

Port Edgar Marina and Sailing School – Progress Report

The City of Edinburgh Council

1 February 2007

1 Purpose of Report

- 1.1 To inform the Council of the progress which has been made on developing proposals to secure the essential refurbishment of the harbour and land based marina/sailing school facilities at Port Edgar, South Queensferry and to make recommendations on how to proceed to the next stage of development.

2 Summary

- 2.1 Since reporting to the Executive in June 2005 there has been extensive community consultation and a Project Board chaired by the former Director of Culture and Leisure is now managing the delivery of the investment plan for the marina and sailing school. Following the appointment of a Project Manager and a review of the investment proposals, the Project Board is recommending that Port Edgar should be marketed in 2007 as a development opportunity. It is envisaged that potential development partners will be invited to submit offers based on three delivery options.

3 Main Report

Background

- 3.1 On 7 June 2005, the Executive approved “in principle” an investment plan to secure the future of Port Edgar Marina and Sailing School based on: (i) capital receipt funding from disposal of surplus land for housing – then estimated to be in the region of £9.5m; (ii) prudential framework borrowing by the Council of £1m secured against increased rental income from replacement marina business units; (iii) grant funding from **sportscotland**; and (iv), if necessary, prudential framework borrowing of £2.5m secured against additional income generated from the marina improvements, eg increased berthing fees/additional pontoon berths.
- 3.2 The Executive also approved that Edinburgh Leisure should continue to manage Port Edgar marina and sailing school and that there should be detailed discussions with Edinburgh Leisure to ensure that; (i) the impact of

the proposals on the day-to-day running of the marina and sailing school is minimised; and (ii) there is sufficient capacity to allow for Edinburgh Leisure's longer term plans for further expansion of the marina.

- 3.3 In addition, the Executive approved that the investment plan and the development proposals upon which it is based should be presented to the local community and marina representatives for consultation. In addition, but subject to the aforementioned consultation, the surplus land at Port Edgar be marketed for disposal for residential development.
- 3.4 The Executive's decision was called in by the Development of the City Scrutiny Panel, which met on 29 June 2005 and agreed that the decision of the Executive be implemented. On the 18 August the full Council approved the proposed change to the Capital Investment Programme as referred to in the June 2005 report to the Executive.

Progress

- 3.5 A Port Edgar Project Board chaired by the former Director of Culture and Leisure was set up to implement an investment plan which would secure the future of Port Edgar Marina and Sailing School.
- 3.6 A public display of the Council's investment proposals was held at Port Edgar on Friday 20 January and Saturday 21 January 2006. Officers from the Council's Culture and Leisure and City Development Departments were in attendance to answer questions, along with Edinburgh Leisure's Marina Managers. The Queensferry and District Community Council also had a presence at the display and invited comments. A total of 815 people attended over the two days.
- 3.7 The display was then moved to Queensferry Library, where the boards were on view from Monday 23 January to Tuesday 14 February. Finally, the display was moved to the West Local Development Committee meeting of Tuesday 14 February 2006, where officers were in attendance to answer questions.
- 3.8 The display was supported by a consultation leaflet and web page which invited comments on the proposals by Friday 17 February 2006. Fifty two written comments were received (23 in writing and 29 by email).
- 3.9 The written comments received by the Council covered a wide range of issues which are summarised below. Twenty three out of the fifty two responses included positive comments about the proposals.
- Access – 32 out of the 52 responses referred to access.
 - Boating – 18 out of the 52 responses referred to boating matters;
 - Environmental – 9 out of the 52 responses referred to the environment
 - General – 5 out of the 52 responses raised other related issues;
 - Housing – 12 out of the 52 responses referred to the housing proposals.
- 3.10 As indicated above, approximately 50% of the written responses included positive comments about the proposals. Similarly, comments made at the

public display acknowledged that the Council had addressed as far as practicable many of the concerns regarding the previous proposals raised by community representatives and marina users. The two main areas of concern that respondents and attendees at the public display felt the Council had yet to resolve satisfactorily were:

- An acceptable route for the proposed access road which would serve both the housing and the marina;
- Providing sufficient land based facilities for boat storage.

- 3.11 In March 2006, Historic Scotland approached the Council following a proposal, which had been submitted in early February by a member of the public, for the listing of former naval buildings at Port Edgar. Historic Scotland advised that *“this proposal was in response to the concurrent public consultation proposing the Port Edgar Marina Redevelopment as concern was raised about the loss of potentially important historic buildings related to British naval history”*.
- 3.12 Following site inspections by Historic Scotland and a specialist in UK naval history, Historic Scotland have written to the Council proposing the listing of the breakwaters, western pier and former power station building. Historic Scotland have also stated that they are still considering a *“block listing”* of the adjoining National Museums of Scotland (NMS) site located immediately to the west of Port Edgar.
- 3.13 In response, Historic Scotland have been advised that preparation of a character appraisal will form part of a Masterplanner’s brief for the Project when that is commissioned.

Consultation with sportscotland

- 3.14 Further consultation has taken place with **sportscotland**, who remain supportive in principle of the Council’s proposals whilst stating that they require more detailed information before they will be able to consider an application for funding. It is anticipated that Port Edgar would be viewed as a development of regional significance which would make it eligible for consideration of funding up to £200,000.

Option Appraisals

- 3.15 In May 2006, Thomas and Adamson (T&A) were appointed as Project Managers to advise the Project Board. This was under the terms of the Council’s framework agreement for procuring professional property services.
- 3.16 The Project Board, supported by Thomas and Adamson, has undertaken a Gateway Review of the project prior to progressing with the marketing of the development opportunity. The review considered the following;
- i) Downturn in the development market since the project was first conceived.
 - ii) Increased inflation in the construction market.

- iii) Impact of the stated intention of Historic Scotland to list some of the facilities.
- iv) Additional facilities requested in the form of a larger marina office building, provision of an indoor boat store and purpose built facilities for some of the organisations based at Port Edgar.
- v) Concerns raised during the public consultation regarding possible traffic impact on the area.

3.17 The review considered three potential options for the delivery of the project, which are detailed below. It should be noted that all three options would deliver a substantial Council owned asset ie a purpose built marina with associated buildings and infrastructure;

Option 1: This is essentially the option approved by the Executive of the Council in June 2005. The Council procures all of the project construction works funded by a capital receipt from the sale of surplus land and prudential framework borrowing set against future rental and marina berth income (based on a phased expansion of the marina from 320 berths to 500).

This option is likely to result in a funding shortfall and requires the Council to carry the risk of unforeseen costs and delays associated with the marina construction works. The principal benefits of this option are the retention of ownership of the marina by the Council and the reduced complexity of the contractual arrangement.

Option 2: The whole site is sold to a developer who pays for the construction of all of the marina facilities, excluding marine engineering works, on the basis that upon completion the marina buildings and related facilities, are handed back to the Council ie this option would still deliver a substantial Council owned asset. Buildings constructed for commercial purposes, however, will be retained by the developer.

This option is more likely to be delivered within the original funding proposals. It also has the benefit of reducing the Council risk associated with the marina construction works.

Option 3: The Council contributes the landholding in a joint venture with a development partner who provides the funding and development expertise in return for a majority share of future income generated from sales of land and buildings.

The preliminary financial appraisal indicates that this option is more likely to result in a modest surplus to the Council. The final level of benefit to the Council would be dependent on the level of development risk the Council is willing to adopt. Under this option ownership of the marina would transfer to the Joint Venture Company.

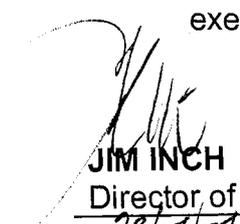
- 3.18 The appraisal of all three options indicates that option 1 is likely to result in a funding shortfall. Options 2 and 3 have the potential to achieve the original aims of the project but present increased risk in the form of the more complex contractual arrangements. The financial viability, benefits and risks associated with the options can only be determined by market testing.
- 3.19 Therefore subject to Council approval, it is intended to market the development opportunity to enable developers to present proposals which cover all three options. This will enable the Council to shortlist potential partners and consider the most favourable in more detail prior to making a recommendation.

4 Financial Implications

- 4.1 Revenue expenditure to date in this financial year is £48,600 covering professional fees and vibrocore site investigation works.
- 4.2 It is estimated that professional fees associated with marketing and ongoing project management fees will amount to a further £30,000 for 2006/07, with further associated expenditure of £50,000 for 2007/08. This will be funded within the capital project. Should none of the options prove successful in delivering the development of the marina and sailing school, any expenditure incurred would be charged to revenue.

5 Recommendations

- 5.1 To approve the development of the marina and sailing school as a capital project funded under one of the three delivery options referred to in this report.
- 5.2 To instruct the marketing of the project as a development opportunity.
- 5.3 A further report is presented to the Council on conclusion of the marketing exercise.


JIM INCH
Director of Corporate Services


ANDREW M HOLMES 23.1.07
Director of City Development

23/01/07
Contact/tel

Stephanie-Anne Harris, Senior Manager, Parks and Sport,
Culture and Leisure Tel: 529 7911

Chris Tonks, Team Leader, Corporate Property and
Contingency Planning, City Development Tel: 529 7610

Wards affected 4 - Queensferry

Background Papers Minutes of the Executive of the Council 7 June 2005.