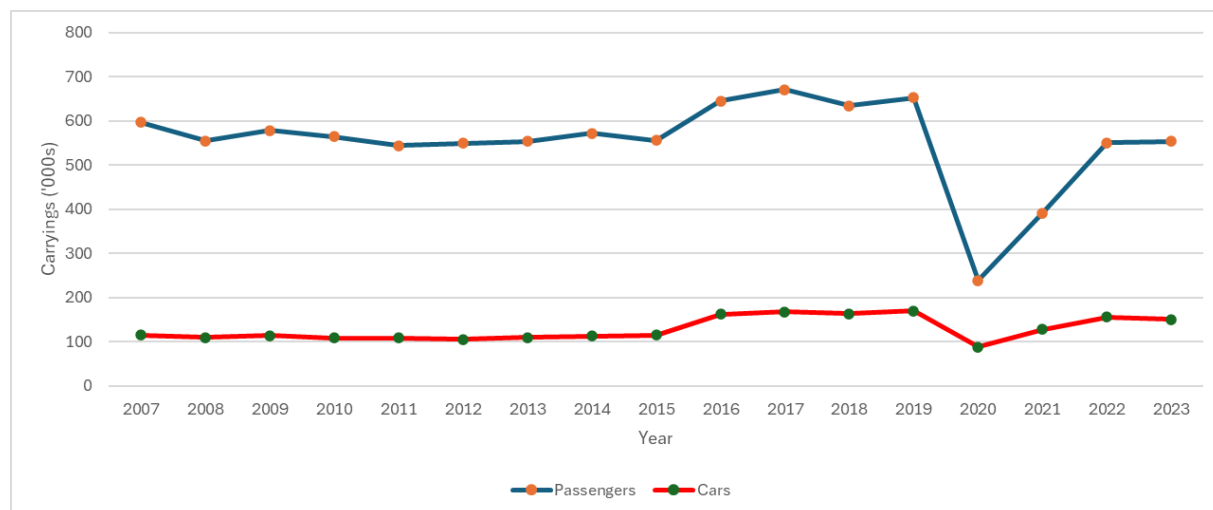


Table 3-3: Change in annual carryings before/after RET and post-pandemic (Source: CalMac data)

Period	Average Passenger Carryings (Annual)	% Change vs 2007-2015	Average Car Carrying (Annual)	% Change vs 2007-2015
2007-2015 (pre-RET)	563 093	-	111 130	-
2015-2019 (post-RET)	650 485	+16%	166 015	+49%
2022-2023 (post-COVID-19)	552 145	-2%	153 612	+38%

As set out in the Vessel and Ports Plan (part of the Islands Connectivity Plan), Transport Scotland / CMAL intend to design and procure new vessels for the Oban-Craignure route for deployment in the period 2026-2031. It is essential that a secure berth is provided in order for these vessels to provide a high-frequency, reliable service with sufficient capacity to cater for demand on the route.

It is essential that the new vessels can berth overnight at Craignure year-round to enable early morning departures and late evening arrivals to be timetabled within the constraints of crew rotas and maximum working hours, regardless of whether the crew live aboard or ashore.

3.9 Strategic Case Conclusions

A replacement ferry terminal is required at Craignure, to ensure the Isle of Mull has a frequent, reliable ferry service to the mainland in the long term. The new infrastructure should include a new pier, marshalling yard with check-in area, terminal building, car parking and coach bays to ensure the site is suitable for the current and future vessels serving the Isle of Mull.

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3.10 Next steps

The OBCb Socio-Economic case chapter will consider the possible options and will compare options based on the five criteria as defined in the STAG guidance. This will determine the preferred option in terms of the location within Craignure Bay and the preferred layout of the facility at a high level.

A ground investigation has also been undertaken to inform the design of the new pier and provide additional information for engineering design, cost estimation and EIA purposes.

Alongside OBC production, the preferred option has been developed to a concept level of design to enable cost estimates to be produced, a procurement strategy to be developed and Environmental Impact Assessment (EIA) studies to commence.

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4 OBCb Socio-Economic Case

4.1 Chapter Summary

Four options have been assessed and compared at OBC Stage (Options A to D), with the options costed and assessed against the five STAG Criteria of Environment, Safety, Economy, Integration and Accessibility & Social Inclusion.

Option D has been identified as the preferred option and further developed in response to stakeholder feedback.

The purpose of the socio-economic case is to identify the option that optimises value for money under the five STAG criteria (Environment, Economy, Safety, Integration and Accessibility and Social Inclusion).

The STAG Appraisal is the starting point for this process, where three options were shortlisted for further consideration.

The socio-economic case develops the options generated at STAG Appraisal stage, considers changes since the STAG Appraisal was undertaken and identifies the preferred option for the project, balancing cost with environmental and social impacts of the proposed development.

As explained in the Strategic case, the identified problems with the existing ferry terminal infrastructure still exist i.e. the existing pier is reaching the end of its life and is unsuitable for current and future vessels. Therefore, a replacement pier and ferry terminal need to be constructed within Craignure.

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4.2 Transport Planning Objectives

The Transport Planning Objectives (TPOs), as defined in the STAG Appraisal are provided in Table 4. No changes to the TPOs have been made at OBC stage.

Table 4: Transport Planning Objectives

Objective as defined in STAG Report (May 2019)		Adopted at OBC (2025)
TPO1	The ferry infrastructure should support facilitation of a timetable which supports the community desire for a year-round 'full day' for Mull residents and businesses on the Scottish mainland.	Y
TPO2	The ferry infrastructure should be capable of accommodating the current and future generation CMAL vessels up to circa 100 metres in length for a minimum 60-year window in terms of berthing ability, vehicle marshalling capacity, bus operations, passenger access, waiting facilities and car parking.	Y
TPO3	The future infrastructure for the Oban ferry service should maintain / improve operator performance (i.e. punctuality and reliability).	Y
TPO4	Minimise short-term negative social and economic impacts on Mull by managing the operational impacts associated with any construction works	Y

4.3 STAG Criteria

The Scottish Transport Appraisal Guidance (STAG) requires all public transport infrastructure projects to be assessed against a common framework. This includes five categories:

- Environment
- Safety
- Economy
- Integration
- Accessibility and Social Inclusion

The assessment is performed using a seven-point scale from major positive (7) to major negative (1).

At OBC stage, the STAG assessment is revisited to confirm if anything has changed, or to assess any new options against the same criteria.

4.4 Review of Options

The STAG Appraisal recommended further consideration was given to Options 1B, 2A and 3A. These options are summarised in the following table.

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Table 5: STAG Shortlisted Options

STAG Option	Description
1B	Rebuild to the south of the existing in close proximity . Finger pier with linkspan to north and slipway to south
2A	Rebuild to the south of the existing. Finger pier with linkspan to north, fixed ramp to south and slipway
3A	Rebuild to north , finger pier with linkspan to the south, fixed ramp to the north and slipway

Options 1A, 2B and 3B were discounted, due to the following factors

- Option 1A is excluded from further consideration on the basis of the prolonged period when the service would be delivered by a Loch Class vessel(s).
- Option 2B is excluded from further consideration on the basis of its increased exposure to the weather; environmental concerns; the displacement of economic activity from Craignure; and poor public acceptability.
- Option 3B is excluded from further consideration on the basis of the sprawl effect created on the Craignure waterfront and poor public acceptability.

Since the STAG Appraisal, no changes have occurred which would warrant a reconsideration of any of these options.

4.5 Options Development

At the commencement of the OBC, discussions were held with project stakeholders around developing the options, and specifically in relation to the necessity of a slipway, which would provide an additional option for Loch Class or similar vessels to use Craignure.

Generally, slipways have only been used on short, high-frequency crossings in sheltered waters (e.g., Rhubodach to Colintraive), or those with much lower demand (e.g., Lochaline to Fishnish), as there is a limit to the size of vessel that can effectively use a slipway. Given the tidal range at Craignure, a slipway would need to be approximately 72m long to achieve a difference in height from -2.0mCD (minimum depth required for SVRP at low tide) to +7.0mCD (proposed future ground level) at a gradient of 1:8.

At other ports (Brodict, Kennacraig), fixed ramps have been provided in order to provide resilience for linkspan failure with larger vessels, albeit with tidal restrictions.

This provides a different dimension of resilience as it would allow large vessels to berth (with some tidal restrictions) in the event of a linkspan outage, whereas a slipway would require fleet redeployment in order to bring a smaller vessel onto the route. This would be significantly more disruptive to the operator and is likely to cause knock-on impacts elsewhere on the Clyde and

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Hebrides Ferry Service (CHFS) network e.g. a reduction in service Lochaline-Fishnish in order to provide a service Craignure-Oban.

The availability of fixed ramp depends on the level of the ramp, tidal range and the length of the ships ramp, since this provides the flexibility to cope with changing tide. Across the CalMac large vessel fleet (including new-builds) there is significant variation in ramp lengths, ranging from 14.1m (New Islay vessel bow-in) to 4.3m (Finlaggan Stern-in). This would mean the timetable changes each day according to the tide and the vessel deployed on the route.

Option 1B could be amended, by replacing the slipway with a fixed ramp in order to provide a large vessel service during construction. This would enable large vessels to use the existing north berth until the new pier is constructed, before switching to the new south berth (fixed ramp) whilst the existing pier is demolished and the new linkspan is installed. The vessels would then be able to switch back to the new north berth. The interim period when using the fixed ramp would involve a tidal timetable and potentially only a limited number of sailings each day.

Two variants of Option 3A have been developed:

- Option C reuses the existing marshalling area to reduce the volume of land reclamation required and locate the pier in shallower water
- In Option D the marshalling area is oriented perpendicular to the shore to reduce the length of waterfront occupied by the terminal and to minimise the volume of dredging required

The changes made to options at OBC Stage are summarised in Table 6. The STAG options and their equivalent OBC developed options are illustrated in Figure 6 to Figure 12.

Table 6: Progression of STAG Options to OBC Options

STAG Option	Description	Developed OBC Option	Changes at OBC Stage
1B	Rebuild to the south of the existing in close proximity . Finger pier with linkspan to north and slipway to south	A	Slipway changed to fixed ramp to improve service during construction. Car parking added. Layout amended to avoid vehicle route under PAS.
2A	Rebuild to the south of the existing. Finger pier with linkspan to north, fixed ramp to south and slipway	B	Slipway removed, footprint of development reduced
3A	Rebuild to north, finger pier with linkspan to the south, fixed ramp to the north and slipway	C	Slipway removed, existing marshalling area reused. Linkspan located on north side
3A (cont.)		D	Slipway removed, marshalling area perpendicular to shore to reduce sprawl along waterfront. Linkspan located on north side

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Figure 10: Option 3A (STAG)

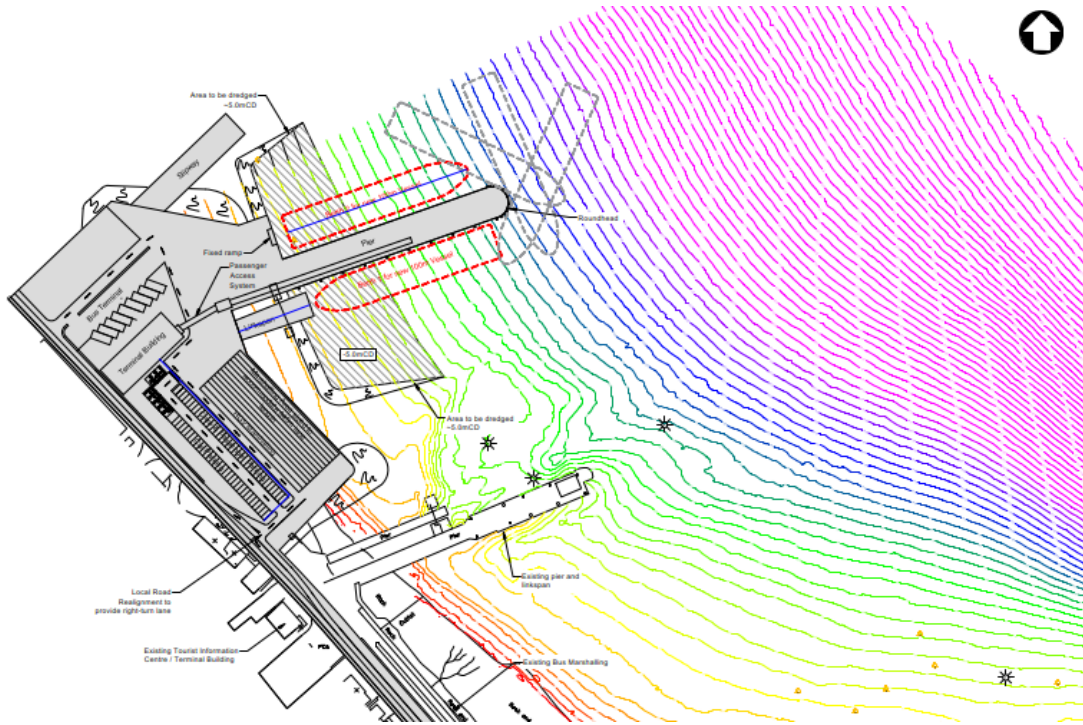
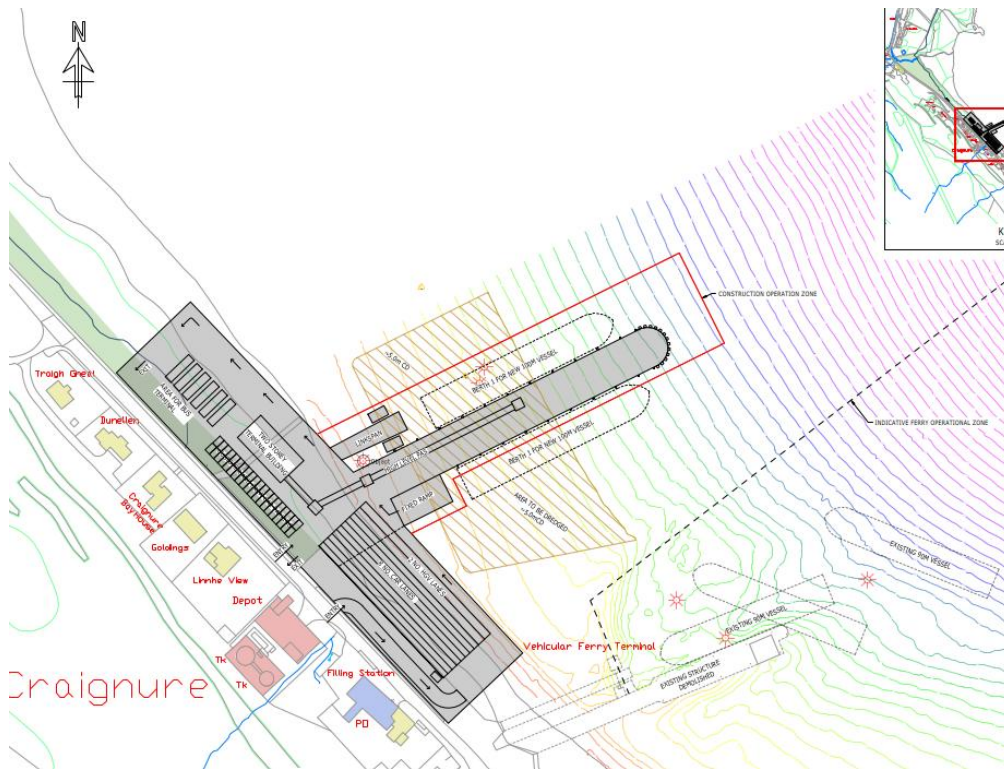
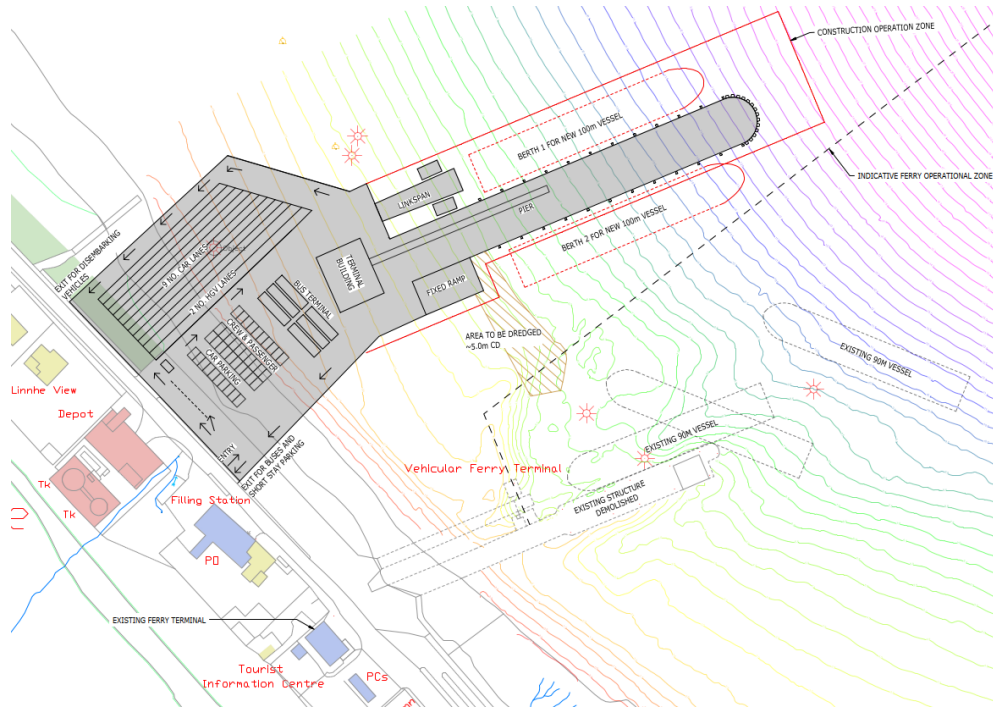


Figure 11: Option C (OBC)



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Figure 12: Option D (OBC)



4.6 Options Appraisal

The four options, overlaid as shown in Figure 13, are assessed against both the TPOs and STAG criteria.

Figure 13: Comparison of OBC options



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4.6.1 Assessment against Transport Planning Objectives

Table 7: Assessment of Options against TPOs

No	Transport planning objective	Option A	Option B	Option C	Option D
TPO1	The ferry infrastructure should support facilitation of a timetable which supports the community desire for a year-round 'full day' for Mull residents and businesses on the Scottish mainland.	5	5	5	5
TPO2	The ferry infrastructure should be capable of accommodating the current and future generation CMAL vessels up to circa 100 metres in length for a minimum 60-year window in terms of berthing ability, vehicle marshalling capacity, bus operations, passenger access, waiting facilities and car parking.	5	5	5	5
TPO3	The future infrastructure for the Oban ferry service should maintain / improve operator performance (i.e. punctuality and reliability).	5	5	5	5
TPO4	Minimise short-term negative social and economic impacts on Mull by managing the operational impacts associated with any construction works	2	3	5	4

All the options meet all the first three transport planning objectives. Against TPO4, the impacts during construction vary between minimal (Option C) and severe (Option A). These impacts are summarised as follows:

- Option A will cause significant disruption during construction as the ferries will have to use the fixed ramp for a period of time whilst the existing pier is demolished to enable vessels to access the new north berth.
- Options B and D may also cause some disruption whilst the outer extent and roundhead of the new pier is constructed. This is relatively close to the normal approaches into the existing pier. Option B also obstructs the south berth which is occasionally used for overnight berthing.
- Option C is sufficiently distant from the existing pier that it is unlikely to cause an impact during construction.

It is recognised that all options overlap with the existing marshalling and/or coach bays and therefore the works will need to be phased to minimise the impact of this.

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4.6.2 Assessment against STAG Criteria

The four OBC options have been assessed against the five STAG criteria, as summarised in Table 8 to Table 11.

Table 8: STAG Appraisal - Option A

STAG Criteria	Option A Rating	Comments
Environment	3	Dredging and reclamation will cause detrimental impact. Ribbon-effect on waterfront. Loss of green space area
Safety	3	Road safety improved by reducing pedestrians crossing road and cars queueing on A849. Improved fendering and mooring improves navigational safety. Proximity to existing pier causes a risk during construction.
Economy	4	Negative impact on transport efficiency during construction due to use of fixed ramp. Positive long term improvement to reliability / punctuality and enabling of reliable overnight berthing of larger vessels at Craignure.
Integration	3	Enables wide range of vessels to serve Craignure, and improved onward bus/coach connection. Significant service disruption during construction.
Accessibility and Social Inclusion	6	Enables an enhanced mainland ferry service to be introduced in the future. Modern PAS improves accessibility.

Table 9: STAG Appraisal - Option B

STAG Criteria	Option B Rating	Comments
Environment	3	Significant reclamation but minimal dredging
Safety	5	Road safety improved by reducing pedestrians crossing road and cars queueing on A849. Improved fendering and mooring improves navigational safety
Economy	5	Positive long term improvement to reliability / punctuality and enabling of overnighting at Craignure
Integration	4	Enables wide range of vessels to serve Craignure, and improved onward bus/coach connection. Short term impacts on south berth and existing bus terminal

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STAG Criteria	Option B Rating	Comments
Accessibility and Social Inclusion	6	Enables an enhanced mainland ferry service to be introduced in the future. Modern PAS improves accessibility.

Table 10: STAG Appraisal - Option C

STAG Criteria	Option C Rating	Comments
Environment	6	Ribbon effect and impacts on existing residential area. Significant quantity of dredging required. Loss of existing green amenity space to the north.
Safety	5	Road safety improved by reducing pedestrians crossing road and cars queueing on A849. Improved fendering and mooring improves navigational safety.
Economy	5	Positive long term improvement to reliability / punctuality and enabling of overnighting at Craignure
Integration	5	Enables wide range of vessels to serve Craignure, and improved onward bus/coach connection. Short term impacts on existing marshalling yard
Accessibility and Social Inclusion	6	Enables an enhanced mainland ferry service to be introduced in the future. Modern PAS improves accessibility.

Table 11: STAG Appraisal - Option D

STAG Criteria	Option D Rating	Comments
Environment	3	Significant reclamation, impact on views from residential area. Small quantity of dredging required.
Safety	5	Road safety improved by reducing pedestrians crossing road and cars queueing on A849. Improved fendering and mooring improves navigational safety
Economy	5	Positive long term improvement to reliability / punctuality and enabling of overnighting at Craignure
Integration	5	Enables wide range of vessels to serve Craignure, and improved onward bus/coach connection. Short term impacts on marshalling yard

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STAG Criteria	Option D Rating	Comments
Accessibility and Social Inclusion	6	Enables an enhanced mainland ferry service to be introduced in the future. Modern PAS improves accessibility.

Table 12: Summary of STAG Appraisal for OBC options

STAG Criteria	Option A	Option B	Option C	Option D
Environment	3	3	2	3
Safety	3	5	5	5
Economy	4	5	5	5
Integration	3	4	5	5
Accessibility and Social Inclusion	6	6	6	6

Reminder of scale.

1 = Most negative impact
5-6= Positive impact

2-3 = Negative impact
7=Most positive impact

4=Neutral impact

The comparison of options against each STAG criterion can be summarised as follows:

- Environment: Option D minimises the environmental impact of the scheme by minimising the length of waterfront occupied by the development and the quantity of dredging required. It is also less likely to require maintenance dredging in future, compared to options located closer to shore (Options A and C).
- Safety: The options all score similarly with respect to safety, except for Option A where the proximity of construction to the existing pier results in a negative impact to safety.
- Economy: Option A scores negatively on economy due to the extended period of disruption where the service would be tidally restricted.
- Integration: Options C and D score slightly higher than Options A and B for integration due to the reduced overlap between the schemes during construction.
- Accessibility and Social Inclusion: All options improve the accessibility of the ferry terminal facilities by including a modern terminal building and PAS. The new terminal infrastructure promotes Social Inclusion by enabling better transport links to the mainland.

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4.6.3 Options Appraisal – Capital Cost Analysis

The four options were previously costed in 2020, these prices have been updated to be consistent with the more detailed cost estimate in the financial case, which assumes a mid-point construction date of Q2 2027. This is shown in Table 13: OBC Option costs (assuming mid-point construction mid-2027).

Table 13: OBC Option costs (assuming mid-point construction mid-2027)

Long Term Option	Capital Cost	Capital Cost Incl. 44% Optimism Bias
Option A – Rebuild in Close Proximity	Circa £67M	Circa £96M
Option B – Rebuild to South	Circa £73M	Circa £105M
Option C – Rebuild to North (Reuse Existing Marshalling)	Circa £64M	Circa £92M
Option D - Rebuild to North	Circa £73M	Circa £105M

The difference in costs is generally due to higher reclamation volumes required to facilitate Options B and D. The marshalling area of these options are orientated perpendicular to the shore to minimise sprawl along the waterfront. This is only partially offset by the reduction in dredging required for Options B and D compared to Options A and C.

Overall, all the options are all broadly cost comparable, especially when considering a 60 year investment period.

4.6.4 Preferred Option Selection

Option D is selected as the preferred option, on the following basis:

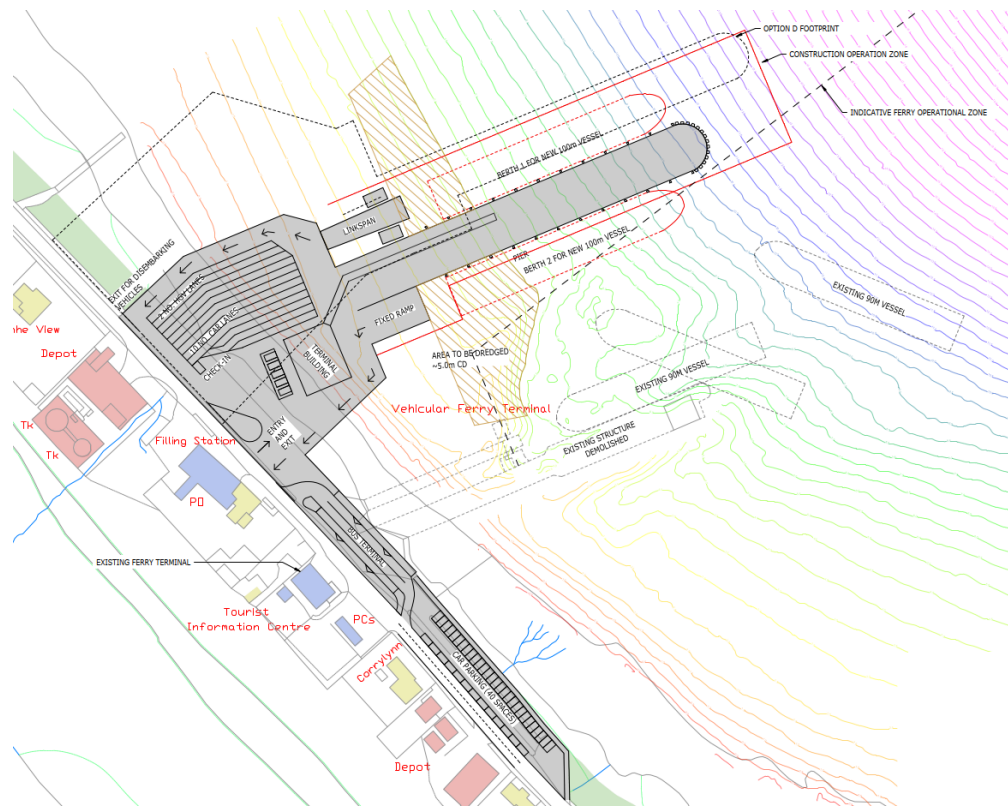
- Option D achieves the Transport Planning Objectives and minimises disruption to ferry services during construction as it can be constructed largely offline.
- Option D scores favourably compared to the options when assessed against the STAG criteria and minimises the waterfront sprawl and dredging required.
- Option D is comparable to the other options in terms of capital investment required.

4.7 Preferred Option Development – confirming pier position in the bay

Following discussions with project stakeholders via Craignure Pier Development Working Group (CPDWG), the local community via Craignure Marine Infrastructure Liaison Group (CMILG) and the

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Figure 15: Option D2, located 28m closer to the existing pier compared to Option D



Further consultation with CalMac was undertaken to understand the impact this would have on vessels using the existing pier during construction and whether / how these impacts could be mitigated.

In summary, large vessels such as the Isle of Mull, Hebrides and in particular, the Caledonian Isles (which has lower power) would not sail if moderate winds were forecast from SE or NW whilst the outer part of the new pier was under construction, due to an increased risk of colliding with the partially built pier or construction plant. Smaller, more manoeuvrable vessels (e.g., MV Loch Frisa, MV Coruisk) would be minimally affected by the works.

A proposed sequence of construction works to minimise the possible disruption to large vessels was considered. This would involve the land reclamation, marshalling area, terminal building, linkspan and fixed ramp all being completed first, with the construction of the outer part of the pier itself programmed as one of the last activities in the construction period. This would minimise the duration for which the new pier construction could potentially cause disruption to services to the existing pier.

It may also be possible, albeit with increased risk of weather delay, to construct the outer part of the pier in winter, when demand on the ferry services is less; or, if suitable vessels are available, to deploy two small vessels (i.e. MV Loch Frisa & MV Coruisk) on the Oban-Craignure route for this period.

A further option was discussed with the pier shifted 20m further north (100m away from the existing) whilst keeping the landside elements in the same location. However, CalMac feedback was that this made little difference to the conditions in which it would be safe for large vessels to berth during

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construction. The alternative layout resulted in negative impact on the landside layout and so was not progressed.

4.8 Public & Stakeholder Engagement

Several meetings were held with the Craignure Bay Community Group (CBCG), Mull and Iona Ferry Committee (MIFC), Craignure Marine Infrastructure Liaison Group (CMILG) and other local stakeholders during the development of the OBC. The following questions / issues were raised and responded to by the project team, as shown in

Table 14: CBCG / MIFC Feedback (January 2021 / April 2022).

Table 14: CBCG / MIFC Feedback (January 2021 / April 2022)

Question / Concern	Design Team Response
Why not leave things as they are?	As identified in the STAG Report, the existing pier is reaching the end of its serviceable life and will become unsafe in the medium term. The existing pier cannot be economically repaired and it is too short to provide a secure berth for larger vessels - so providing a year round commutable service is not possible and cancellations due to weather are frequent, especially during winter. A new longer pier will address these short comings and also presents an opportunity to resolve several other issues with the current layout (e.g. accessibility, terminal building size, marshalling arrangements, coach provision etc).
Will the most northerly option for the new pier be able to operate in a strong easterly storm?	Wave studies will confirm this prior to detailed design, however through consultation with CalMac, we believe that the northerly location option will not be significantly more exposed to easterly storms than the existing facility.
Will any of the options be able to operate in a westerly or south-westerly wind?	Yes, the alignment of the pier on an approximate SW-NE heading is suitable for berthing in the prevailing westerly and south-westerly winds as the vessel will berth with bow into the wind (which is of benefit). Westerly winds will tend to push the vessel onto the primary berth which is preferable.
Do the options all have enough water to operate in all tidal conditions?	Yes – all options include sufficient manoeuvring room and sufficient dredged depth to accommodate the design vessels over the full tidal range from LAT to HAT and considering the laden weight of the vessels in scope.
Why have the ferry terminal at Craignure, there are other locations which could be better?	Other locations on Mull were assessed in the STAG Appraisal and were discounted.
Why not rebuild over the footprint of the existing pier – it works well where it is!?	Rebuilding on the existing pier footprint would cause major disruption to the service during construction as either the ferry could not berth at Craignure or a temporary berthing arrangement would be required (e.g. a slipway) which would severely limit the ferry timetable and capacity. Calmac have indicated that there would be no Loch-Class vessels available to

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Question / Concern	Design Team Response
	operate the service, even if a temporary slipway was constructed.
The 4 options don't seem to vary much, how does the assessment system work to scrutinise the options, is this not too subjective?	A wider location options study was undertaken at the STAG Appraisal stage, which identified that the terminal with pier would be best located within Craignure Bay.
The drawings are very high level, how can any assessment be carried out and scoring done when the drawings lack detail?	The intention of the drawings is to enable a preferred location and outline layout to be identified, and more detail will be added once a preferred location has been identified.
How far away will the car park be from the options which are further away than the existing pier – will these not be too far away?	There is parking planned at the ferry terminal as part of the development.
Why does the scoring of options vary between the criteria of local impact and integration?	<p>The scoring presented is preliminary and will be undertaken in more detail before the Outline Business Case is finalised. It is not clear what is meant by "local impact" in the question – the visual impact of the scheme is taken into account in the broader "Environment" category.</p> <p>The differences in scoring for the Integration criterion are primarily due to the impact on travel connections during construction; which are most significant in Option A and least impacting for in Option D.</p>
Why is the Marshalling area based on 150% or the 801 & 802 vessels? Is this not too much?	<p>Marshalling based on 150% of the largest vessel capacity is in line with Calmac experience at other ferry terminals, especially when the time between sailings is sometimes as little as 1 hour.</p> <p>Options for growing the marshalling area in-step with future vessel deployment, or having an offsite area for marshalling will be considered, in order to reduce the overall footprint of the scheme.</p>
What is being considered for future growth?	The initial proposal is for the terminal to be sized to accommodate the largest Calmac vessel (801/802) and therefore includes an allowance for growth beyond the planned deployment of MV Hebrides alongside the MV Isle of Mull. As noted above, options for growing the marshalling area in-step with future vessel deployment, or having an offsite area for marshalling will be considered, in order to reduce the overall footprint of the scheme.
Will the 802 be used on the route	It is not intended for Hull 802 (Glen Rosa) to be deployed on the Oban-Craignure route, except for relief.
What is being done to integrate transport interchange options for	The design aims to locate the bus / coach area as close to the terminal building as possible, to allow for easy connection by public transport, especially for those with reduced mobility.

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Question / Concern	Design Team Response
pedestrians, cyclists, and bus users?	Pedestrian and cycle access to/from the terminal will be carefully considered in the design development.
Why have the Linkspan on the north side rather than the south side?	Having the primary berth (with linkspan) on the north side means the vessel is pushed onto the berth by the prevailing (westerly) wind - which makes berthing easier and safer. It also reduces the stress on mooring lines and movement of the vessel whilst moored.
The development will kill off the local shop and businesses, this needs to be addressed!?	The development will allow un-met demand for ferry services to Mull to be met, resulting in an increase in visitors / tourism and a positive impact on local shops and businesses. Impacts on the village will be considered as part of the appraisal.
Why not have 2 linkspans and a slipway to give more resilience	<p>The provision of a second linkspan as well as a slipway has been considered.</p> <p>Providing a second linkspan would be expensive to build and would also require regular maintenance. Only one linkspan would be in use at any time (at least for the foreseeable future) and so this expense is difficult to justify. With the arrangement as proposed, there would be the possibility to add a second linkspan on the south side at a later date, if the demand from ferry services warrants this.</p> <p>The provision of a fixed ramp gives some degree of resilience in the event of a mechanical outage.</p> <p>The provision of a slipway suitable for Loch-Class vessels provides little in the way of additional resilience, as one is already available at Fishnish.</p>
Why is the design (finger) different to what is in place in Oban?	<p>Solutions with nested berths were studied in the previous STAG Appraisal and were discounted.</p> <p>A finger pier (as opposed to a solid quay wall, as at Oban) is proposed for the following reasons:</p> <p>It allows the berth to be orientated to suit the prevailing wind/wave conditions at Craignure</p> <p>An open piled structure reduces wave reflections, which is important given that Craignure is more exposed to waves than Oban.</p> <p>A finger pier reduces the volume of dredging required to achieve the required water depth</p> <p>A finger pier provides an option for the ferry to berth on the opposite side in certain weather conditions (e.g. overnight berthing in easterly winds).</p>
What is the timescale for the permanent works?	The new infrastructure is planned to be operational in 2030.

The following themes (Table 15: CBCG / CMILG Feedback (Feb. 2021)) were raised frequently at public meetings (Craignure Bay Community Group and Craignure Marine Infrastructure Liaison Group) and the design team response is included.

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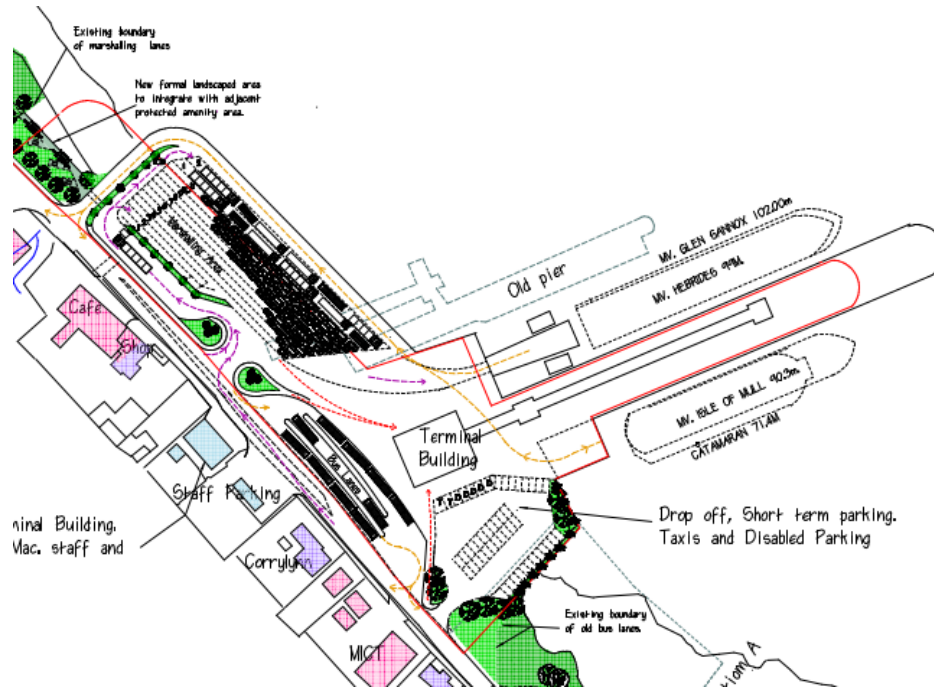
Table 15: CBCG / CMILG Feedback (Feb. 2021)

Question / Concern	Design Team Response
Existing pier is no longer fit for purpose. It needs upgraded to keep it safe and operational, but with serious consideration given to the village and environs. It is a lifeline for the island and the existing structure has a finite lifespan.	The strategic case highlights the issues with the current pier length serving larger vessels. The latest principal inspection (November 2024) confirms that the pier is showing signs of deterioration due to age.
Investment is required. Facilities should meet the expectations of people and vehicles in this 21st century. It is need of modernisation and rationalising, improved traffic flow and pedestrian safety, but must be done properly. It is an opportunity to make a number of long overdue environmental improvements to the village.	The new ferry terminal infrastructure will provide modern, efficient terminal suitable for the current and future vessel for the next 60 years. It will help to address some of the issues with traffic in the village and will improve accessibility e.g. step free access from ferry to street level.
The scale of the proposed development is too big and detrimental impact on the village of Craignure. It must not monopolize environs/village or be detrimental to existing residences and businesses.	The four options A to D are all smaller than their STAG predecessors. In order to keep flexibility in the design whilst the EIA is completed and to ensure the cost-estimates are robust, the maximum size of certain elements has been retained at this stage. Once the vessel size is confirmed, some aspects may be able to be reduced in scale (e.g. vehicle marshalling, terminal building footprint etc).
Homes will be hugely affected.	The preferred Option (D1) addresses this concern to an extent by keeping the footprint of the ferry terminal primarily within the commercial frontage of the village.
It appears that the scale is being driven by a predetermined goal for larger ships.	There is a need for greater capacity on the Oban-Craignure route, but not necessarily larger vessels. Vessel requirements and designs are determined by Transport Scotland and CMAL. The new pier needs to be suitable for a wide range of vessels (up to 100m long) in order to provide a resilient service, including in adverse weather and to accommodate for vessel redeployment. Depending on the dimensions of the NMW and proposed service frequency, it may be possible to reduce the scale of some of the landside aspects.

In order to illustrate a development of reduced scale, CBCG produced an illustrative layout as shown in Figure 16.

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Figure 16: CBCG Option 4A Illustration



This shares many similarities with Option A (rebuild to the south in close proximity) however the marshalling area and car parking are reversed. For the purposes of the option appraisal, the assessment for Option A can be considered as representative of this proposal.

4.9 Socio-Economic Case Conclusions

Option D1 is selected as the preferred option.

A ground investigation has been undertaken to characterise the geology of the site and allow for outline design of the principal marine structures (pier, linkspan supports, land reclamation).

The preferred option (D1) has been further developed (RIBA Stage 2) to allow a more accurate cost estimate to be produced for the preferred option. This is used for subsequent chapters of the business case. The Stage 2 design also enabled an Environmental Impact Assessment (EIA) Scoping report to be prepared and submitted to Marine Directorate and Argyll & Bute as the planning authority.

4.10 Next Steps

The infrastructure design will be progressed (RIBA Stage 3 onwards) in parallel with the design of the New Mull Vessel, where available, however when required, some design assumptions are expected to be made to develop the design of the pier. These will be confirmed with the appropriate stakeholders as necessary. Opportunities to further refine the scale of development will be assessed once Transport Scotland have completed the Community Needs Assessment for Mull and CMAL have progressed the vessel concept designs

A detailed EIA report will be prepared to assess the environmental impacts of the proposed development and avoid, reduce or mitigate these impacts as far as possible.

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Further stakeholder consultation on the design of the infrastructure and terminal building will be undertaken as the design is developed, prior to a planning application being submitted.

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5 OBCc Commercial Case

5.1 Chapter Summary

This chapter identifies initial options for Procurement, defines a procurement strategy & outlines commercial model options and routes to market. At the end of the case recommendations are provided based on the knowledge of the project to date.

5.2 Procurement Options Overview

The Craignure ferry terminal project is a very large-scale marine construction project with specific logistical issues associated with island-based works and specialised construction companies who can provide those works.

There are three generic procurement options that could be considered for the project.

1. Traditional Lump Sum contracting
2. Design and Build
3. Two Stage/Management

A brief description of how each works and the principal differences in approach are provided below.

5.2.1 Traditional Lump Sum Contracting

The Client enters a contract with both the Designers and Contractor direct, see Figure 17. The design is completed before tendering and appointing a Contractor using one of the following as a basis of payment:

- Lump Sum / Fixed Price
- Re-Measurable
- Cost Reimbursable / Cost Plus

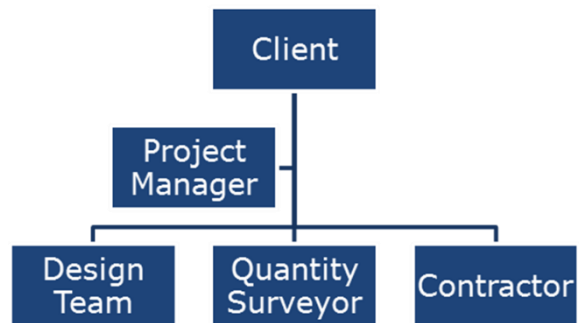


Figure 17: Traditional contracting

With traditional single stage procurement route the design is developed sequentially by the design team with little overlap of the stages leading to a longer pre-contract period, but a greater degree of control over the design and production information. Selection of the Main Contractor is made based on competitive tender and, usually, the pricing of Bills of Quantities. These include definitive measurements of the major elements of the building. A lump sum price is normally tendered in competition by a selected list of around four to six contractors.

Early involvement of the Contractor is not obtained, and the Client has low visibility and influence over the Contractor’s delivery, other than through the design process.

5.2.1.1 Programme

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In order to obtain full design prior to tendering, lump sum contracting requires a significant lead-in as usually no overlap occurs between design and construction.

5.2.1.2 Cost

Lump sum contracting provides a high degree of cost certainty providing that full design is achieved prior to tendering. Without the latter the Client is exposed to potential claims. It also enables the Contractors to provide their most competitive price, as the risk on the contractor is understood and defined.

5.2.1.3 Quality

Quality is maintained throughout the project when design is retained by the Client's appointed designers provided that there are regular design inspections, the supervisors/clerk of works role is clearly defined, and the contractor's supervision obligations are adequately defined and performed. Notwithstanding this the route does limit the opportunity for designers to communicate directly with specialist suppliers and to effectively involve them at an early point in the project design process.

5.2.2 Design and Build

The Client enters a contract with the Contractor to complete the design and deliver the construction, see Figure 18. This contract can be let with varying degrees of design completed prior to engaging the Contractor.

- Turnkey – Client enters into a contract with the Contractor to fully design and build;
- Design & Build with Novation – Client employs a design team to prepare part of the design and then are novated to the Contractor to complete the design under the Contractors scope;
- Design & Build – Client employs a design team to prepare part of the design. The Contractor can then choose its own design team to complete the design.

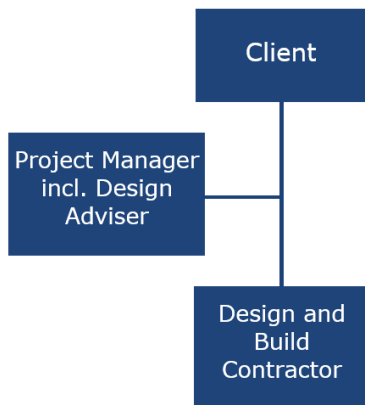


Figure 18: Design and Build organisation

With a single stage Design and Build route competitive tenders are obtained based on a detailed statement of the Clients Requirements. The Clients Requirements can be based upon as little information as a performance specification and sketch scheme drawings or as much as fully detailed drawings with a requirement that the Contractor employs the Client's professional team excluding the Quantity Surveyor and CDM Co-ordinator for the construction phase. The tenders obtained are fixed lump sum which only vary if there is a change in the Clients Requirements.

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5.2.2.1 Programme

A Design and Build route can achieve a faster start on site due to the overlapping of design and construction and through early Contractor involvement. However, the programme must reflect sufficient time for defining the Client's Requirements.

5.2.2.2 Cost

As with lump sum contracting, Design and Build provides single point responsibility and a high degree of cost certainty providing that the Clients Requirements are fully defined. Undefined Clients Requirements will open the risk of subsequent claims. Moreover, if through a Design and Build route large elements of risk are transferred, uncompetitive tenders can be gained. As such, Design and Build is to a degree market sensitive. In addition, a Design and Build procurement route is extremely inflexible in terms of change. The Contractor, through his control of both design and sub-contractors, has a strong negotiating position and may look to maximise this effect for his financial gain.

5.2.2.3 Quality

Because the design responsibility is transferred to the Contractor's team the Client loses direct control and hence quality can be compromised. Whilst effective documentation mitigates this, the Contractor's onus may be the commercial issues rather than the design quality. One option available to ensure quality is maintained is to novate the Design Team over to the Contractor. Another alternative is to largely complete the design prior to handing over to the Contractor. Whilst these options will transfer over design risks, the full benefit of the Contractor's design input and commercial advantage will not be achieved. Therefore, the timing for the appointment of the Contractor and any early Contractor involvement is critical to the success of the Design and Build approach.

5.2.3 Management Contracting

The Client enters a contract with the Contractor to manage the final design production and manage construction delivery, see Figure 19. This contract can be let with varying degrees of contractual basis:

- Early Contractor input - Client employs a design team to prepare part of the design and then appoint a Management Contractor under an ECI arrangement to provide buildability
- Management Contractor – Client employs a Management Contractor at 2nd Stage tender process on a negotiated basis.
- Construction management – Client employs an Agent to manage the award and delivery of works contracts directly between Client and contractors.

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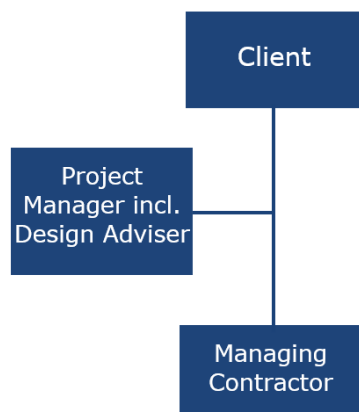


Figure 19: Management Contracting organisation

With a two-stage traditional route the tender process can be brought forward, and Contractors are requested to price, in competition, certain elements of the contract works at an advanced stage. Typically, this involves the pricing of "Preliminaries" or site establishment and running costs, along with tendering the mark-ups to cover their overheads and profit.

Varied amounts of documentation can be offered to Contractors to establish Stage 1 tenders, and a wide range of information can be requested in return, and this is all very much dependent upon the specific requirements of the Client and design team.

The second stage of the tender process involves open book tendering and negotiation of the remaining elements of the scheme to establish a contract price. Competitive tenders are obtained which have been prepared using a reference design and co-ordinated specifications and drawings provided by the design team.

The successful Contractor is appointed to carry out the construction works based on best value, and any variations to the building design are valued based on the tendered rates.

5.2.3.1 Programme

The two-stage route provides major advantages in terms of programme as design and construction can be overlapped. Through the ability to re-plan and to incentivise Works Contractors, the completion date certainty can be enhanced. However, the performance of the Contractor may be a major issue as uncoordinated change can lead to significant claims through an extended supply chain.

5.2.3.2 Cost

A two stage/management route overlaps design and construction with the work being packaged and tenders achieved progressively as packages are completed. As such, the Client does not have the benefit of a lump sum price prior to commitment. Also, the second stage tendering process can be protracted with no certainty that the appropriate contractors will respond and any advantage of using the Main Contractors existing supply chain could be lost.

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5.2.3.3 Quality

Appointment of the design team is flexible as with the Design and Build approach were the balance between design completion by the Client and passing design responsibility to the Contractor should be assessed. Typically, quality is maintained if the Client retains greater control of the design team.

5.3 Commercial model options

NEC has become the default suite of contracts for public-sector works, services and supplies in the United Kingdom. The NEC is a family of standard contracts, each of which stimulate good management of the relationship between the parties to the contract and, hence, of the work included in the contract. It can be used in a wide variety of commercial situations, for a wide variety of types of work and in any location and are clear and simple documents using language and a structure which is straightforward and easily understood.

The NEC 4th Edition (NEC4) suite of contracts are favoured for delivering the Craignure Ferry Terminal project because of its benefits. However, the Infrastructure Conditions of Contract, which uses a more traditional approach, has also been assessed.

5.3.1 NEC4 Engineering and Construction Contract Option A

The NEC4 ECC Option A is based on a fixed price lump sum with activity schedule as the mechanism of payment.

5.3.1.1 Benefits

- Cost certainty is known as the price is fixed at the outset of the contract;
- Risks are allocated at the outset, assuming that reference design is mature.

5.3.1.2 Risks

- Limited cost transparency for future changes or for valuing compensation events;
- Risk transfer may be unacceptable to either the Client or the Contractor;
- Cost may be prohibitive because allocation of risk comes at a premium;
- Comparison of tenders becomes difficult if reference design is immature.

5.3.2 NEC4 Engineering and Construction Contract Option C

The NEC4 ECC Option C is based on a target price with activity schedule as the mechanism of payment.

5.3.2.1 Benefits

- Cost transparency via detailed Activity Schedule under an “open-book” arrangement;
- Potential gainshare opportunities;
- Balanced allocation of risks between the Client and the Contractor promotes collaboration.

5.3.2.2 Risks

- Resource or Cost Consultant needed to establish the detailed activity schedule and rate requirements;
- No guarantee that the rates will cover all contract risk requirements;

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- Shared Risk profile and allocation is essential;

5.3.3 ICE infrastructure Conditions of Contract

The ICC are a suite of related standard forms of contract for infrastructure works which cater for a wide range of contracting strategies. Until 2010 the ICC were known as the ICE Conditions of Contract and were republished as the ICC in 2011. The ICC uses a more traditional approach to delivery of construction projects.

5.3.3.1 Benefits

- Clear structure for agreeing changes;
- Contractual approach of ICE is well understood by industry and Contractors.

5.3.3.2 Risks

- Client accepts the risk on re-measurable quantities;
- Contract provisions are weak in collaborative mechanisms;
- Risk is skewed against the Client.

5.4 Route to market

There are various routes to obtaining the best procurement outcome from the market and the following options have been reviewed.

5.4.1 Open Tendering

The procurement of the Craignure Ferry Terminal project is governed by the Utilities Contracts (Scotland) Regulations 2016, which governs port and maritime procurement in Scotland.

The two different methods of tendering are:

- Single-stage tendering – Contractor submits a bid for the delivery of the entire project;
- Two-stage tendering – the first phase is used to identify the best suited contractors, while the second phase is used to finalise the contract and the pricing.

5.4.1.1 Benefits

- Market testing – open tendering allows the market to provide best value through a competitive process;
- Accessibility – enables interested contractors to enter a bid even if they are new to the market;
- Diversity - allows businesses of all sizes and backgrounds the chance to compete for the contracted work;
- Transparency – utility regulated process reduces the chances of unfair practices and promotes fairness.

5.4.1.2 Risks

- Time-consuming – open tendering is a lengthy process attracting potentially numerous bids to be managed and assessed;

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- Attracting unsuitable bids – unrealistic bids will need to be excluded from the process at an early stage;
- Focus on low cost – encourages a focus on the contractors offering the lowest costs to deliver the project which increases client risk for time and quality.

5.4.2 Scottish Government Civil Engineering Framework

The Scottish Government Civil Engineering Framework is an existing framework for use by any public body in Scotland.

This framework is a combination of discipline and value base lots:

- Lot 1 – General Civil Engineering Works – value £5M - £25M;
- Lot 2 – Structural Engineering Works – value £5M - £25M;
- Lot 3 – All Civil Engineering Works – value £25M - £100M.

5.4.2.1 Benefits

- Co-coordinated approach – consistency across the Scottish public sector following a competitive tender under applicable public procurement regulations providing an easy route to market
- Competent contractors - removes risk of non-approved contractors being used
- Benchmark commitments – Scottish centric requirements for various environmental, social, fair work and community benefits, which can be further developed by each Public Body for each Work Order
- Specialist contractors – benefits from the engagement of specialist contractors where appropriate
- Lot 3 Contractors – Balfour Beatty, Farrans (Northstone), John Graham, Morgan Sindall.

5.4.2.2 Risks

- Port and maritime experience – Framework contractors may not have recent relevant specialism;
- Speed to market – constrained by framework rules includes mini competition and direct award where justified by the business;
- Further negotiation – terms and conditions are locked at framework level, which requires further negotiation needed on specific risks which may be unacceptable.

5.4.3 SCAPE Framework

The SCAPE Framework is an existing framework for use by any public body in the UK.

This framework is for the built environment and includes Consultancy, Civil Engineering, Construction and Utilities frameworks.

5.4.3.1 Benefits

- Co-coordinated approach – consistency across the UK public sector following a competitive tender under applicable public procurement regulations providing an easy route to market;
- Competent contractors - removes risk of non-approved contractors being used;

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- Wide ranging – SCAPE frameworks will enable the delivery of projects across the utilities sector including docks, ports and harbours;
- Gold standard Contactors – verification for constructing excellence;
- Utilities Framework – McLaughlin and Harvey, RJ McLeod, Perfect Circle, Arcadis, (unlimited value).

5.4.3.2 Risks

- Port and maritime experience – only two Contractors in the Utilities Framework
- Speed to market – constrained by framework rules includes mini competition and direct award where justified by the business
- Further negotiation – terms and conditions are locked at framework level, which requires further negotiation needed on specific risks which may be unacceptable.

5.4.4 Crown Commercial Services Framework

The CCS is the biggest public procurement organisation in the UK.

There are four main categories and several sub-categories of framework agreements:

- Building;
- Corporate Solutions;
- People;
- Technology.

5.4.4.1 Benefits

- Caters for a wide range of common public sector requirements in multi-supplier agreements;
- Frameworks are typically divided into lots, often by product, service type or location, including Scotland;
- Businesses looking to buy from a framework can directly award a supplier or run a further mini competition among suppliers.
- Competent suppliers - removes risk of non-approved suppliers being used;
- Relevant lots include design, engineering, management, professional consultancy services.

5.4.4.2 Risks

- Port and maritime experience – Framework suppliers may not have recent relevant specialism;
- Speed to market – constrained by framework rules includes mini competition and direct award where justified by the business;
- Further negotiation – terms and conditions are locked at framework level, which requires further negotiation needed on specific risks which may be unacceptable;
- Construction – limited frameworks for construction activities, civil engineering not included.

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5.4.5 Scotland Excel

Scotland Excel was established as the Centre of Procurement Expertise for the local government sector in 2008. It is the Leading non-profit organisation serving Scotland's 32 local authorities and over 100 associate members from across the public and third sector. It caters for a wide range of common public sector requirements in multi-supplier agreements for Scotland.

There are Four main categories and several sub-categories of framework agreements:

- Construction;
- Education;
- Environment;
- Facilities;
- Operational Supplies and services;
- Roads and Transport;
- Social Care.

5.4.5.1 Benefits

- Businesses looking to buy from a framework can directly award a supplier or run a further mini competition among suppliers;
- Competent suppliers - removes risk of non-approved suppliers being used;
- Relevant lots include design, engineering, management, professional consultancy services;
- Scotland centric agreements aligned with SG agenda for various environmental, social, fair work and community benefits;

5.4.5.2 Risks

- Port and maritime experience – Framework suppliers may not have recent relevant specialism;
- Speed to market – constrained by framework rules includes mini competition and direct award where justified by the business;
- Further negotiation – terms and conditions are locked at framework level, which requires further negotiation needed on specific risks which may be unacceptable;
- Construction – limited frameworks for construction activities, civil engineering not included.

5.5 Request for Supplier Information (RFI)

- A Prior Information Notice was published with a Request for Supplier Information (RFI) on Public Contracts Scotland on 12th March 2025. By 27/03/2025, twenty organisations had noted their interest.

5.5.1 Feedback from the RFI

Five responses containing feedback had been received by 27th March 2025, one from a consultant, and four from contractors. .

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The feedback can be grouped into the following themes:

Theme 1 – Timescales / Capacity

- Would your organisation be able to meet the timescales for the project and have the required capacity to undertake this contract?

All four Contractors confirmed that they would be able to meet the timescales detailed in the RFI document and would have the required capacity.

The Consultant stated that the timescale of 12 months to complete these statutory processes (EIA and Marine Construction Licence) would appear to be very tight.

Theme 2 – Early Contractor Involvement

- At what stage in the process do you think Early Contractor Involvement (ECI) would be beneficial to start?

The preference of the Contractors was for ECI to start as soon as possible in the design process – two Contractors referenced RIBA Stage 2; another referred to it starting as soon as possible in the design process following initial scheme definition. The final Contractor recommended that ECI would be best placed following the completion of the feasibility studies and planning approvals being submitted, as this would mean being able to take forward and develop a specimen design in alignment with the Client requirements.

The Consultant provided the following feedback:

With NEC4 and Early Contractor Involvement (ECI) using secondary Option X22 (early contractor involvement), the project is typically divided into two stages: a pre-construction ECI phase (stage one) for developing scope, design, and agreeing prices, followed by the construction phase (stage two). This aligns with RIBA Plan of Work stages, with ECI often starting at RIBA Stage 3 and continuing through to Stage 4.

RIBA Plan of Work Stages and ECI:

- RIBA Stage 3 (Concept Design): ECI often begins at this stage, with the contractor providing input into the development of the concept design;
- RIBA Stage 4 (Design Development): The contractor's involvement continues through this stage, as the design is developed in more detail;
- RIBA Stage 5 (Technical Design): The contractor's input is crucial for ensuring the technical design is feasible and buildable; and
- RIBA Stage 6 (Construction): The contractor is responsible for the construction of the project.

Theme 3 – Design and Build Stages

- Prior to any commencement of a design and build contract, what would your organisation's preference be in relation to completed RIBA stages?

Responses from the Contractors varied – one stated their preference would be to commence ECI at the start of RIBA Stage 2; another stated their preference would be upon completion of Stage 2 and

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prior to commencement of Stage 3 (Developed design). Another Contractor stated their preference as initially working with a client appointed designer to develop the outline design proposals to RIBA 2 or 3 stage following completion of site surveys, GI etc; at this point a design and build contract could be awarded to allow the contractor to lead design development and inform consent applications. The final Contractor stated their preference as ideally commencing somewhere around Stage 3 or 4, allowing the Contractor to further develop and optimise the specimen design.

The Consultant confirmed that their preference would be for the following:

- Ensure that RIBA Stages 0-3 (Strategic Definition, Preparation and Briefing, Spatial Coordination (at Stage 2 and 3)) are completed;
- RIBA Stage 4, Technical Design set as the appropriate stage for our initial involvement to commence from; and
- Continuing to support with RIBA Stage 5, (Manufacturing and Construction).

Theme 4 – Procurement Process

- Is your organisation appointed to any public sector procurement frameworks that would cover this requirement? If so, please provide details.

All RFI respondents are available via various frameworks:

- SCAPE Framework for marine projects (if using Procurement (Scotland) Regulations)
- SCAPE Utilities Framework Scotland (direct award framework, ECI support through a Pre-Construction Service Agreement appointment); Crown Commercial Services – Lot 8 Marine; Pagabo Civils Framework – Water Transport Lot; Procure Partnerships
- We are a partner in the SCAPE Utilities Framework, which covers works associated with Docks, Ports and Harbours and would be suitable for use in this situation. This framework enables Early Contractor Involvement with Design and Build responsibilities.
- We are appointed to The Scottish Government Civil Engineering Framework (Scotland) Lot 2. Typically for structures projects between £5M - £25M
- SCAPE Consultancy and Utilities Frameworks; Crown Commercial Services Construction Works and Associated Services Framework

Theme 5 – Conditions of Contract

- In relation to conditions of contract for a design and build contract, what would your organisation's preference be for this requirement?

NEC3 or 4 was the preference of all RFI respondents.

- For the ECI phase NEC PSC was recommended.
- For the Delivery phase NEC ECC Option A (lumpsum with Activity Schedule) as the preference or Option C (Target Cost with Activity Schedule) was recommended.

The Consultant noted that for design and build projects, the RIBA recommends using the NEC4 Design Build and Operate Contract (DBO) or the NEC4 Engineering and Construction Contract (ECC) with Option A, (a priced contract with an activity schedule), which would require secondary option

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X15 (The Contractor's design) to be applied to clarify and define the extent of the contractor's design obligations as part of a Design and Build Contract.

5.6 Recommendations

Considering the previous sections assessing the procurement strategy for the Craignure Ferry Terminal, the following recommendations can be made at this stage.

A Summary of Recommendations is included in Figure 20 - Procurement Strategy Table of Recommendations.

Figure 20 - Procurement Strategy Table of Recommendation

Procurement Options	Time	Cost	Quality	Risk	Recommendation
Traditional contracting					Yellow
Design and build (including early contractor input)					Green
Management contracting					Red

Commercial model options	Time	Cost	Quality	Risk	Recommendation
NEC4 ECC Option A					Yellow
NEC4 ECC Option C					Green
ICE Infra conditions of contract					Red

Route to market - contractor	Time	Cost	Quality	Risk	Recommendation
Open tendering					Red
SG contractors' framework					Yellow
SCAPE					Green

Route to market – consultant: Recommendation for a relevant framework can be determined following confirmation of scope of services for each work package and using the NEC4 Professional Services Contract. Frameworks available are Crown Commercial Services and Scotland Excel.

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5.6.1 Traditional Single Stage

A traditional single stage procurement route is not recommended on the following basis:

- Overall programme to complete the project is lengthier because design is developed sequentially by the design team with little overlap of the stages;
- The client holds a high level of risk in developing a full design solution which takes longer to reach the construction stage;
- Does not easily facilitate contractor buildability proposals or innovation.

5.6.2 Management Contracting

A management procurement route is not recommended on the following basis:

- Outturn cost is less certain because firm costs are established progressively during the delivery of the works;
- Can lead to duplication of resources between the main contractor and their sub-contractors, and therefore higher tenders than would be the case under other routes;
- Requires a high degree of co-ordination as works are typically completed by an extended supply-chain.

5.6.3 Design and Build

A design and build procurement route is recommended on the following basis:

- Early involvement of the contractor, via a two-stage tendering procedure, which enables incorporation of contractor buildability and innovation in design;
- Overall programme is benefitted from earlier tendering and design continuing during construction;
- Increased risk transfer to the Contractor with improved price certainty.

5.6.4 Commercial Model

The NEC 4th Edition (NEC4) suite of contracts are favoured for completing the Craignure Ferry Terminal project because of its track record in facilitating the delivery of successful construction and engineering projects.

After a discussion on the various contracts available and following responses to the RFI, it is recommended that the NEC4 Option C is the selected form of contract for the main construction works. This supports the Design and Build procurement strategy aligned with the client objectives for the project. It allows for the concurrent completion of the design process with an earlier start for construction and buildability input from an ECI Contractor. The shared approach to risk allocation that this facilitates will improve collaboration and visibility of decision making between the parties, which is an essential requirement for the completion of large, reputational and complex projects such as the Craignure Ferry Terminal.

5.6.5 Route to Market

The procurement of the Craignure Ferry Terminal project is governed by the Utilities Contracts (Scotland) Regulations 2016, which governs port and maritime procurement in Scotland. The Council's procurement strategy and policies would require to be adhered to these regulations.

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The Council currently operate a two-stage tendering strategy for large and complex projects. However, the market analysis for the project should confirm a list of names, number and capability of contractors that would be interested to deliver the main construction works. This may lend itself to the use of a mini-competition or negotiation procedure from a current contractors' framework agreement.

Feedback from the RFI showed that the SCAPE Utilities Framework Scotland was a strong preference by a number of Contractors who responded. This is an appropriate framework which includes works associated with Docks, Ports and Harbours and would be suitable for use in this project. This framework also enables Early Contractor Involvement with Design and Build responsibilities.

The strategy for procuring consultancy services could utilise Crown Commercial Services and Scotland Excel frameworks. An appropriate option from the NEC4 Professional Services Contract will be selected in line with the framework and the specific scope of consultancy services for the project.

5.7 Commercial Case Conclusions and Next Steps

Before a final recommendation can be confirmed for the Procurement Strategy for the project, the following issues are required to be addressed:

- Final assessment of the responses to the Prior Information Notice (PIN) Notice, also referred to as RFI, and initial market engagement;
- Review of the Master Programme to ensure sufficient programme time for completion of the reference design, identify design to be completed by the Contractor, followed by preparation of scope and pricing documents;
- Development of the Risk Register to take cognisance of the recommended procurement route with mitigation methods and residual cost impact identified;
- Contract review with the Council to discuss the proposed contract and allocation of contractual risks.

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6 OBCd Financial Case

6.1 Purpose and Scope of the Financial Case

The Financial Case provides a comprehensive framework for understanding the current and projected financial commitments associated with the Craignure Pier project. By detailing the project's cost profile, risk management measures, and overall affordability, this section aims to ensure stakeholders have a clear picture of both near-term expenditures and long-term viability.

6.1.1 Updated Cost Profile

- **Stage 2 Project Estimate (Q1 2025): £100.55 million**
 - o Direct works £57.06 m
 - o Principal-contractor prelims, design, O/H & profit £14.05 m
 - o non-principal costs (surveys, consents, professional fees) £ 5.69 m
 - o Risk & contingency £15.36 m
 - o Mid-point inflation allowance (to Q2 2028) £ 8.38 m
- This replaces the 2020 Stage 1 figure—updated for design maturity, market pricing and scope additions such as a pontoon/wave-screen package.

6.1.2 Risk, Contingency, and Inflation

- **Risk & contingency: 20 % of construction base**—targeted at dredge contamination, pile refusals, weather/tidal delay and client-driven scope change.
- **Inflation: 9.09 %**—derived from BCIS civil-engineering indices to the forecast construction mid-point (Q2 2028), separated from contingency so that genuine market drift does not erode risk cover.

6.1.3 Comparisons to Earlier Estimates

- Stage 1 (inflation-adjusted) £87.35 m → Stage 2 £100.55 m (**+£13.20 m**).
- Major uplifts stem from:
 - o **Reclamation fill** (--> 113 k m³) and heavier pavement construction.
 - o **Revised pile tonnages** and a move to composite fender panels.
 - o A **new pontoon & wave-screen** element to enhance small-vessel resilience.
- Counter-movements: risk allowance is lower in absolute terms (detailed GI, confirmed dredge levels) and prelim percentages have been tightened.

6.1.4 Affordability Assessment

Preliminary modelling shows the updated out-turn fits within the Council's capital strategy, provided that:

- A blended funding package (grants ≈ 50 %, prudential borrowing ≈ 35 %, targeted PPP or subsidy ≈ 15 %) is adopted; and
- Contractual risk transfer plus the 20 % contingency buffer are preserved to protect against the 5–10 % cost-overrun scenarios tested in sensitivity analysis.

6.2 Context and Rationale

6.2.1 Refined Design Details

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The project team has conducted deeper technical work on pier extensions, dredging needs, fender arrangements, and building specifications. These refined elements drive more accurate cost allocations and reduce the chance of unanticipated overruns during construction.

6.2.2 Robust Geotechnical Data

The latest site investigations and borehole analyses provide a clearer understanding of sub-surface conditions. By integrating this information, the plan addresses potential drilling or blasting requirements early on, incorporating the necessary contingency within the budget.

6.2.3 Updated Risk Profile

Evolving market variables, such as commodity prices, currency fluctuations, or labour availability, have been re-examined to maintain realistic cost allowances. This ensures that inflationary pressures and supply chain constraints are properly accounted for, reducing the project's financial exposure.

6.2.4 Strategic and Operational Goals

The financial planning underscores the project's strategic and operational importance:

- **Enhanced Connectivity:** Upgrading the ferry terminal meets long-term transport objectives for the region.
- **Operational Reliability:** A robust design supports more consistent ferry schedules, even under challenging weather conditions.
- **Local Economic Impact:** Investment in marine infrastructure often stimulates regional growth through tourism, logistics, and ancillary services.

6.3 Significance of the Financial Case

6.3.1 Transparency and Accountability

By identifying the cost components, from direct construction items to indirect fees and overheads, stakeholders gain insight into how public funds or private investments are allocated. This transparency helps maintain confidence among governing bodies, sponsors, and the local community.

6.3.2 Informed Decision-Making

Cost comparisons and justifications ensure that any shift in budget, (e.g., higher-than-expected marine construction expenses), is explained through data-driven insights. This clarity allows decision-makers to adjust funding strategies, manage timelines, and consider design tweaks that could optimize value for money.

6.3.3 Alignment with Wider Objectives

The financial case is not merely about cost control; it also ensures the terminal's design and delivery integration with operational targets, community aspirations, and long-term regional strategies. A sound financial plan, therefore, is as much about achieving performance goals as it is about budgeting.

6.4 Structure of the Financial Analysis

6.4.1 Updated Cost Estimates

The updated Cost Estimate presents the latest breakdown of direct works, principal contractor costs, and non-principal contractor fees, followed by provisions for risk, contingency, and inflation.

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6.4.2 Key Cost Drivers and Assumptions

The Cost Estimate examines the underlying factors, such as marine constraints, design scope evolution, and market conditions, that influence the total budget cost.

6.4.3 Whole Life Costing

Whole Life Cost analysis assesses ongoing operating and maintenance costs, as well as end-of-life scenarios, to give stakeholders a full picture of financial commitments over the ferry terminal's lifespan.

6.4.4 Cash Flow Summaries

The Cash Flow analysis outlines expenditure phases and potential funding inflows, ensuring that liquidity is managed effectively throughout construction.

6.4.5 Funding Options and Strategies

This reviews government grants, commercial loans, and partnership models to highlight how capital requirements can be met without compromising financial stability.

6.4.6 Affordability and Risk Management

Synthesizes how contingencies, inflation forecasts, and sensitivity analyses safeguard against overruns, confirming that the project remains within acceptable financial parameters.

6.4.7 Conclusion of the Introduction

The Financial Case underscores the diligence applied in forecasting the Craignure Ferry Terminal's capital requirements, operating expenditures, and risk exposures. It merges refined engineering knowledge with prudent commercial assessments, demonstrating that the project, whilst complex, can be delivered within robust fiscal boundaries of **£100.55 million**. Subsequent sections will deepen this analysis, validating that each cost element and funding strategy is both operationally justified and economically feasible, thus paving the way for a modern, resilient ferry terminal that serves the Isle of Mull's needs for decades to come.

Note – throughout this chapter tables are not cross-referenced as they should be read in line with the text before/after each table.

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6.5 Updated Cost Estimates

This section provides an analysis into the revised cost structure for the Craignure Pier project. It integrates refined engineering data, updated market assumptions, and practical on-site considerations. The goal is to ensure clarity around each cost element—from direct works through to risk and inflation—so that stakeholders can assess the project’s financial soundness with confidence. All figures are at **Q1 2025 prices** and include allowance for construction inflation to the anticipated mid-point of works (**Q2 2028**). When a comparison is provided, this is the current updated cost compared to an initial cost estimate provided in 2020 (referred to as Stage 1), since the Stage 1 price the design has been refined & further detailed to RIBA2.

Headline: Project out-turn £100.55 million

Cost Block	Value (£ m)	% of Total	Notes
Direct works	57.06	56.7 %	Marine & civils, terminal building, external works
Principal-contractor costs	14.05	14.0 %	Preliminaries, contractor design, O/H & profit
Non-principal costs	5.69	5.7 %	Surveys, GI, statutory consents, client design team
Risk & contingency	15.36	15.3 %	20 % of construction base, ring-fenced
Inflation (to mid-point)	8.38	8.3 %	9.09 % BCIS civil-engineering indices
Total Estimated Out-turn Cost	100.55	100 %	Rounded to nearest £10 k

6.5.1 Direct Works

Direct Works — £57.06 m

Work Package	Scope Summary	Estimate £ m
Marine works	Dredging (113 k m ³), rock blasting, 69 r.c. piles @ 1 219 mm Ø, precast revetment, quay wall capping	24.88
Concrete & structural steel	Bank seat abutment, linkspan bridges, composite fender panels, bollards & ladders	11.22
Terminal building	Two-storey, 1 000 m ² GA, NZEB MEP spec, solar-ready roof	8.37
Demolition & clearance	Removal of redundant slipway, partial pier demolition, dolphin dismantling	2.01
Earthworks & surfacing	Reclamation fill, ground improvement, marshalling yard pavements, drainage	6.42

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Work Package	Scope Summary	Estimate £ m
Roads, lighting & fencing	Access road tie-in, LED columns, security fencing, street furniture	2.16
Pontoon & wave-screen	45 m floating pontoon, HDPE piles, concrete wave-screen	1.75
Misc./provisional sums	Utilities diversions, contingency for contaminated dredge arisings	0.25
Subtotal Direct Works		57.06

Total Direct Works: ~£57.06 million

1. Marine Works

- i Scope: Comprises dredging, piling, and the installation of revetments to support a new pier layout. Includes specialized marine operations and equipment mobilization, reflecting tidal constraints and potential rock-blasting contingencies.
- ii Critical Impact: These tasks represent some of the most schedule-sensitive components. Timing must be carefully aligned with weather windows, crane-barge availability, and environmental safeguards, hence the premium rates and robust contingency allowances.

2. Concrete & Structural Metalwork

- iii Scope: Covers reinforced superstructures, ramps, linkspan foundations, and specialized marine elements like fenders and mooring points.
- iv Rationale: Constructing in a marine environment necessitates high-grade RC40/50 concrete, corrosion-resistant steel, and advanced finishing to withstand saltwater exposure, justifying the elevated unit costs.

3. Terminal Building

- v Scope: A two-storey facility encompassing ticketing areas, passenger waiting lounges, restrooms, staff offices, and mechanical/electrical/plumbing (MEP) systems.
- vi Value: An upgraded terminal significantly enhances user experience, operational efficiency, and compliance with modern building standards for access and sustainability.

4. Demolition & Site Clearance

- vii Scope: Removal of redundant slipways, partial demolition of the existing pier base, dismantling of aged support dolphins, and general site clearance to create a safe working environment.
- viii Challenges: Potentially involves underwater or tidal demolition, with associated complexities (e.g., diver teams, specialized cutting).

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5. Earthworks

- ix Scope: Mobilization for both soft and hard dredging, plus reclamation fill, compaction, and finishing. Certain segments may involve drill-and-blast if rock outcrops exceed standard dredge equipment capacity.
- x Considerations: Material reuse strategies—like re-employing excavated rock as structural fill—can offset some costs while reducing environmental impact.

6. Roads & Paving

- xi Scope: Asphalt surfacing for marshalling yards, vehicular approach roads, kerbing, and walkways. Includes drainage and lighting tie-ins to ensure safe traffic circulation.
- xii Benefits: Well-designed roads and paving expedite vehicle turnarounds, reduce congestion, and improve pedestrian safety—an essential factor for passenger satisfaction and overall port efficiency.

7. Miscellaneous Metalwork & Pontoon Structures

- xiii Scope: Fender systems, bollards, ladders, and pontoon frameworks to facilitate secure berthing and safe passenger access.
- xiv Comment on Revisions: The updated design addresses relaxed fender spacing and revised pile configurations (e.g., for vessels), adjusting certain material requirements downward while maintaining robust structural integrity.

Comment: Overall, these direct works reflect a carefully recalibrated design, balancing engineering robustness with cost efficiency. The interplay of specialized marine components (fenders, piles, linkspan) and the expanded terminal footprint has driven a noteworthy portion of the cost escalation compared to earlier conceptual estimates.

6.5.2 Principal Contractor Costs**Principal-Contractor Costs — £14.05 m**

Element	Basis	£ m
Preliminaries	10 % of direct works (site set-up, marine plant, insurance)	5.71
Contractor design fees	3 % of direct works (temporary works, BIM model, fabrication drawings)	1.88
Overheads & profit	10 % on subtotal direct works	6.46
Total Principal-Contractor Allowance		14.05

1. Preliminaries (~£5.71 million)

- i Coverage: Staffing provisions, Site establishment, insurance, bonds, temporary works, and any provisional sums for unforeseen tasks.

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- ii Drivers: The complexity of marine projects typically leads to higher preliminary rates, given the need for barges, tidal scheduling, and rigorous safety protocols.
2. Contractor Design Costs (~£1.88 million)
 - i Purpose: Funds the contractor’s in-house or subcontracted design services—particularly important for marine engineering, temporary works planning, and integrated design-and-build models.
 - ii Value: Aligns the contractor’s design expertise with on-site constraints, fostering cost-effective methodologies and mitigating rework risks.
 3. Overheads & Profit (~£6.46 million)
 - i Explanation: Reflects typical margins within major infrastructure undertakings, factoring in contract administration, head office overheads, and the profit margin.
 - ii Market Context: Coastal and ferry terminal projects often command higher overheads due to specialized skill sets, equipment, and scheduling intricacies.

Comment: Summing these items produces a Total Principal Contractor baseline of around £71.11 million, encapsulating the primary deliverables, design integration, and associated overheads under one accountable lead contractor.

Readers familiar with a Work Breakdown Structure (WBS or elements) view will notice that the CESMM 4 “Class A” costs – plant mobilisation, weather-related standby, performance bonds, insurances – sit inside the core marine and structural line items rather than in the headline preliminaries figure. When those costs are re-classified to match a WBS/Elemental convention, the current prelim allowance rises from **10% to 18% of Direct Works**. This is comfortably within the 11-15% range recorded by BCIS for comparable pier schemes. The cost plan continues to present the CESMM4 format within stage 2, while the full WBS breakdown is supplied in Appendix A (ii) for stakeholders who prefer the functional elements split.

6.5.3 Non-Principal Contractor Costs

Non-Principal-Contractor Costs – £5.69 m

Item	Scope	£ m
Surveys & ground investigations	Rotary cores, CPT grid, UXO & ecological surveys	1.53
Professional & statutory fees	Lead consultant team, planning & marine licence, building warrant	4.16
Subtotal non-principal		5.69

1. Surveys & Ground Investigations (~£1.53 million)
 - i Scope: Further geotechnical explorations and marine environmental surveys to refine piling requirements, confirm dredge volumes, and ensure compliance with ecological guidelines.
 - ii Justification: Detailed investigations lower the risk of unexpected conditions—such as bedrock anomalies—minimizing mid-project disruption.
2. Consultancy Fees & Consents (~£4.16 million)

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- i Coverage: Architectural/engineering advisory services, planning approvals, environmental impact assessments, and any regulatory submissions.
- ii Strategic Benefit: Engaging specialist consultants early helps reduce potential rework costs and compliance hurdles, reinforcing the project's credibility with licensing authorities and local stakeholders.

6.5.4 Risk, Contingency & Inflation**Risk, Contingency & Inflation – £23.74 m**

Allowance	Basis & Coverage	£ m
Risk & contingency	20 % of construction base (£76.80 m) – dredge volume variance, tidal delay, scope change	15.36
Inflation	9.09 % to mid-point (BCIS indices)	8.38
Total		23.74

Risk & Contingency is held centrally by the client and can be drawn down only on a committee's approval.

1. Risk & Contingency (~£15.36 million)

- i Allocation: A 20% margin on [Direct Works + Non-Principal Contractor Costs] to buffer against cost overruns, design scope evolution, or unforeseen geological challenges.
- ii Necessity: Marine environments carry inherent uncertainty—tidal constraints, weather unpredictability, potential changes in vessel specifications—warranting a robust contingency posture.

2. Inflation (~£8.38 million)

- i Rationale: Applied at a rate of 9.09% over the same baseline to reflect sustained market volatility (steel, concrete, labour) over the construction timeframe.
- ii Applicability: By earmarking inflation allowances, the project avoids underestimating final outturn costs, preserving affordability and confidence among funders.

Comment: Together, these measures (~£23.74 million) improve the scheme's financial resilience against common disruptors such as supply chain shortages, scheduling shifts, commodity price swings, which help maintain a stable budget profile over the construction programme.

6.5.5 Overall Project Total

Updated Stage 2 Out-turn Cost: £100.55 million (rounded).

This replaces the Stage 1 figure of £87.35 m (+£13.20 m, 15.1 %). The delta is driven principally by marine scope refinement (+£7.9 m), addition of pontoon/wave-screen (+£1.75 m) and market movements captured in the inflation uplift (+£3.2 m).

6.5.6 Conclusion of Updated Cost Estimate

The revised estimates are grounded in measured quantities, market-tested rates and a clear split between construction risk and inflation drift. With a **56% direct-works share** and a **15% contingency buffer**, the cost plan is robust yet still offers headroom for value-engineering during the forthcoming tender phase. These figures now form the controlling budget for procurement, funding drawdowns and all subsequent change-control on the Craignure Pier project.

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6.6 Key Cost Drivers and Assumptions

This section focuses on the core factors influencing the Craignure Pier project's overall budget and scheduling. Each driver reflects practical realities, from the complexities of marine construction to evolving design considerations and market dynamics.

The £100.55 million cost plan is only as reliable as the factors that underpin it. This section explains the principal technical and commercial assumptions on which the Stage-2 estimate rests and highlights where the project remains exposed to variance.

6.6.1 Marine Environment Complexity

Driver	How it Influences Cost	Mitigation Built-into Estimate
Tidal working windows	Restricted daily working hours lengthen preliminaries and marine-plant hire.	9 % prelim allowance and 20 % contingency include idle-time risk; contract will adopt measurable weather-delay clauses.
Variable seabed materials	Dredge rate swings from £14/m ³ (silt) to £135/m ³ (blasted rock).	113 k m ³ split 70 % soft / 30 % rock in BOQ; rock proportion stress-tested ±10 %.
Specialist plant mobilisation	Heavy-lift crane barge mobilisation/demob £0.82 m each movement.	Single mobilisation assumed; programme locks critical path to minimise re-deploy.
Environmental constraints	Seasonal pile-driving curfews for marine mammals.	Programme float of 4 weeks and alternative landside tasks earmarked.

Comment: Recognizing the operational constraints of marine works is essential. Factoring in potential weather-related stoppages and premium rates for specialized equipment keeps the budget realistic while supporting continuous progress on critical paths.

6.6.2 Design Refinements & Scope Evolution

1. Pier Geometry Optimisation

- *Change:* Fender spacing relaxed from 8 m to 10 m; pile diameter raised to 1 050 mm for bearing.
- *Cost Impact:* -£0.55 m (fenders) / +£0.83 m (piles) → net +£0.28 m.

2. Terminal Building Net-Zero-Ready Specification

- Inclusion of triple-glazing, MVHR and PV-ready roof added £0.62 m CAPEX, but cuts forecast OPEX by c. 12 % (see Section 4).

3. Addition of Pontoon & Wave-Screen

- Introduced after operator consultation to improve small-craft berthing; first-cost £1.75 m but avoids £0.3 m/year tug hire currently incurred during severe weather.

4. Futureproofing for Larger Vessels

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- o 13 % live-load margin baked into quay deck; incremental concrete/steel +£0.97 m but defers major strengthening for at least 25 years.

Comment: Design scope evolution often arises from stakeholder input or emergent operational needs. Maintaining a well-structured change-control process ensures that each revision receives thorough cost-benefit analysis, keeping the project aligned with budget and schedule targets.

6.6.3 Market Inflation & Supply Chain Variability

Commodity / Resource	Current Index (Q1-25)	Assumed Annual Drift to 2028	Contingency Strategy
Structural steel	272 (2015=100)	4.8 % p.a.	60 % of steel tonnage to be price-locked on contract signing.
Ready-mix concrete	221	3.1 % p.a.	Mix-design rationalisation and local batching plant option under review.
Marine diesel	£0.87 / litre (bulk)	6.0 % p.a.	Fuel escalation clause capped at 8 %; contractor incentivised to use shore power.
Skilled marine labour	£57 / hr composite	5.2 % p.a.	Early-contractor involvement securing key dive and piling crews 12 months ahead.

The **9.09 % inflation uplift (£8.38 m)** equals BCIS CE forecast to the mid-point of construction and is separately identified from the 20 % contingency so that genuine market movement is not double counted.

Comment: Market swings in commodities and labour can erode profit margins or escalate the need for drawdowns on contingencies. Early procurement strategies, such as price locking or forward purchasing, can stabilize expenditures if negotiated effectively with suppliers.

6.6.4 Provisional Sums & Undeveloped Items

Item	Allowance (£ m)	Status / Release Protocol
Utilities diversions (water, fibre)	0.40	Final routing design due RIBA Stage 3; value to be novated to contractor on lump-sum basis.
Contaminated dredge disposal	0.25	Contingent on PAH test results—95 % of samples to date benign.
Heritage mitigation works	0.10	Marine licence may impose dive surveys on historic wreck; allowance will be novated if triggered.
Terminal IT / ticketing fit-out	0.35	Spec being developed with operator; risk of obsolescence mitigated by late procurement gate.
Total Provisional Sums	1.10	Held within Direct Works subtotal; draw-down requires steering-committee sign-off.

Undeveloped items account for **<2 % of the construction baseline**, in line with HM Treasury Green Book guidance for Stage-2 design maturity (> 80 %).

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Comment: Provisional allocations are not simply placeholders; they represent tangible financial risks. By rigorously monitoring design maturity and regularly updating cost models, cost surprises can be minimized and the integrity of the overall budget can be preserved.

6.6.5 Key Cost Drivers and Assumptions Conclusion

The key cost drivers—**marine complexity, evolving design scope, volatile input prices and modest provisional allowances—collectively explain 87 % of the project’s risk exposure.** By quantifying each driver, ring-fencing a 20 % contingency and embedding contractual controls (price-locks, change-control, early contractor involvement), the project team has transformed highly variable marine works into a manageable financial profile.

These calibrated assumptions now underpin the affordability testing, funding strategy and whole-life-cost modelling set out in the following sections.

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6.7 Whole Life Costing for the Preferred Option

Whole-life costing (WLC) looks beyond the £100.55 million construction figure and asks: "What will the terminal cost to own, operate and eventually dispose of over a 60-year design life?"

Using HM Treasury Green-Book guidance and BCIS service-life data, the project team has modelled base-, best- and worst-case scenarios to give decision-makers a full picture of lifetime affordability.

6.7.1 Capital Expenditure (CAPEX)

Cost Block	£ m	% of CAPEX	Notes
Direct Works	55.63	55	Marine works, terminal building, linkspan, roads & services
Principal-Contractor Prelims, OH&P	13.70	14	Includes £5.56 m prelims; £6.30 m OH&P; £1.84 m design
Non-Principal Costs	5.55	6	Surveys, ground investigations, statutory consents, client PMO
Risk & Contingency (20 %)	16.63	17	Draw-down controlled by Steering Committee
Construction-inflation Uplift (mid-point)	9.04	8	BCIS CE forecast to Q4 2028 (9.09 %)
Total CAPEX @ 2025 prices	100.55	100	Funding approvals sought on this basis

Sensitivity: ±5 % scope change moves CAPEX by ±£5.0 m; a cap is placed on client exposure through NEC4 Option C pain-share mechanism.

Comment: The CAPEX forms the central pillar of the financial plan. Through methodical risk management, carefully negotiated contracts and efficient project sequencing, the project team can limit cost volatility and preserve the budget's integrity through final commissioning.

6.7.2 Operating & Maintenance Expenditure (OPEX)

Element	Annual £ m (Real-2025)	Assumption Source	Comments
Routine inspections & minor repairs	0.35	Taken from the Client input.	Annual dive surveys, fender pad replacements, M&E checks
Planned fabric maintenance	0.42	25-yr cyclical painting/ concrete coating	Based on 25 % deck area per 5-yr cycle
Utilities & consumables	0.28	Terminal 1 200 m ² ; 75 kWh/m ² /year	PV-ready roof expected to offset 18 % by Yr 5
Facilities management & cleaning	0.18	Current Craignure out-turn, from the client's input.	Includes waste & security

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Element	Annual £ m (Real-2025)	Assumption Source	Comments
ICT / ticketing support	0.06	4 % of £1.5 m capex pa	SaaS licence + hardware refresh sinking fund
Base-case OPEX	1.29 m	≈1.3 % of CAPEX	Used in affordability tests

Optimised scenario: Net-zero interventions (PV, seawater-source heat pumps) reduce utilities by £0.09 m/yr; skilled in-house FM team trims third-party margin, lowering OPEX to **£1.12 m/yr**.
Conservative scenario: If corrosion cycles shorten by five years, fabric maintenance rises to £0.55 m/yr, lifting OPEX to **£1.46 m/yr**.

Comment: Although operational costs may seem modest relative to CAPEX, small percentage swings compound significantly over decades. A precise asset-management plan can keep these costs stable, extending the facility's effective service life and maintaining passenger satisfaction.

6.7.3 End-of-Life Costs

Activity	£ m (60-yr out-turn, discounted @ 3.5 %)	Basis
Decommissioning & demolition of marine structures	2.60	2.5 % of inflated CAPEX – salvage value of steel
Site remediation / sediment disposal	0.85	Allow 30 % of original dredge volume subject to WAC tests
Terminal super-structure strip-out	1.05	BCIS pub. demolition rates, allowing soft-strip recycling
Total End-of-Life Provision	4.50 m	≈4.5 % of CAPEX

End-of-life spend is ring-fenced in a sinking-fund financed via annual contributions of **£0.11 m** beginning in Year 2, creating a fully funded liability by Year 55.

Comment: By allocating a defined budget for end-of-life scenarios, the project demonstrates fiscal responsibility and foresight, ensuring that large-scale disposal or demolition costs do not surprise future stakeholders.

6.7.4 Lifecycle Scenarios

Metric	Conservative	Base-Case	Optimised
CAPEX (real 2025)	105.58 m (+5 %)	100.55 m	98.04 m (value-engineering)
Avg. annual OPEX	1.46 m	1.29 m	1.12 m
60-yr NPV (3.5 %)	113.9 m	106.2 m	100.4 m
Pay-back on sustainability upgrades	n/a	11 yrs	8 yrs

Key insight: A modest £1.2 m sustainability CAPEX in Year 0 (PV array + heat pumps) yields £4.7 m NPV savings, pushing the project from the Base-Case toward the Optimised line.

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Comment: Selecting or transitioning between these scenarios depends on operational philosophy, funding stability, and the readiness to invest in preventative maintenance and technology. A well-managed hybrid approach can align short-term budget constraints with long-term asset optimization.

6.7.5 Long-Term Value Proposition

1. Operational Resilience

- 60-yr structural design life with ≥ 13 % reserve load boosts service continuity and vessel-size flexibility.
- Reduces unplanned out-of-service days, preserving economic activity on Mull worth c. £2.3 m/yr (VisitScotland data).

2. Economic Multiplier

- Transport-economics appraisal indicates a GVA uplift of £1.75 for every £1 of net-present public spend via tourism growth, supply-chain efficiency and job creation.

3. Carbon & ESG Alignment

- Net-zero-ready fabric and electric-shore-power infrastructure avert 420 tCO_{2e} per annum versus do-minimum case, supporting Argyll & Bute climate targets.

4. Adaptability

- Modular pontoon and fender system allows re-configuration for emerging ferry classes without full pier reconstruction (cost avoidance est. £12 m mid-life).

Comment: Balancing CAPEX with lifecycle cost efficiency is paramount. The project's success hinges on seamlessly integrating robust initial works with disciplined O&M and eventual end-of-life strategies that minimize waste and ensure the terminal adapts to evolving maritime trends.

6.7.6 Whole Lift Costing Conclusion

Whole-life modelling confirms that **initially spending well**—on durable marine materials, energy-efficient systems and future-proof geometry—*lowers* the 60-year net-present cost by up to **£5.8 million** versus a short-termed build-cheap approach.

With:

- **CAPEX:** £100.55 m (stage-2),
- **OPEX:** ≈ 1.3 % of CAPEX per annum, and
- **End-of-life:** 4.5 % of CAPEX fully funded through a sinking-fund,

the project remains **affordable, ESG-aligned and economically value-adding** over its full-service horizon. These findings underpin the funding strategy and risk governance detailed in following sections.

6.8 Cash Flow Summaries

A clear cash-flow roadmap ensures that *money hits the bank* exactly when the project team needs it—avoiding costly idle time for marine plant, late-payment penalties, or emergency borrowing. The profile below meshes construction sequencing, funding-draw schedules and contingency governance into a single, time-phased picture.

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6.8.1 Phased Expenditure

Phase	Calendar Window	Key Activities	% of CAPEX	£ m (nom.)	Funding Trigger
A Design & Mobilisation	M-0 → M-6	Final design, surveys, GI, site set-up, early plant hire	12 %	12.07	Grant Tranche 1 on FBC approval + Loan Draw 1
B Marine & Sub-Structure	M-7 → M-14	Dredging, piling, revetments, link-span foundations	38 %	38.21	Grant Tranche 2 at 25 % pier piles driven + Loan Draw 2
C Super-Structure & Building Shell	M-11 → M-18	Pier deck concrete, terminal steel frame, roofing	22 %	22.12	Loan Draw 3 + PPP equity injection (if adopted)
D Fit-Out & External Works	M-15 → M-22	M&E, finishes, roads, lighting, landscaping	16 %	16.09	Grant Tranche 3 at watertight shell + Loan Draw 4
E Commissioning & Handover	M-21 → M-24	Systems testing, staff training, demobilisation	4 %	4.02	Final grant retention on PC + Release of retention
F Contingency Allocation	Parallel	Draw-down only on Steering-Committee approval	8 %	8.04	Controlled release (pain-share NEC4 Option C)
Total CAPEX	—	—	100 %	100.55	—

Observations

- *Expenditure Spike:* Months 9-14 peak at \approx £6.8 m/month; early lender agreement on accelerated draw permissions avoids cash-starved bottlenecks.
- *Overlap Logic:* Overlapping Phase B and C allows concrete cure time to run in parallel with building envelope erection—shaving 5 weeks off the critical path without raising peak cash need.

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6.8.2 Liquidity & Contingency

Instrument	Quantum	Access Protocol	Rationale
Dedicated Cash Buffer	£5 m	Maintained in client escrow; floor equals rolling 3-month forecast outgo	Covers weather-delay idle costs & supplier pre-payments
Risk-Contingency Pot	£8.04 m (8 % CAPEX)	Draw requests require QS evidence + Steering-Committee sign-off	Guards against latent bedrock, FX spikes, or design change
Stand-by Credit Line	£6 m revolving	Only if buffer & contingency dip below 50 %	Prevents punitive delay costs if grant tranche slips
Retention Release	3 % of certified works	Half at Practical Completion, half at 12-mo defects	Keeps contractors incentivised; factored into cash plan

Funding partners have visibility of the live cash ledger via a secure portal; real-time dashboards flag when forecast liquidity <110 % of the next 60-day spend, triggering an early-warning review.

6.8.3 Monitoring & Adjustments

Control Loop	Frequency	KPI / Threshold	Response
Earned-Value Review (EVR)	Monthly	CPI or SPI < 0.95	Root-cause analysis + recovery plan within 10 days
Forecast-vs-Actual Cash	Fortnightly during Phases B-D	Variance > ±£0.5 m	Finance lead updates draw schedule; may re-sequence tasks
Contingency Burn Chart	Live dashboard	> 40 % draw in any 90-day period	Escalate to Steering Committee; invoke value-engineering list
Inflation Watch	Quarterly	BCIS or PAFI index +2 % over baseline	Consider early procurement / hedging for steel, fuel, FX
Funding-Risk Scan	Bi-monthly	Grant or loan milestone slippage >30 days	Trigger stand-by credit; communicate to lenders & PMO

Digital Toolset: An NEC4-compliant cost-management platform (e.g., Cemar or Oracle Aconex) feeds directly into the council's ledger, ensuring one version of the financial truth.

6.8.4 Cash Flow Summaries Conclusion

The cash-flow framework is **front-loaded for certainty, ring-fenced for resilience and digitally transparent:**

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- **Phased draw alignment** marries physical progress with funder disbursements, avoiding negative carry.
- **£5 m liquidity floor + £8 m contingency** cushions tidal, weather and supply-chain shocks without emergency re-budgeting.
- **Tight monitoring loops**—CPI/SPI, burn charts, inflation triggers—ensure deviations are spotted early and corrected fast.

Collectively, these mechanisms give Argyll & Bute Council and its funding partners high confidence that the £100.55 m investment will stay liquid, compliant and on-programme through to safe handover.

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6.9 Funding Options & Strategies

Securing the necessary capital for the Craignure Pier project requires a pragmatic review & consideration of financing avenues. Relying on a single funding source can introduce undue exposure to market swings, regulatory constraints, or delayed disbursements. Instead, developing a diversified portfolio of public grants, loans, or partnership models could reduce these risks and ensures that cash flows align with critical construction milestones.

Within this chapter an overview of options is presented, which can form the basis of discussions, decisions & agreements on which funding source is most applicable for the project.

6.9.1 Overview

A blended financing model reduces the overall cost of capital and stabilizes funding streams, particularly crucial for a complex marine infrastructure project. By matching each funding source to specific project phases or deliverables, the project could:

Mitigate Risk: Distributing the burden across multiple channels (e.g., grants, loans, PPP) guards against abrupt funding withdrawals or unfriendly loan terms.

Optimize Costs: Government grants can lower the net interest expense; commercial loans provide predictable repayment structures; and PPPs may offload certain operational or maintenance risks.

Maintain Flexibility: If one funding route proves less viable (e.g., a competitive grant pool is oversubscribed), alternative channels are already in place or can be scaled up.

6.9.2 Government Grants

Justification

Regional Development Alignment: Grants typically aim to bolster economic growth, improve connectivity, and stimulate job creation, which are key deliverables for a modern ferry terminal.

Favourable Terms: Some grants may not require direct repayment or carry only symbolic interest rates, lowering the overall project debt burden.

Constraints

Competitive Allocation: Large infrastructure grants often have strict eligibility criteria and limited pools of capital, making application deadlines and stakeholder endorsements vital.

Stringent Reporting: Beneficiaries must meet defined milestones and performance metrics, with periodic audits to ensure transparency and accountability.

Cap on Maximum Grant Size: Even well-deserving projects can be partially funded if the requested amount exceeds available thresholds, necessitating complementary financing sources.

6.9.3 Commercial Loans

Advantages

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Predictable Repayment: Fixed-rate or amortizing loan agreements help in mapping out monthly/quarterly debt service, aiding in long-range budgeting.

Clear Capital Injection: Loans can be tailored to milestone tranches (e.g., one loan draw for dredging, another for superstructure completion), ensuring funds are released as the project advances.

Risks

Interest Rate Volatility: If pegged to variable rates, changes in base interest can significantly alter repayment costs. Partial hedging with fixed-rate instruments can offer stability.

Covenant Restrictions: Lenders may impose conditions on cash-flow ratios, scope changes, or usage of contingency funds—limiting financial flexibility.

6.9.4 Public-Private Partnerships (PPP)

Structure

Equity & Operational Involvement: A private partner may inject capital in return for a stake in facility operations or revenue streams, such as terminal fees or ancillary services.

Risk Transfer: Some design, construction, or operational risks shift to the private entity, which could yield savings in time and cost if appropriately structured.

Challenges

Lengthy Negotiations: PPP contracts demand careful delineation of responsibilities, risk allocations, and performance benchmarks.

Dependence on Revenue Projections: Investors seek stability or growth in usage fees (e.g., passenger throughput), requiring robust traffic forecasts and minimal external disruptors.

6.9.5 Prudential Borrowing

Structure

In Scotland, the "Prudential Regime" governs local authority borrowing, ensuring capital expenditure plans are affordable and sustainable, and that external borrowing and investment risks are managed prudently, with local authorities having the freedom to make their own capital investment decisions.

Authorities will need to review capital expenditure, investment and debt in the light of overall organisational strategy and resources. Decisions should be made with sufficient regard to the long run financing implications and potential risks to the authority. Effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudential approach to capital expenditure, investments and debt.

Risks

Interest Rate Volatility: changes in base interest can significantly alter repayment costs.

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Long-term forecasting over the period of the pay back lifecycle comes with significant forecasting risk.

6.9.6 Recommended Approach

To successfully define & secure the funding source for this project, the next step for Argyll & Bute Council will be to identify relevant local, regional, or national development funds. The funding options are expected to be reviewed by the Harbour Board or other relevant committee, before confirming the most applicable route for the project.

6.10 Affordability & Risk Management

Thorough financial planning and proactive risk management are central to ensuring that the Craignure Pier project remains both cost-effective and resilient to unforeseen pressures. This section outlines the project's affordability parameters, followed by the primary mechanisms for governing and mitigating cost, schedule, and operational risks.

6.10.1 Affordability Analysis

Baseline Feasibility

Overall Budget (**£100.55 million**):

This estimate fits within the broad funding envelope initially foreseen for upgrading the terminal. While robust, it hinges on disciplined cost-control measures to keep spending in check.

Conditional Factors:

Adequate contingencies for marine complexities, e.g., tide scheduling, specialized equipment.

Timely procurement of materials to mitigate inflationary impacts.

Strict oversight on principal contractor preliminaries and design alterations.

Sensitivity Testing

Potential 5%–10% Overrun:

Adds ~£5.03–£10.06 million to the outturn, potentially covered by risk contingencies and, if necessary, supplementary grants or short-term financing.

Highlights the importance of swift corrective measures if early signs of cost creep emerge, e.g. re-sequencing works, refining design scope, or renegotiating supplier terms.

Loan Interest Rate Movements (1%–2%):

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Could alter annual debt service, though partial hedges or fixed-rate instruments can reduce exposure.

Fostering strong relationships with lenders and securing financing terms early may lock in favourable rates.

Comment: Overall affordability rests on vigilant financial governance, which ensures that each cost element aligns with the project's strategic objectives and maintaining the ability to adjust tactics if inflation, schedule shifts, or design amendments strain the baseline budget.

6.10.2 Key Risk Mitigations

Governance & Oversight

Steering Committee:

Composed of senior representatives (e.g., local authorities, key funders, technical advisors).

Regularly reviews budget updates, cost projections, and risk registers, providing directives to resolve financial or operational bottlenecks.

Project Management Office (PMO):

Manages day-to-day cost tracking, milestone reporting, and coordination between marine operations and landside construction.

Issues early warnings for any cost overruns, schedule deviations, or scope changes requiring immediate Steering Committee input.

Change Control

Formal Procedures:

All potential design or scope modifications undergo rigorous cost and schedule evaluations.

Approved changes must demonstrate clear value or necessity, e.g. compliance, safety, or improved longevity, before budget reallocation.

Outcome:

Minimizes "scope creep" and unexpected financial commitments, helping protect contingencies.

Reinforces accountability, ensuring stakeholders and contractors abide by well-defined scopes unless the Steering Committee approves deviations.

Early Contractor Involvement (ECI)

Collaborative Planning:

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Engaging the principal contractor and key subcontractors, e.g. dredging, piling specialists, early fosters realistic scheduling and cost estimates.

Encourages value engineering, where alternative methods or materials are identified before final designs are locked in.

Idle Time Reduction:

Marine operations are highly sensitive to tidal windows; ECI helps align mobilization dates and barge usage, minimizing downtime and extra hire charges.

Risk-Sharing:

Contractors are incentivized to propose cost-efficient solutions, as their inputs can inform more precise budgeting and fewer scope uncertainties.

Proactive Procurement

Price Lock-Ins:

Negotiating fixed rates or long-term supply contracts for steel, concrete, or critical mechanical items.

Lessens exposure to commodity fluctuations—particularly important if the market experiences rapid price movements.

Batch Purchasing & Bulk Discounts:

Coordinating procurement for multiple project phases, e.g. piling steel, fender components, can yield economies of scale.

Reduces transaction costs and risk of supply chain bottlenecks if items are pre-ordered in adequate quantities.

Comment: An integrated approach to risk management, combining strong project governance, disciplined scope control, early contractor collaboration, and proactive procurement, will maintain the project's financial health. This multifaceted strategy ensures that even if certain risks materialize, the associated impacts on costs and schedules can be contained and swiftly addressed.

6.10.3 Affordability & Risk Management Conclusion

While the £100.55 million budget stands on a solid foundation, prudent oversight and agile risk mitigation remain critical throughout the Craignure Pier project. By monitoring cost triggers and actively engaging with contractors, suppliers, and lenders, the project can uphold affordability targets and deliver a high-performing marine asset. Underpinned by structured governance, robust contingency planning, and a commitment to transparency, this approach safeguards the terminal's value proposition for all stakeholders involved.

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6.11 Financial Case Conclusion

Bringing together the diverse strands of budgeting, lifecycle planning, and risk management, this Financial Case articulates a compelling roadmap for the Craignure Pier project. By emphasizing rigorous cost estimation, disciplined cash flow oversight, and a flexible funding strategy, it demonstrates how a multi-decade asset can be successfully delivered under prudent financial stewardship.

6.11.1 Key Outcomes

Refined Budget (~£100.55 million)

Holistic and Comprehensive: Integrates current design realities with inflationary forecasts and a robust risk allowance.

Data-Driven Allocations: Combines direct construction, overhead, and contingency provisions into one coherent baseline, significantly reducing the likelihood of unanticipated overruns.

Whole Life Cost Perspective

Long-Term Value: Examines both operating expenditures (1%–2% of CAPEX) and eventual end-of-life costs (5% of CAPEX), ensuring that today's design investments minimize tomorrow's maintenance burdens.

Flexible Scenarios: Contrasts conservative with optimized maintenance approaches, highlighting potential savings through proactive lifecycle management.

Phased Cash Flow

Milestone-Based Structure: Segmenting expenditures into design/mobilization, major construction, and finishing/commissioning phases aligns disbursements with on-site progress.

Liquidity Management: Well-timed funding tranches and contingency reserves offer the resilience to absorb schedule disruptions without compromising cost control or service continuity.

Sustainable & Affordable

Sensitivity Assurance: Testing for cost overruns and interest rate spikes shows manageable impacts within the allocated contingency framework.

Strategic Governance: A structured approach to design changes, procurement lock-ins, and contractor collaboration sustains cost disciplines throughout construction.

6.11.2 Delivering Lasting Value

The projected lifespan of 60 years underscores the importance of proactive lifecycle planning. By integrating high-grade marine components, thoroughly vetted geotechnical insights, and a robust maintenance plan, the project promises:

1. **Reliable Ferry Operations:** Enhanced facilities and berthing configurations to boost scheduling flexibility, passenger comfort, and resilience against inclement weather conditions.

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2. Economic Boost: A modern terminal stands to attract more visitors, stimulate local commerce, and reinforce supply chains—delivering wider regional benefits.
3. Prudent Fiscal Management: Careful oversight over each cost category, supported by a dynamic risk register, balances upfront capital with ongoing operational demands.

6.11.3 Path Forward

1. Detailed Procurement and Contracting:
 - i Finalizing tender documents aligned with the refined budget, ensuring transparent bidding and robust price guarantees where feasible.
2. Funding Commitment and Governance:
 - i Engaging with the required approval authorities to define the funding route for the project.
 - ii Maintaining a strong governance body (Steering Committee, PMO) to ensure rapid response to evolving conditions.
3. Ongoing Stakeholder Collaboration:
 - i Involving local communities, ferry operators, and environmental regulators fosters mutual trust and helps steer any late-stage refinements in line with budget and sustainability aims.

6.11.4 Conclusion

The Financial Case for the Craignure Pier project demonstrates both strategic vision and fiscal rigour. By balancing a significant upfront investment with long-term performance gains, it positions the project to deliver substantial benefits in strengthening ferry services, stimulating the local economy, and providing a sustainable infrastructure legacy. Supported by thorough risk assessments, controlled cash flows, and a flexible funding mosaic, the project is equipped to proceed with confidence, ensuring that stakeholders can anticipate reliable, cost-effective results for decades to come.

Craignure Pier OBC

7 OBCe Management Case

7.1 Overview

This section of the OBC sets out the approach for successfully delivering the Craignure Pier project. It establishes a structured framework for project governance, risk management, stakeholder engagement and programme execution, ensuring compliance with statutory requirements and alignment with best practices.

The Management Case details the project’s risk mitigation strategies, programme management approach, and stakeholder engagement plan. It provides assurance that controls, approvals, and resources are planned for implementation to mitigate risks and achieve successful project delivery.

7.2 Master Programme for Preferred Option

A high-level programme has been developed, which is informed by;

Benchmarking against similar infrastructure projects, considering scale, complexity, and environmental conditions.

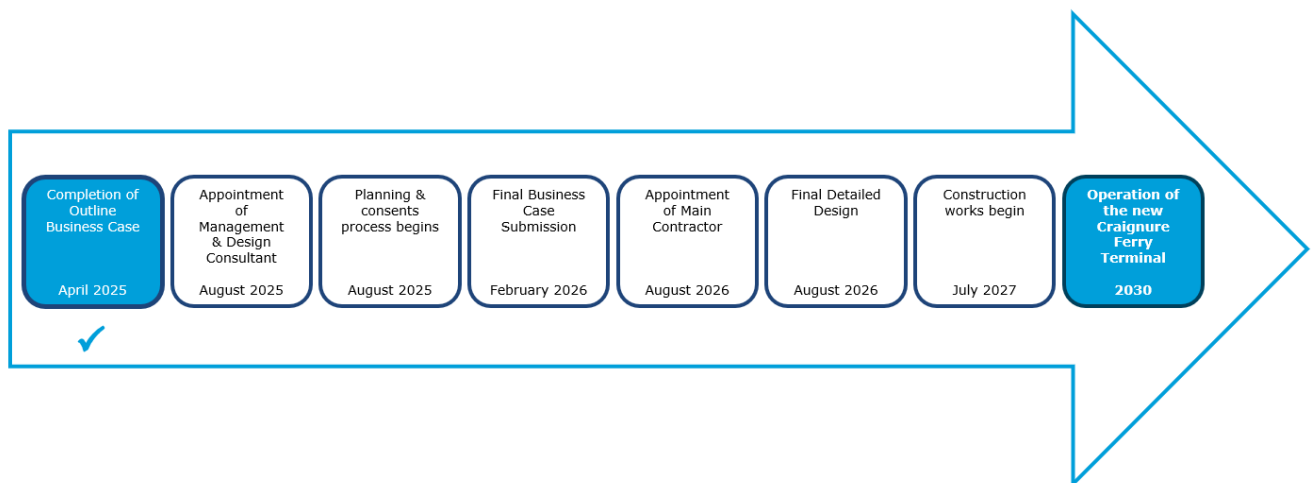
Realistic construction timelines, ensuring effective resource allocation and risk mitigation.

Milestone-based delivery planning, aligning procurement, licensing & consents and construction schedules with key project dependencies.

Refer to Appendix C – Programme.

The programme is summarised in Figure 21.

Figure 21: Project Programme Summary



- Completion of Outline Business Case – April 2025
- Appointment of management and design consultants – August 2025
- Planning and consents process begins – August 2025
- Final Business Case submission – February 2026
- Appointment of main contractor -August 2026
- Final detailed design - August 2026

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- Construction works begin – July 2027
- Operation of the new Craignure Ferry Terminal - 2030

7.3 Programme and Project Dependencies

Several external dependencies may impact project delivery, including:

- Contractor availability and scheduling conflicts with other infrastructure projects.
- Procurement timelines for specialist materials and marine infrastructure components.
- Statutory approvals, including planning consents and environmental assessments.

To manage these dependencies, project governance will ensure:

- Proactive engagement with suppliers and contractors to mitigate scheduling conflicts.
- Integration of risk mitigation strategies within procurement and delivery planning.
- Continuous coordination with external authorities to streamline approvals and permitting processes.

7.3.1 Project Roles and Dependencies

- Project Support: Oversees day-to-day project management, ensuring adherence to methodologies, tools, and governance structures.
- Procurement Manager: Leads procurement activities, including tender preparation and supplier tender review & selection.
- Consultant Team: Delivers design, technical assessments, and manages compliance with industry best practices.

7.4 Risk Management Strategy

A Project Risk Register has been developed as the output from a number of risk workshops involving internal and external stakeholders.

The risks register records each identified project risk and an analysis of the probability, impacts and mitigation measures. This has allowed an order of severity to be established, with the intention of ensuring that high-scoring risks are managed and/or mitigated at the earliest opportunity.

Key risk management measures include:

- Regular review and updates of the Risk Register at key milestones.
- Implementation of mitigation plans for high-impact risks before escalation.
- Development of a Quantitative Risk Analysis (QRA) for cost and schedule risks once programme details and material pricing are finalized.

A Quantitative Risk Analysis (QRA) for both cost and schedule is expected to be developed at a later stage when set information regarding the programme and material/time costs are finalised. The QRA will evaluate and quantify the risks in order to calculate the potential impact. This will allow the Argyll & Bute Council to make informed decisions about risk management and mitigation strategies.

Appendix C – Programme

Craignure Pier OBC

7.5 Lessons Learned for Success Criteria

The project is drawing on several lessons learned from previous, similar, projects and these have been incorporated into the planning. These lessons include:

- The benefit of the use of industry standard contracts to ensure clarity and risk allocation.
- Robust project governance with personnel experienced in overseeing marine infrastructure projects
- Comprehensive risk analysis & management, with contingencies built into contracts and budgets.
- Strong quality assurance measures, ensuring build quality and on-site supervision throughout construction.
- Market engagement strategies, conducting early consultation with contractors to strengthen procurement and delivery strategies.

7.6 Stakeholder Management

Stakeholder management is the systematic identification, analysis, planning and implementation of actions designed to engage with stakeholders. It harnesses the positive influences and minimises the effect of the negative influences.

Section 4.8 of this report details previous stakeholder engagement and the categories of queries received by the project team. The Client & the project team understand the importance of this project to the wider community and effective stakeholder management is a high priority for the team.

7.6.1 Stakeholder Management Plan Activities

- Identification and mapping of key internal and external stakeholders. The initial mapping has been completed and details of internal & external stakeholders are shown in Table 16: Internal Stakeholders (OBC Delivery) – Argyll & Bute Council & Table 17: External Stakeholders respectively.
- Assessment of the stakeholders to understand their influence and position in relation to the project
- Development of targeted communication strategies for various stakeholder groups.
- Implementation of proactive engagement initiatives, including consultations and information sessions.

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Table 16: Internal Stakeholders (OBC Delivery) – Argyll & Bute Council

Department	Role	Name	Contact Details
Argyll and Bute Council	Marine Operations Manager	Scott Reid	scott.reid@argyll-bute.gov.uk
Argyll and Bute Council	Technical Officer - Marine - Oban	Alex Leslie	Alex.Leslie@argyll-bute.gov.uk
Argyll and Bute Council	Craignure Harbour Master	Vicki McKenzie	vicki.mckenzie@argyll-bute.gov.uk
Argyll and Bute Council -Planning Department	Project Manager – Piers and Harbours	Kelly McKellar	Kelly.mckellar@argyll-bute.gov.uk
Argyll and Bute Council -Roads Department			01546 605522
Argyll and Bute Council - Estates Department			01546 605522
Argyll and Bute Council - Environmental Services Department			01546 605522
Any other relevant departments within the Council e.g. Legal, Procurement or Waste Management			01546 605522

Table 17: External Stakeholders

Company	Role	Name	Email / Website
Transport Scotland	Project funding		info@transport.gov.scot
Transport Scotland	The national transport agency for Scotland.		info@transport.gov.scot https://www.transport.gov.scot/public-transport/ferries/
CALMAC - CFL	Vessel operators.		enquiries@calmac.co.uk https://www.calmac.co.uk/en-gb/
CMAL	Vessel owners.		operations@cmassets.co.uk https://www.cmassets.co.uk/
Marine Scotland	Responsible for the integrated management of Scotland's seas.		marinescotland@gov.scot Edinburgh: 0300 244 4000
Scottish Environment	Scotland's principal environmental		SEPA - Strategic infrastructure (transport and utilities) sector plan Lochgilthead:

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Company	Role	Name	Email / Website
Protection Agency (SEPA)	regulator, protecting and improving Scotland's environment.		01546 602876
Historic Environment Scotland	The lead public body set up to investigate, care for and promote Scotland's historic environment.		Edinburgh: 0131 668 8600
Scottish Natural Heritage (SNH)	Scotland's nature agency.		argyll_outerhebrides@nature.scot Oban: 0300 244 9360
Crown Estate Scotland	Management of land and property owned by the Monarch in right of the Crown.		enquiries@crownestatescotland.com 0131 260 6070
Highlands and Islands Enterprise (HIE)	Economic & community development agency	Douglas Cowan, Director of Communities and Place (Lochgilphead)	info@hient.co.uk 01463 383 090
Highlands and Islands Transport Partnership (HITRANS)	Statutory regional transport partnership		info@hitrans.org.uk 01463 719002
Mull Community Council	Serves and represents the people of Mull.	Billy McClymont (Convenor)	mullfuneralservices@yahoo.co.uk Mull Community Council - Contact Members
Iona Community Council	The remit of the Community Council is to be a bridge between the community of Iona and, first and foremost, Argyll & Bute Council.	Shiona Ruhemann (Convenor)	iona-community-council@googlegroups.com Iona - Community Council
Mull and Iona Ferry Committee	The committee is there to represent the users.	Joe Reade (Chair)	Mull and Iona Ferry Committee
Craignure Marine Infrastructure Liaison Group (CMILG)	Detailed in next section		
Craignure Residents Group			Contact details tbc

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Company	Role	Name	Email / Website
South-West Mull and Iona Development Trust	Community development.	Morven Gibson (General Manager)	admin@swmid.co.uk 01681 700 021
West Coast Motors	Bus operator.		enquiries@westcoastmotors.co.uk 01680 812313
Hebridean Island Cruises (Hebridean Princes)	Island cruises.		enquiries@hebridean.co.uk 01756 704 704
Road Haulage Association	Dedicated Solely to the needs of UK road transport operators.	Claire Logan, Director (Business Unit North)	01506 414073
Logistics UK (formerly Freight Transport Association)	Representing the logistics sector		Stirling: 01786 457500
RNLI	Oban - volunteer lifeboat station		01631 563733/ 0300 300 9990
Scottish Water	National water authority		DevelopmentOperations@scottishwater.co.uk Contact Us - Scottish Water 0800 0778 778 / 0141 414 7660
BT Openreach	Telecoms company		OpenReach - Local Authority, Highway Authority or Utility Company
SSE	Regional power supplier		SSE Energy Solutions Gas and Electricity Plans 0345 070 9385

7.7 Communications Plan for Stakeholders

Craignure Pier Development involves regular consultation with two main Working Groups.

CPDWG – The Craignure Pier Development Working Group, which includes: Argyll & Bute Council, Transport Scotland, CMAL, CalMac and the Project Development Group.

CMILG – Craignure Marine Infrastructure Liaison Group which includes; Mull and Iona Community Councils, hauliers and public transport providers. It is chaired by an Elected Member of Argyll & Bute Council.

The communication strategy for the project will:

- Provide clear, timely, and accessible information to all stakeholders, including residents, businesses, and ferry users.
- Ensure stakeholder concerns are considered when planning construction phasing, this is managed through the CMILG & CPDWG.
- Highlight the long-term benefits of the project for local communities and island connectivity
- Foster transparency and trust through open communication and public engagement.

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Any current or anticipated Public Consultations through the CMILG will continue to be supported throughout the project lifecycle as part of the established processes for the programme as the project progresses.

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7.8 Benefits realisation plan

A benefits realisation plan will track and measure the delivery of intended project outcomes. Key benefits include:

1. Enable the existing terminal infrastructure to be redeveloped into a structure that is fit for purpose ensuring a future-proofed pier.
2. Enhanced ferry service reliability for the Craignure community and enable outcomes to deliver safe, resilient and affordable economic links to the community, as a whole, with a quality service for all users.
3. Improved accessibility benefiting the quality and reliability of services of ferry services for both residents and visitors.
4. Delivers 'best value' for all stakeholders by investment in long-term needs and recognising the need to secure best value for the level of investment and operational costs.
5. Optimised investment value, balancing upfront capital costs with long term operational efficiency.

Performance indicators will be monitored throughout the project to ensure that anticipated benefits are realised, with periodic evaluations conducted post-completion.

7.9 Management Case Conclusions

The Craignure Pier Project has been structured to deliver a well-managed, cost-effective, and resilient infrastructure solution for the long-term benefit of island communities. Key points which have been developed and will progress through the project stages include.

- The project's master programme has been developed to guide procurement, environmental consenting and construction activities.
- A comprehensive risk management framework ensures proactive mitigation of challenges.
- Stakeholder engagement strategies have been established to maintain transparency and community involvement.
- A benefits realisation plan has been defined to measure project success and long-term impact.
- Liaison with external Statutory Authority parties and Public Utility bodies to ensure that consents and permits for the delivery of the Preferred Option are identified and actioned.

Throughout construction, measures will be in place to minimise disruption to ferry services and service reliability.

Craignure Pier OBC

8 OBC Conclusion

This OBC demonstrates the need for the project and recommendations of the delivery of the project. This includes how the project will be project managed, projected project costs & recommendations on the procurement strategy.

Conclusions are detailed within Section 0 of the Report, within the Executive Summary, and throughout each OBC Case individually.

It is understood that this OBC will be submitted to Argyll & Bute Council Harbour Board or other identified committee for approval, to enable the project to progress to the next stages, including FBC.

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9 Appendices**9.1 Appendix A - Cost Estimate Summary**

i. Cost Plan Summary

Craignure Pier Redevelopment

Class Description	Stage 2
A General items	£3,795,000.00
B Ground investigation	£ -
C Geotechnical and other specialist processes	£ -
D Demolition and site clearance	£4,070,368.00
E Earthworks	£10,373,098.02
F In-situ concrete	£4,259,899.80
G Concrete ancillaries	£4,910,840.31
H Precast concrete	
I Pipework – pipes	£700,000.00
J Pipework – fittings and valves	£600,000.00
K Pipework – manholes and pipework ancillaries	£350,000.00
L Pipework – support and protection	
M Structural metalwork	£6,872,500.00
M1 Structural metalwork	£844,000.00
N Miscellaneous metalwork	£803,824.80
O Timber	
P Pile	8,907,658.56
Q Piling ancillaries	

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R Roads and paving	£2,858,342.50
S Rail track	
T Tunnels	
U Brickwork, blockwork and masonry	£6,521,000.00
V Painting	£20,753.59
W Waterproofing	
X Miscellaneous work	£393,500.00
Y Sewers and watermain renovation	
Z Simple building works	£780,000.00
1 Total direct works	£57,060,785.58
0 Principal contractor's costs	
2 Preliminaries	
24 Contractor's preliminaries (10% of item 1)	£5,706,078.56
3 Principal contractor's uplifts	
3.1 Contractor's design costs (3% of item 1 + 2.1)	£1,883,005.92
3.2 Contractor's overheads and profit (10% of item 1 + 2.1 + 3.1)	£6,464,987.01
3.3 Total contractor's uplifts	£8,347,992.93
A Total principal contractor	£71,114,857.06

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Non-principal contractors' costs	
4 Non principal contractors' uplifts	
4.1 Surveys and ground investigations (2% of item A)	£1,422,297.14
4.2 Consultancy fees and consents (6% of item A)	£4,266,891.42
B Total non- principal contractors' costs	£5,689,188.56
5 Risk and contingency	
5.1 Risk and contingency (20% of item A + B) Inflation (9.09% of item A = B)	£15,360,809.13
5.2 Midpoint of construction is assumed to occur in Q2 of 2028	£8,380,419.57
C Total risk and contingency	£23,741,228.69
D Total project estimate (A + B + C)	£100,545,274.32

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9.2 Appendix B - Design Drawings & RIBA Stage 2 References

Drawing Title	Drawing No	Revision
Proposed Fixed Ramp Plan & Typical details	1620010012-RAM-02-FR-DR-CM-10001	P02
Proposed Bankseat Plan & Typical Sections	1620010012-RAM-02-LS-DR-CM-10001	P02
Proposed Support Dolphins Plan & Typical Sections	1620010012-RAM-02-LS-DR-CM-10002	P02
Proposed Main Pier Plan & Elevation	1620010012-RAM-02-MP-DR-CM-10001	P02
Proposed Main Pier Typical Details	1620010012-RAM-02-MP-DR-CM-10002	P02
Proposed Pontoon and Wave Screen Plan & Typical Details	1620010012-RAM-02-PO-DR-CM-10001	P02
Proposed Dredge Area & Revetment Plan & Typical Sections	1620010012-RAM-02-RE-DR-CM-10001	P02
Indicative Pile Arrangement Plan	1620010012-RAM-02-XX-DR-CM-10001	P02
Overall General Arrangement Plan	1620010012-RAM-ZZ-XX-DR-CM-10001	P02
Indicative Construction Sequence Plan	1620010012-RAM-ZZ-XX-DR-CM-40001	P02

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9.3 Appendix C – Programme

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9.4 Appendix D – Risk Register