
| | | | |
|-------------------------|---|--------------------|------------------------|
| Report To: | Environment & Regeneration Committee | Date: | 30 August 2018 |
| Report By: | Corporate Director Environment, Regeneration & Resources | Report No: | E+R/18/08/07/SJ |
| Contact Officer: | Stuart Jamieson | Contact No: | Ext. 2402 |
| Subject: | City Deal - Greenock Ocean Terminal | | |

1.0 PURPOSE

- 1.1 The purpose of this report is to update Members in respect of negotiations with the George Wyllie Foundation on the design for Greenock Ocean Terminal which would include a permanent George Wyllie exhibition and associated gallery space.

2.0 SUMMARY

- 2.1 Members will recall from the report to this Committee on the 18 January 2018 that a parallel design process is taking place in respect of the introduction of a museum / gallery space within the Greenock Ocean Terminal for the George Wylie Foundation. Committee delegated the Corporate Director of Environment, Regeneration & Resources to enter into negotiations with the George Wyllie Foundation on Heads of Terms. Design on a George Wyllie Foundation option has progressed well and discussions are advanced in respect of Heads of Terms and a potential funding agreement.
- 2.2 Members will recall that the Dunard Fund have committed to supporting the George Wyllie Foundation. In consequence £1.5m is fully committed to the Council on the basis of the provision of a landmark building designed by Richard Murphy Associates. (the allocation is separate to a further £0.5m which the Dunard fund has provided to the George Wyllie Foundation directly to support consultancy fees, business planning etc). The fees incurred by Richard Murphy Associates are being recompensed by the Dunard Fund directly. In the report to this Committee on the 18 January 2018, it was anticipated that the funding commitment from Dunard would potentially bridge any potential gap in funding for the Terminal Building (up to a maximum building cost of £9.0m).
- 2.3 Recently the Dunard Fund have advised that their philanthropic support for the Arts will cease in the UK in 2019. Whilst they have confirmed their commitment to the Greenock Ocean Terminal project they have advised that the £1.5m contribution is capped at that level and cannot be increased. Officers have had a number of meetings with the design team and the George Wylie Foundation and view that the latest design can be met from the £5.5million available budget for the building (£4.0million Council, £1.5 million Dunard).
- 2.4 In negotiating Heads of Terms, Officers had progressed the agreement of the Ocean Terminal option which includes the museum / gallery space on the basis that should there be any cost overrun in the building then this would be attributed on a 60:40 split between the Council and the George Wylie Foundation/Dunard Fund. Clearly this will not now be possible in view of the funding cap.
- 2.5 In consequence, the Council, through City Deal funding will be required to manage the risk of any cost overrun on the Terminal Building and the Heads of Terms will be modified to reflect this.

- 2.6 The design of the building is still evolving and the final decision on the project will not be taken until the Committee decide on the Final Business Case at the end of this calendar year. It is recommended that the £1.5m allocation to the project from the Dunard Fund combined with the funding of Richard Murphy Architects (who have developed a building design of landmark quality which is supported by the partners) represents good value to the Council. On this basis it is recommended that George Wyllie Terminal Building Option be taken forward to the Final Business Case.
- 2.7 Committee are asked to note that the previously reported position whereby the new facility will be operated at no net cost to the Council remains.

3.0 RECOMMENDATION

3.1 It is recommended that Committee:-

1. Approve that the Corporate Director of Regeneration, Environment & Resources conclude negotiations with the George Wyllie Foundation in respect of the design and funding agreement for the George Wyllie Option for the Ocean Terminal Building and that this option be taken forward in the Final Business Case,
2. Note that through approving '1' above that the Council will assume the risk for any cost overrun.

Stuart Jamieson
Head of Service – Regeneration & Planning

4.0 BACKGROUND

- 4.1 The Greenock Ocean Terminal City Deal project seeks to deliver a dedicated cruise berth and Ocean Terminal at Greenock Ocean Terminal in Greenock. The primary driver for the project is to realise an increase in the Metropolitan City Region Gross Value Added economic measure by increasing the number of cruise passengers from a baseline of 47,000 passengers to 200,000 passengers visiting West Central Scotland.
- 4.2 During the options appraisal process it was seen advantageous to construct the Ocean Terminal building on the edge of/outwith the International Ship and Port Facility Security (ISPS) Zone in order that the building could be better utilised for 365 days of the year.
- 4.3 An approach was made by the George Wylie Foundation/Dunard Fund to be involved in the building subject to it being a landmark building and the Architects firm Richard Murphy Associates designing the facility.
- 4.4 The City Deal project is currently progressing in two strands toward final business case submission, the marine works which include the floating pontoon, piling works, access works and dredging; and the land based works which comprise a terminal building, restaurant, and museum / gallery space adjacent to the Waterfront Cinema. Final decisions on the scheme will not be taken until the submission of the Final Business Cases later this year and early next year.
- 4.5 As previously advised, the Council has received an offer of a contribution from the Dunard Fund toward the cost of the building. The current commitment is £1.5m. This is separate from the £0.5m which has been gifted directly to the George Wylie Foundation to fund consultancy costs etc.
- 4.6 In the report to this Committee dated 18 January 2018, it was advised that any increase in the Terminal Building cost arising from the inclusion of the George Wylie Permanent exhibition space, beyond the cost expectations presented in the Outline Business Case would be met from an increased contribution from Dunard. This is subject of course to the costs presented at Outline Business Case reflecting initial estimates, cost estimates will evolve as detailed design progresses. Recently the Dunard fund had advised that it will cease in the UK in 2019. All commitments will be met and the Dunard Fund has confirmed its contribution of £1.5m to this project. In view of the fact that there will be no additional funds available from Dunard beyond £1.5m contribution, officers have required that cost estimates fit within the available funds. Officers have had a number of meetings with the design team and the George Wylie Foundation and view that the latest design can be met from the £5.5million budget for the building (£4.0million Council, £1.5 million Dunard).
- 4.7 As approved by this Committee on the 18 January 2018, Heads of Terms have been developed with the George Wylie Foundation/Dunard Fund. This was progressed on the basis that risk on cost overrun would be shared 60:40. In view of the withdrawal from the UK of the Dunard Fund there is no possibility of a cost overrun being shared between the Council and Dunard. The Heads of Terms are therefore being progressed on the basis that the Council carry the risk of any cost overrun through City Deal funding. It is recommended however that the quality of building design progressed to date through the support of Dunard funding, which is supported by the partners, represents good value to the Council. On this basis it is recommended that this option be progressed to Final Business Case. Cost will be managed through the normal cost controls of effective project management and value engineering.

5.0 IMPLICATIONS

Finance

5.1 Financial Implications:

One off Costs

The 18 January Committee report advised a cost estimate of £14.793 million of which £10.1million related to the dredging / pontoon (£6.1m from Peel) , £4.0million for the Cruise Terminal Facility and £0.693 million for external landscaping, giving a net Council contribution of £8.693 million.

The latest reported Council cost estimate is £9.693 million after the inclusion of £1.0million as a contingency and to fund external works associated with developing linkages from the Terminal Facility to the Town Centre.

After factoring in the proposed £1.5million capped contribution to the new Visitor Facility, the overall project cost is estimated to be £17.293 million. Based on the proposals in this report any increase in the Visitor Facility cost of £5.5 million (£4.0million Council, £1.5 million Dunard Fund) will be contained within the overall Council contribution to the Project of £9.693 million

| Cost Centre | Budget Heading | Budget Years | Proposed Spend this Report £000 | Virement From | Other Comments |
|--------------------|----------------|--------------|---------------------------------|---------------|--|
| City Deal Projects | GOT | 2018/21 | 9,693 | | Any cost over run on the Visitor Facility will be contained in the overall Council contribution. |

Annually Recurring Costs/ (Savings)

| Cost Centre | Budget Heading | With Effect from | Annual Net Impact £000 | Virement From (if Applicable) | Other Comments |
|------------------|----------------|------------------|------------------------|-------------------------------|---|
| Visitor Facility | Various | 2020 | Nil | | No net cost to the Council due to a commercial lease with the George Wylie Foundation |

Legal

5.2 There are no legal implications arising from this report.

Human Resources

5.3 There are no HR implications arising from this report.

Equalities

5.4 There are no equalities implications arising from this report.

Repopulation

5.5 Delivery of this project will increase economic activity locally and across the City Region and will consequently impact positively on population growth in Inverclyde.

6.0 CONSULTATIONS

6.1 None

7.0 LIST OF BACKGROUND PAPERS

7.1 None.

