

Public Document Pack

Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Executive Director: Douglas Hendry



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9 September 2024

SUPPLEMENTARY PACK 1

ARGYLL AND BUTE HARBOUR BOARD - ON A HYBRID BASIS IN THE COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD AND BY MICROSOFT TEAMS on THURSDAY, 12 SEPTEMBER 2024 at 12:30 PM, or at the conclusion of the Environment, Development and Infrastructure Committee at 10.30 am, whichever is the later.

I enclose herewith **item 5 (MARINE ASSET MANAGEMENT PLAN)** which was marked to follow on the Agenda for the above meeting.

Douglas Hendry
Executive Director

ITEM TO FOLLOW

- * **5. MARINE ASSET MANAGEMENT PLAN** (Pages 3 - 14)
Report by Executive Director with responsibility for Roads and Infrastructure Services

Argyll and Bute Harbour Board

Councillor Fiona Howard
Councillor Ross Moreland (Chair)
Councillor Dougie McFadzean
Councillor Liz McCabe

Councillor John Armour (Vice-Chair)
Councillor Gordon Blair
Councillor Maurice Corry
Councillor Andrew Vennard

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ARGYLL AND BUTE COUNCIL**ARGYLL & BUTE HARBOUR BOARD****ROADS AND INFRASTRUCTURE SERVICES****12 SEPTEMBER 2024**

MARINE ASSET MANAGEMENT PLAN

1.0 INTRODUCTION

- 1.1 This report provides Harbour Board Members with a review of the marine infrastructure works Marine Asset Management Plan. It includes an update on significant and major programmes currently planned and underway within Argyll and Bute Council's Marine Asset Management Plan.

2.0 RECOMMENDATIONS

- 2.1 Members of the Harbour Board Committee are asked to:
- a) Consider the update on the major programmes currently being addressed within Argyll and Bute Council's Marine Asset Management Plan.
 - b) Note that £23.4 million worth of capital works are underway or about to commence in the financial year 2024 / 2025.
 - c) Note that there is a potential spend of c. £129 million over the next 5 years, the majority of which will support the new CMAL & CFL / CalMac fleet renewal.
 - d) Note the new Marine Asset Management Board structure for monitoring and managing marine infrastructure projects.
 - e) Recommend to the Council, when setting the fees and charges for 2025 / 2026 that it approves an increase to piers and harbours fees and charges of 8% to generate sufficient income to develop the Council's marine infrastructure.

3.0 DETAIL

- 3.1 The Marine Asset Management Plan lists the current programmed work to be carried out over the next 5 years. The plan is adaptable and can change to suit emerging priorities and circumstances. This plan details projects located throughout the entire Council area, many of which include work to adapt existing infrastructure to support CalMac Ferry Limited (CFL) in advance of new vessels being delivered.
- 3.2 Funding for these projects is mainly delivered by Prudential Borrowing, paid back through fees and charges collected at our major ports.

Overall, the cost of delivering the programme has risen significantly and the proposed increase is more than was expected. Some of the reasons for that will be well known to Members, with world events and issues taking a toll that must now be recognised in our planning. Projects are competitively tendered to ensure a wide range of quotations, delivering value for money and across a range of Suppliers to ensure works are delivered to a high quality. Projects are monitored and re-forecast regularly to manage risks and adjust budgets to suit.

3.3 A new Marine Asset Management Board will sit at least quarterly each year to review the ongoing and planned projects. It is chaired by the Executive Director with overall responsibility for Roads and Infrastructure Services who is also the Duty Holder in respect of the Port Marine Safety Code. The Board will consider papers as presented in Appendix 1 and 2 attached to this report, namely:

- The condensed 5-year MAMP spreadsheet providing an overview of projects and estimated costs; and

The RAG rated project descriptions with associated costs to date. Along with the more detailed update on the individual projects, together, it is hoped these will provide a transparent view of the works being undertaken and provide reassurance for Harbour Board Members for approval of fund allocation and priorities. They are in a developmental stage and will undergo further improvements.

3.4 The following paragraphs provide a brief update on several key projects currently underway or due to start. Additional details are available with the attached appendices.

3.4.1 **Craignure – New Ferry Terminal**

The GI works awarded to DUNHELM Geotechnical & Environmental Ltd have now been successfully completed on site. Officers are anticipating receipt of the final interpretation report at the end of August.

Meeting of the reference and working groups will be arranged for as soon as schedules permit in Craignure. These meetings will provide an opportunity to discuss the options and limitations based on the GI findings.

A timeline is being developed around some assumptions, on the scale of construction for each option and location. Following extended local consultation and input, the potential issue of consensus between Craignure Community, CFL and the wider Mull and Iona views on scale will require a resolution when the reference group meet.

Costs are estimated at £3M over the next two years, to reach construction stage, which includes completion of business cases, Environmental Impact Assessments, design and tendering.

3.4.2 **Iona breakwater – protection of ferry berthing slip**

Award of this contract has been delayed. This is due to Nature Scotland requiring additional conditions and mitigations to be attached to the Marine License. Discussions have taken place with the Marine Directorate and officers are hopeful that this will be resolved soon to complete contract award and confirm start dates. Contract commencement is now anticipated to be Autumn 2024 to allow stockpiling of materials with physical start on site expected in Spring 2025 and an estimated completion by summer 2026.

These works will include the adjacent slipway repairs as well as the replacement of the toilet block.

3.4.3 **Fionnphort overnight berthing facility**

Preparation is progressing with Fionnphort to ensure:

- Overnight berth
- Safe access for crew
- Sheltered berthing
- Charging and supply facilities
- Traffic survey to enhance the road passenger interface at the terminal area.

An Environmental Impact Assessment (EIA) is in process including the socio-economic assessment. Design colleagues have addressed all potential issues with CalMac Marine regarding swept paths and approaches. When Marine Scotland approve the EIA we will continue with the marine licences, public engagement and other preparations with a view to tender in the summer of 2024.

Costs are estimated at £500k for 2024 / 2025 and thereafter an estimated £25M for construction works.

3.4.4 **Port Askaig – Marshalling area development for new CalMac vessels**

A design had been identified for the marshalling area however, following review of consultation feedback from communities and the level of facility we currently have, we are able to deliver a more cost-effective solution that remains within the parameters of the provision in the Marine Asset Management Plan, without the larger scale disruption and additional cost that would have been required by the concept design.

This considers communities' wish to preserve parking spaces and will deliver improved signage, lining, quayside traffic management and CCTV for Port Askaig in time for the new larger ferries arriving. We are now progressing that solution to enhance existing facilities and will be discussing operational plans with CFL and Transport Scotland.

Port Askaig port enabling works being carried out by CMAL have now been completed and will aid in accommodating the new, larger capacity CalMac ferries.

The first vessel is expected to be delivered at the end of 2024 and will enter service after sea trials and crew familiarisation.

Costs are estimated at £2M for improvement works and CCTV installation.

3.4.5 **Feolin**

Installation of a passenger only access at Feolin, for those periods when the vehicular vessel is not available. Although these occasions are relatively rare, we recognised the need for a pontoon and gangway system near the existing slipway for passengers with limited mobility. This will make a very significant improvement to the connectivity issues when there is a breakdown on the Eilean Dhiura.

Drawings and plans are in the final stages with construction due to start over Winter 24/25.

3.4.6 **Campbeltown Harbour**

Campbeltown Harbour continues to be very busy commercially with timber loading, in particular projected to increase at the port.

Using Campbeltown as a strategic supply hub for the planned offshore wind projects is being explored and this represents a real opportunity, to develop the Port and secure long-term work in and from Campbeltown harbour.

Replacement of 'Wall A' works are estimated at £6M to complete over the next two-year period.

3.4.7 **Rothesay Harbour**

Stability works to the main berthing face are live and progressing well. Rock armour, placed in 2018 to minimise damage occurring from vessel thruster wash, has now been consolidated with specialist concrete and the construction of a toe wall to prevent further damage is well underway.

This work is being undertaken on nightshift, to minimise disruption to the ferry service and regular coordination is being undertaken with Calmac to protect any especially busy times. These works are expected to extend into early 2025.

Following this, a final phase will be required to repair the East Roundhead which is in significant decline. The scope of this is currently being determined.

Costs are expected to be £4.5M over the two-year period.

4.0 **Fees and Charges**

4.1 In order to fund the various works identified in the Marine Asset Management Plan it is necessary to increase fees and charges on a year-on-year basis. Annual increases in future years are expected to be in the order of between 6% and 8%, depending upon confirmed works identified for that particular year (plus any discretionary inflationary increase).

4.2 Previous Expenditure - since 2018/19 the council has increased Fees and Charges for Piers and Harbours to fund prudential borrowing which in turn is financing the Asset Management Plan. The table 1 below shows the

expenditure and financing costs since 2018/19 with any residue being placed in earmarked reserves to fund future expenditure.

Table 1: Previous Expenditure

	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000	Total £'000
Actual	1,485	2,760	788	1,192	691	1,898	9,134
Loans Charges	44	148	167	315	359	442	1,482
Additional Income generated by uplift	177	516	529	988	1,506	1,778	5,607
Surplus income added to earmarked reserves	133	368	362	673	1,146	1,336	4,125

- 4.3 Proposed increases are smoothed over future years to avoid large spikes in the increases which would be required to fund the asset management plan in the years where large expenditure is planned.

As illustrated in the table 2 below, the proposed increase for 2025/2026 is 8%.

Table 2: Smoothing of Asset Management Plan Fees and Charges

	2025-26 £'000	2026-27 £'000	2027-28 £'000	2028-29 £'000	2029-30 £'000	2030-31 £'000	2031-22 £'000
Planned expenditure	9,604	45,500	30,000	20,405	0	0	0
Anticipated Annual Loans Charges	1,995	3,426	5,475	6,842	7,418	7,418	7,418
Additional funding required to pay loans charges	907	1,431	2,049	1,367	576	0	0
Increase required if fully funded in year	9.25%	13.52%	18.26%	11.49%	4.44%	0.00%	0.00%
Proposed increase to allow smoothing	8.00%	8.00%	6.00%	6.00%	6.00%	7.00%	6.50%

- 4.4 Future income - the Asset Management Plan is an adaptable plan that is required to have flexibility to cope with changing priorities and circumstances. It also relies on steady and predictable income from those ferry services utilising Argyll and Bute Council infrastructure.

A close watch on fees and charges income and its effect on future projects is maintained to ensure the statutory and priority works are delivered.

The following table shows the anticipated income which will be generated by the increased fees and charges and the effect it will have on the earmarked balance.

Table 3: Profile of income and borrowing costs

	2025-26 £'000	2026-27 £'000	2027-28 £'000	2028-29 £'000	2029-30 £'000	2030-31 £'000	2031-32 £'000
Planned expenditure	9,604	45,500	30,000	20,405	0	0	0
Anticipated Annual Loans Charges	1,995	3,426	5,475	6,842	7,418	7,418	7,418
Anticipated additional income generated	2,783	3,567	4,202	4,875	5,589	6,497	7,424
Surplus transferred to / from earmarked reserves	788	141	-1,273	-1,967	-1,829	-921	6
Cumulative balance on earmarked reserves	5,881	6,022	4,749	2,782	953	32	38

5.0 CONCLUSION

5.1 This report provides Harbour Board Members with a review of the marine infrastructure works Asset Management Plan. It includes an update on significant and major programmes currently planned and underway within Argyll and Bute Council's Marine Asset Management Plan.

6.0 IMPLICATIONS

6.1 Policy - None directly arising from this report.

6.2 Financial - There are proposed increases arising from this report. Increases to fees and charges are required to ensure future income is sufficient to maintain and develop Argyll and Bute Council's marine assets for future years. Alternative funding routes will also be explored to support future projects.

6.3 Legal - Considered to be none directly arising from this report.

6.4 HR - None.

6.5 Fairer Scotland Duty:

6.5.1 Equalities - protected characteristics - None directly arising from this report.

6.5.2 Socio-economic Duty - None directly arising from this report.

6.5.3 Islands - Completed works and projects will enhance service reliability and community connectivity.

6.6 Climate Change - There are no direct impacts regarding climate change from this report, due regard will be given to climate change with a view to minimising any climate change impact and these will be considered as and when they arise.

6.7 Risk - Completed works will reduce the repair and maintenance on existing infrastructure. Above inflation increases may have a detrimental economic impact on businesses using the facilities for example:

- Fishermen
- bulk importers
- timber exporters
- wind farm developers
- Cruise companies

Significant increases may also reduce usage and customers while making attracting new business more difficult.

External influences may come to bear on ferry usage patterns which may, in turn, impact on income from ferry fees and charges i.e. Vessel breakdowns and redeployments, Environmental issues (car use), Brexit and potential changes in RET. This will pose a potential risk to income.

6.8 Customer Service - An overall improvement in travel experience and reliability should result with improved and maintained infrastructure.

6.9 The Rights of the Child (UNCRC) - None directly arising from this report.

Kirsty Flanagan, Executive Director with responsibility for Roads and Infrastructure Services

Policy Lead for Roads, Transport and Amenity Services, Councillor John Armour

September 2024

For further information contact:

Jim Smith, Head of Roads and Infrastructure Services

Scott Reid, Marine Operations Manager

APPENDICES

Appendix 1 - Marine Asset Management Plan

Appendix 2 - Marine Capital Project Tracker

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APPENDIX 1 - Marine Asset Management Plan

Asset Location	2024/25	Items	2025/26	Items	2026/27	Items	2027/28	Items	2028/29	Items
Year Totals		£23,450,000		£9,604,000		£45,500,000		£30,000,000		£20,405,000
Buernessan									£5,000	CAT 5 upgrade
Campbeltown New Quay	£100,000	HPU Control panel and cylinder O/H								
Campbeltown Old Quay	£5,000,000	Construction wall A	£1,000,000	Construction wall A						
Craignure Pier	£1,000,000	Licencing, Finalise design and Tender documentation	£2,000,000	Finalise design and Tender documentation	£20,000,000	Construction of terminal	£20,000,000	Construction of terminal	£10,000,000	Complete construction of terminal
Craignure PAS	£1,000,000	Consultant supporting preparation on tender for new structure. Aiming to tender for new PAS in Q3 FY24/25. Result of this will inform on precise costs for a new PAS structure								
Cuan Ferry slips (Cuan & Luing)			£2,000	Development of outline business case for future infrastructure					£2,000,000	Future provision
Easdale Piers			£1,000	Development of outline business case for future infrastructure					£2,400,000	Future provision
Ellenabeich Pier			£1,000	Development of outline business case for future infrastructure					£5,000,000	Future provision
Gigha Ferry slip	£300,000	Consultancy for Design & EIA (inc Tayinloan)	£300,000	Consultancy for Design & EIA (inc Tayinloan)	£500,000	Start construction breakwater & aligning	£10,000,000	Ongoing construction	£1,000,000	Complete construction breakwater and aligning
Fionnphort	£500,000	New aligning structure: Construction			£25,000,000	Ongoing construction				
Iona Ferry slip	£10,000,000	Construction breakwater	£5,000,000	Construction breakwater						
Dunoon Harbour	£50,000	Scope of project greatly reduced. Budget to be reduced and minor works completed. Delay for Transport Scotland decision on vessel funding.	£300,000	Upgrade works - to be determined						
Foelin Ferry slip	TBC	Installation of passenger access pontoon. Funding allocated from Crown Estates.								
Port Askaig	£2,000,000	New Islay vessel enabling works								
Rothsay	£3,500,000	Berthing face slab works	£1,000,000	Round head capital works						

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APPENDIX 2 - Piers & Harbours - Capital Projects Tracker

Project Name	Details	Responsible	Costs (,000)				Cost RAG	Delivery RAG	RAG Comment at August 2024
			Estimated overall project cost	Spend to date	Remaining budget FY 24/25	Forecast FY 25/26			
Craignure Pier - Feasibility Study	Ground investigation has completed on site. Awaiting final interpretation report to allow completion of OBC. SMILG meeting being organised.	Marine	*53,000	1,063	1,300	*2,000			Thi OBC element is on track
Tayinloan & Gigha - Feasibility & Ground Investigation	Consultants progressing Environmental Impact Assessments and design options ongoing and in process.	Infrastructure Design	*12,400	42	624	0			Budget estimate to be revised, awaiting further details
Oban Municipal Port Project	HRO progressing	Marine	14	7	7	0			On track and 'in process' with Transport Scotland
Campbeltown Old Quay - Wall A	Active on site, work progressing	Infrastructure Design	6,000	172	5,000	*1,000			On track
Oban North Pier - Structural Assessment - PB	Site works complete - awaiting final report	Marine	9	2	7	0			On track
Campbeltown New Quay - HPU Control panel and cylinder O/H	Works on major components of the vital infrastructure	Marine	100	0	100	0			On track
Craignure - New PAS Design and Build	Consultant supporting preparation on tender for new structure. Aiming to tender for new PAS in Q3 FY24/25. Result of this will inform on precise costs for a new PAS structure	Marine	*1,000	0	*1,000	0			On track
Cuan Ferry Piers - OBC	Development of outline business case for Cuan future infrastructure	Marine	*2,000	0	0	*2,000			Cost and delivery timescales currently estimated. To be updated
Easdale Pier - OBC	Development of outline business case for Easdale Pier future infrastructure	Marine	*1,000	0	0	*1,000			Cost and delivery timescales currently estimated. To be updated
Ellenabeich Pier - OBC	Development of outline business case for Ellenabeich Pier future infrastructure	Marine	*1,000	0	0	*1,000			Cost and delivery timescales currently estimated. To be updated
Fionnphort - New Aligning Structure - Construction	Small budget for FY24/25 reflects procurement of EIA study and subsequent application of necessary licenses. Budget extending in future years to support construction of assets	Infrastructure Design	*25,500	50	500	*20,000			On track for delivery following Iona breakwater
Iona Ferry Slip - Breakwater Construction	Preferred Tenderer identified. Awaiting resolution with Marine Directorate before award of contract	Marine & Infrastructure Design	15,000	3	10,000	5,000			Marine Directorate issue needs resolved. Contract not awarded, risk of losing preferred bidder.
Rothsay - Berthing Face Stab Works	Phase 2 live. Direct award prepared for Phase 3 Roundhead replacement	Marine	4,500	196	3,500	*1,000			On track
Port Askaig - New Islay Vessel Enabling Works	Team is progressing a solution to enhance existing facilities. Under discussion with CFL and Transport Scotland.	Marine	*2,000	33	1,912	0			Costs depend on options progressed
Dunoon Harbour - Essential Upgrade Works	Scope of project greatly reduced. Budget to be reduced and minor works completed	Marine	*350	0	50	*300			Redefine scope and reduce budget accordingly. Timetable for new scope to be determined by Scottish Government decisions.
Feolin	Installation of a passenger only access at Feolin for periods when the vehicular vessel is not available.	Marine	TBC	0	to be updated	0			Not started, minor delay for design / fabrication completion
Potential Projects - awaiting funding									
Jura Ferry - Staff Housing	Subject to Islands Programme funding application - will require immediate action if successful	Marine	80	0	80				Awaiting outcome of application likely Q3
Jura Ferry - New Vessel Concept Design	Subject to Islands Programme funding application - will require immediate action if successful	Marine	300	0	300				Awaiting outcome of application likely Q3

* Beside a figure indicates an estimate - parts of the project not fully costed or confirmed at this stage

Cost RAG rating
Less than 10% overspend
Between 10% and 50% overspend
Over 50% overspend
Delivery RAG rating
On time/target
Not started/minor delay
Unexpected issues

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