

**Glasgow City Region - City Deal****Cabinet****Report by Director of Regional Economic Growth****Contact: Mandy MacDonald Phone 0141 287 8503****PMO Evaluation:****Inverclyde Council Ocean Terminal Greenock augmented OBC and Full Business Case for Marine Works.****Purpose of Report:**

To report to the Cabinet on the evaluation of Inverclyde Council's augmented OBC for Ocean Terminal dated 21 May 2019. This Business Case was considered by the Chief Executives' Group on 29th May 2019 when it was agreed that it be submitted to Cabinet for approval.

Recommendations:

It is recommended that the Cabinet

- (1) notes the content of the report;
- (2) note the PMO Appraisal, Project Risk Register and Programme Risk Register are available on request from the Clerk;
- (3) agree to the changes to the scope of the Ocean Terminal Augmented OBC, as set out in section 4 of this report;
- (4) note the areas of further development that require to be undertaken for subsequent FBCs, as set out in section 9 of this report; and
- (5) approve the Ocean Terminal Augmented OBC which, following appraisal, is considered to be compliant with HM Treasury Green Book subject to the condition in Section 11 of this report regarding the environmental impact of the project being met.

1 Purpose

- 1.1. To report to the Cabinet on the evaluation of Inverclyde Council's Ocean Terminal Augmented OBC dated 21 May 2019. This Business Case was considered by the Chief Executives' Group on 29th May 2019 when it was agreed that it be submitted to Cabinet for approval.

2. Background

- 2.1. Ocean Terminal OBC was approved by Cabinet on 11 October 2017.
- 2.2. The CEG on 30 November 2017 approved a review process to ensure that Glasgow City Region City Deal business cases are compliant with the approach contained within the H.M. Treasury Green Book. Consultants Ekos were appointed to carry out the review and they developed an appraisal template which has incorporated the comments of both the UK and Scottish Governments. This appraisal template has been used to assess this business case for compliance with Green Book.
- 2.3. The submission of this business case for appraisal is considered as confirmation that Inverclyde Council approves the inclusion of this business case as part of the City Deal programme as stated in the current Glasgow and Clyde Valley City Deal Assurance Framework (10 March 2015) in Section 4.1.1.
- 2.4. The Ocean Terminal Augmented OBC and Marine Works FBC was approved by Inverclyde Council's Regeneration Committee on 2 May 2019.
- 2.5. Inverclyde Council will submit an updated Ocean Terminal OBC and Landside Works FBC later in 2019.
- 2.6. The Executive Summary for the project is attached as Appendix 1.

3. Review of the Ocean Terminal Augmented OBC and Marine Works FBC

- 3.1. Following the initial review of all project's OBC, Inverclyde Council submitted an augmented version of Ocean Terminal OBC and Marine Works FBC to the PMO on 21 May 2019.
- 3.2. This business case has been reviewed and appraised and the PMO has been advised by Ekos that Ocean Terminal Augmented OBC is considered to be Green Book compliant.
- 3.3. The PMO has undertaken an additional review of the Marine Works FBC and an analysis of the content of the approved OBC and the augmented version. Any changes identified to the scope, finances, or delivery of the project are set out below.
- 3.4. A copy of the appraisal assessment of this business case is available from the Clerk.

4. Scope

- 4.1. The scope of the Ocean Terminal project has changed between the approved OBC and the augmented OBC.
- 4.2. Within the approved OBC the preferred option was for a pontoon berth and dredging pocket, a car park and transport connections, and a cruise terminal building. At that time the recommended option for the cruise terminal was for a single storey, single purpose facility. The approved OBC also noted that a parallel process was underway to develop a museum/gallery space and a visitor centre, although this was not part of the recommended option at that time.
- 4.3. The augmented OBC extends the scope of the proposed cruise terminal building to include a gallery and restaurant space to be part of the overall proposals within a two storey multi-purpose facility with an extended floorspace from 1000sqm to 1655sqm.
- 4.4. The review carried out by Ekos emphasised that the component parts of the augmented Ocean Terminal OBC (Marine Works & Terminal Building) have been presented within the OBC as being completely interdependent. This is the basis upon which the economic case for the project was calculated within the business case.

5. Programme Milestones

- 5.1. The anticipated timescale for the completion date for the marine works is March 2020.
- 5.2. The Terminal Building is anticipated to be completed by August 2020.

6. Finance

- 6.1. The total cost of the augmented OBC in relation to the Marine and Landside Works is £19.193m and this is funded from City Deal Grant (£9.693m), Peel Ports Group (£8m) and Dunard Trust (£1.5m).
- 6.2. Cabinet approved £0.8m at SBC Stage on 20 October 2015. The augmented OBC is not seeking any further funding. Cumulative spend to date is £494,629.
- 6.3. The financial case contained within the approved OBC and the augmented OBC have been reviewed. Relevant changes and updates between the versions of the OBC are set out below:

Change/Issue	Approved OBC (October 2017)	Augmented OBC (May 2019)
Cost	The cost of the project is £14.793m split between Marine Works (£10.161m) and Landside Works (£4.632m).	The cost of the project has increased to £19.193m split between Marine Works (£12m) and Landside Works (£7.193m). This increase in cost in relation

		the Marine Works is due to an increase in contractor costs following tender which has been offset by an increase in private sector funding. This increase in Landside Costs is mainly due to an expansion in scope in relation to the proposed cruise terminal building to include a gallery and restaurant space.
Funding	The project cost is funded from City Deal Grant (£8.793m) and Peel Ports Group (£6m).	The project cost is funded from City Deal Grant (£9.693m), Peel Ports Group (£8m Marine Works) and George Wyllie Foundation (GWF) from the Dunard Trust (£1.5m Landside Works).
Spend and Phasing	Spend against cost headings and spend phasing has been provided.	Spend against costs headings and spend phasing has been updated and increased due to the increase in contractor costs following tender and an increase in scope.
VAT	No mention of VAT treatment.	VAT treatment explained.
Financial Agreements	No section on financial or funding agreements.	Financial and funding agreements explained.
Financial Risks	Financial risks provided.	Financial risks have been updated.

7. Benefits Realisation

- 7.1. The project outputs and benefits contained within the approved OBC and the augmented OBC have been reviewed. Relevant changes and updates that have been identified between the versions of the OBC are set out below:

Change/Issue	Approved OBC (October 2017)	Augmented OBC (May 2019)
GVA	Estimated at £50m net additional GVA over 25 years (discounted at 3.5%).	Net additional GVA at GCR by 2035 – £36.3m Net additional GVA at GCR over 25 years - £45.3m Net Additional GVA at Scotland level by 2035 - £29.5m Net Additional GVA at Scotland level over 25 years - £35.9m
Benefit Cost Ratio	Not contained within the OBC.	The project delivers a BCR of 4.1:1 at the City Region level by 2035.

Employment benefits	200 net additional years of construction employment by 2020. Net additional FTEs per annum by 2025 - 250	Net additional Enabling Infrastructure Construction Jobs at GCR by 2035 – 130 person years of employment. Net Additional Operational FTEs by 2035 - 70
Floorspace outputs	1,000 sqm of leisure (Use Class 11) floorspace 0.5 – 1.0 ha of vacant and derelict land brought back into use.	1,655 sqm of leisure (Use Class 11) floorspace.
Private Sector Investment	Direct Private Sector Investment by 2035 - £6.0m Net additional private sector investment (follow on developments) by 2035 – N/A	Direct Private Sector Investment by 2035 - £8.8m NPV (£8m from PPG) Funding of £1.5m was received from the Dunard Trust to develop the project. Net additional private sector investment (follow on developments) by 2035 – N/A
Cruise ship benefits	90 cruise ships per annum by 2024	100 cruise ships per annum berthing by 2025
Tourism Benefits	Not included in the OBC	20,000 visitors per annum by 2021 to the George Wylie Foundation Gallery A restaurant facility – further detail will require to be provided in the Landside Works FBC

8. Legal and Procurement

- 8.1. The Legal and Procurement sections of the augmented OBC and Marine Works FBC have been developed and remain valid.

9. Future Developments at FBC

- 9.1. Reflecting the comments made by within their augmented OBC, and the comments made by Ekos as part of their appraisal, the PMO will require Inverclyde Council (IC) to provide the information detailed in the sections below within forthcoming FBCs that align to the Ocean Terminal OBC.

- a. Further details of the project outputs for the Landside Works;
- b. Details of the lease of the Terminal Building to the GWF will require to be covered in detail within the FBC;
- c. Further options testing should be undertaken in relation to the Terminal Building, specifically in relation to the type and scale of Terminal Building, and a detailed breakdown of space within the building. This should be attached as an appendix to the FBC;
- d. Further details on the Heads of Terms that are agreed with the GWF should be included within the Landside Works FBC;
- e. Details on payments to third parties should be updated;
- f. Full details of the design procurement process for the Terminal Building;
- g. In addition to updating the overall programme risk register, a specific risk register to cover the Landside Works FBC elements of the project will require to be submitted;
- h. The Dependencies and Constraints, and Stakeholder sections of the business case should be updated to cover in detail the ongoing operation of the Terminal Building (e.g. the relationship between IC, GWF and Buzzworks);
- i. Updated benefits trackers to be completed that cover all benefits delivered by the Landside Works FBC;
- j. IC will be expected to demonstrate and evidence that the preferred option for the Terminal Building remains valid and achieves all project objectives;
- k. Where the FBC states how the preferred option addresses the need of all partners, this should be expanded to include Dunard Trust, Creative Scotland, GWF, and Buzzworks individually;
- l. Within the management case of the Terminal Building FBC, details of the skills and experience of the delivery bodies that will deliver the operational benefits from the Terminal Building (GWF and Buzzworks) will require to be provided;
- m. Commercial risks relating to the operation of the Terminal Building should be covered in detail within the FBC;
- n. Detailed financial cost breakdown for the Terminal Building;
- o. The follow on costs required from GWF and Buzzworks to fit out the gallery and restaurant should be detailed in the FBC;
- p. The Risk Register for the Landside Works FBC should clearly state how IC will cover any revenue shortfalls caused by the failure of the tenants within the Terminal Building;
- q. Delivery arrangements for the Terminal Building should be detailed once Heads of Terms and leases are agreed;
- r. Details of the Service Agreement for the Terminal Building to be include within the FBC;
- s. Community benefits for the Terminal Building to be restated;
- t. Confirmation of completed building warrant for the Terminal Building to be provided;

10. Transport Appraisal Group Review

- 10.1. The draft SBC was considered by the Transport SAF Group when preparing the Initial Findings Report on the Transport SAF, with comments provided on the transport elements. The SAF Initial Findings report noted that:

'Given the nature of the project and the limited transport interventions proposed, it is considered that the project is unlikely to have any significant impacts, other than possible minor localised impacts, if any, on the existing A8(T) at the Bullring roundabout. These impacts could be assessed through a localised Transport Appraisal as part of the development process. There are no other known transport projects in the vicinity or other elements of the transport network which will be affected by the project'.

- 10.2. The original OBC for Ocean Terminal was reviewed by TAG in October 2017. Section 2.2.29 of the original OBC stated that: *'It is anticipated that a Transport Statement will accompany the planning application setting out the access and connectivity to the site and surrounding area via various transport modes. The level of operational traffic associated with the relocation of the cruise facilities and passenger terminal is not expected to change'*. TAG considered this to be an appropriate response.
- 10.3. The Design & Access statement appended to the OBC/FBC states that: *'A Transport Statement for the development has been prepared by SYSTRA, and should be referred to for full detail of proposed Transport Strategy. This document is provided as an appendix to the Design and Access Statement'*. Although the Transport Statement did not appear to be included in the OBC/FBC documentation, this will have been considered as part of the planning determination and, given the limited changes in traffic generation from the upgraded facilities, it is not considered that this would have highlighted any issues of concern (and the planning approval notice included in the OBC/FBC documentation did not appear to highlight any concerns).
- 10.4. On the basis of the above, it is not considered that there is a need to review the findings of the Transport SAF for this project. It is also considered that, for the OBC/FBC appraisal, there are no particular issues with transport aspects of the OBC/FBC that need to be given further attention at this stage.

11. Sustainability

- 11.1. Inverclyde Council has stated within the business case the marine construction works do not require an Environmental Impact Assessment to be carried out *"as Marine Scotland feel that they can be carried out with minimal impact on species found within the extremely sensitive area of the River Clyde."*
- 11.2. It is unclear from the document if the ongoing environmental impact of the operation of the project, and the potential impact of the increased number of cruise ships and associated road transport (e.g. emissions and air quality), has been assessed by IC and any mitigation put in place.
- 11.3. Noting the recent Scottish Government policy development regarding climate change, IC are requested to provide further information in relation to the actions undertaken to, baseline and estimate any ongoing environmental impacts of the Ocean Terminal project, ongoing monitoring of emissions and air quality, and any mitigations actions required.

- 11.4. It is proposed that the agreement of this business case is subject to IC carrying out an assessment and providing this information to the PMO this should be included within the subsequent OBC/FBC for the Landside Works.

12. Recommendations

12.1 It is recommended that the Cabinet

- (1) notes the content of the report;
- (2) notes the PMO Appraisal, Project Risk Register and Programme Risk Register are available on request from the Clerk;
- (3) agrees to the changes to the scope of the Ocean Terminal Augmented OBC, as set out in section 4 of this report;
- (4) notes the areas of further development that require to be undertaken for subsequent FBCs, as set out in section 9 of this report;
- (5) approves the Ocean Terminal Augmented OBC which, following appraisal, is considered to be compliant with H.M. Treasury Green Book subject to the condition in Section 11 of this report regarding the environmental impact of the project being met.

Appendix 1 – Executive Summary

1 Introduction

This Outline Business Case (OBC) for Ocean Terminal presents the rationale for development of new cruise berthing and terminal facilities that will deliver substantial uplift in the number of cruise ships visiting the Glasgow city region area, and in turn increase the number of cruise ship visitors and crew. The development of a new cruise terminal building has created potential to attract an additional project element in the format of a gallery celebrating the life of a renowned local artist, George Wylie whilst also providing a facility capable of displaying works of national interest. This OBC encompasses the Full Business Case (FBC) for the marine works element of the Ocean Terminal project. The FBC for the terminal building element of the project will follow in due course.

This is an augmented OBC (previously approved in October 2017), compliant with HM Treasury 2018 Green Book and the V7 appraisal template. As outlined in the introduction to the Strategic Business Case the baseline position for the project is taken from 2015 (approval of the SBC) and the impact analysis over a 25 year period from 2017 (approval of the original OBC).

This OBC is for a project with a total estimated cost of £19.193m funded through Peel Ports Groups, Dunard Trust and City Deal. The contributions at this stage include – £9.693m City Deal (50.5%) and £9.5 leveraged investment (49.5%) of £8.0m from Peel Ports Group (41.7%) and £1.5m from Dunard Trust (7.8%). The business case builds on the previous Strategic and Outline Business Cases (SBC/OBC) and an additional £0.5m contribution has been made by Dunard for architectural services¹.

There are two distinct elements within the overall project, the marine works and the terminal building works. Through FBC, Inverclyde Council is seeking approval from the City Deal Cabinet to progress the Marine Works contract which has an overall contract value of £12.0m, with funding request of £4.0m City Deal, leveraged against £8.0m from Peel Ports Group. No funding is requested from City Deal to develop the FBC for terminal building at this stage – the FBC for the terminal will follow in due course.

The City Deal investment delivers new infrastructure (new berthing pontoon and terminal building) that will retain and support growth in the cruise activity at Greenock (baselined at circa 100,000 passengers per annum) and create the infrastructure to attract an additional 100,000 passengers to Greenock. The new cruise terminal building incorporates the 'Wyllieum', a multi-use gallery and function space with high quality food and drink offer. The building will be owned and managed by Inverclyde Council with space leased to the George Wyllie Foundation and PPG Group. The investment delivers absolute additionality i.e. the project is not viable without City Deal investment and the impacts cannot be generated elsewhere within the Glasgow city region.

IC is seeking approval for this augmented OBC for the full £19.193m project. IC is seeking approval at FBC for expenditure of £4.0m City Deal funds for the marine works, leveraged against PPG investment of £8.0m. The estimated balance of £5.693m for the terminal will follow in a separate FBC in due course.

¹ As discussed with PMO this cost is not included in the overall project costs as it relates to design fees that were not part of the formal project tendering process, but were a condition of the Dunard Trust contribution.

2 Key Changes

The key changes to the previously approved OBC are as follows:

- introduction of the additional project element of the Wyllieum as a partnership project with the George Wyllie Foundation and funded with support from the Dunard Trust;
- development of the Ocean Terminal Building as a multi-use hub creating a cultural attraction (Wyllieum) with multi-functional gallery, education space and destination restaurant designed by Richard Murphy Architects;
- extension of the project operating partnership from the original two project partners – Inverclyde Council, Peel Ports Group – to include the George Wyllie Foundation;
- amendment to the business model with Inverclyde Council leasing space within the new building (wholly owned by the Council) to Peel Ports Group and the George Wyllie Foundation;
- additional contributions to the building on behalf of George Wyllie Foundation from Dunard Trust; and
- increase in passenger numbers from the base case of 100,000 PAS (passengers ashore) to 200,000 PAS based on growth in cruise tourism and market interest from cruise operators.

3 Key Results

The key results for the Ocean Terminal project proposal are presented in Table E1.

Table E1: Key Results

Category	Economic Impact	Result
GVA	Net Direct at GCR by 2035	£38.5m NPV
	Net Direct at Scotland level by 2035	£31.5m NPV
	Net Additional at GCR by 2035	£36.3m NPV
	Net Additional at Scotland Level by 2035	£29.5m NPV
	Net Direct at GCR over 25 years	£47.5m NPV
	Net Direct at Scotland level over 25 years	£37.8m NPV
	Net Additional at GCR over 25 years	£45.3m NPV
	Net Additional at Scotland Level over 25 years	£35.9m NPV
Benefit Cost Ratio	Total Public Sector Costs by 2035	£8.9m NPV
	Total Public Sector Costs over 25 years	£8.9m NPV
	Detail of the figures (benefits and costs) used to calculate the BCR over a 25 year period at GCR level	As per Economic Case
Construction Employment – Short Term	Gross Enabling Infrastructure Development Jobs at GCR (Person Years of Employment) by 2035	150 PYEs
	Net Additional Enabling Infrastructure Construction Jobs at GCR (Person Years of Employment) by 2035	130 PYEs
	Gross Development/Follow On Construction Jobs at GCR (Person Years of Employment) by 2035	N/A
	Net Additional Development/Follow On Construction Jobs at GCR (Person Years of Employment) by 2035	N/A
Operational Employment	Gross Operational FTEs by 2035	90
	Net Additional FTEs by 2035	70 (GCR)
Private Sector Investment	Direct Project Private Sector Investment by 2035 (£m)	£8.8m NPV
	Net Additional Private Sector Investment (Follow-on developments) by 2035	N/A

4 Strategic Case Summary

The strategic need for the Ocean Terminal project is to provide essential marine and landside infrastructure that will sustain and grow the cruise ship market for Inverclyde and the Glasgow city region. While cruise ship activity has been accommodated at the port, PPG (port operator) advised that due to the growth in commercial port activity and the substantially higher business value that it generates, they will not accept cruise ship bookings in the future if this project does not come forward.

The current facilities and arrangements for cruise ships involve berthing at the commercial port – this disrupts commercial activity, creates increasingly challenging health and safety risk (freight activity/ pedestrian movement) and is not commensurate with the quality of facility that international visitors to Scotland expect.

To address the constraints, IC and PPG developed a project proposal to deliver new dedicated and high quality cruise ship berthing and terminal facilities that will enable GCR to attract an increasing share of this growing tourism sector, and thereby generate new economic value (jobs and GVA).

The project is split into two elements – the marine works to create the pontoon berth and the landside works to construct the terminal building. Alongside IC/ PPGs activity to develop the project, an additional opportunity arose to expand the scope and offer for the project by incorporating a new gallery celebrating the life and works of the renowned international artist George Wylie, the 'Wyllieum'. This element of the project has brought additional funding (£1.5m contribution from Dunard Trust) and alongside the restaurant facility creates a permanent use within the building that will attract day visitors as well as animate the building for cruise ship passengers and crew. This additional opportunity has a strong strategic fit with the Inverclyde Tourism Strategy (2016-2020) which confirms the need to improve visitor facilities, including the food & drink offer.

There is a strong rationale for public sector intervention (addressing need and market failure), clear need for delivery now (PPG will withdraw from the market), contribution to policy aspirations at local/ regional/ national levels, fit with the City Deal Infrastructure Programme, SMART project objectives against which future performance can be measured and clear route for implementation.

The constraints/ dependencies and risks are understood and mitigating measures in place to remove/ reduce/ offset, and stakeholders have been involved in the design/ development of the preferred option.

5 Economic Case Summary

As presented in the Economic Case, a series of alternative options were tested to ensure that the preferred option delivers best value. The project has been in development for some time and there has been an iterative process to the appraisal of alternative options, with input from internal/ external project stakeholders and consultants at various points to test and define the most appropriate proposal.

Through analysis of alternatives in line with HM Treasury Green Book – scope, solution, delivery, implementation and funding – a series of four options were defined and tested:

- Counterfactual – no investment by the public sector resulting in decline and halt of all cruise ship activity at Greenock (from 47 to zero);
- Option 1 – develop the marine infrastructure and deliver the pontoon berth only – maintains cruise ships and slight growth in numbers attracted (from 47 to 60);

- Option 2 – develop marine and landside infrastructure and deliver the pontoon berth with small cruise terminal building – maintains cruise ships and additional growth in numbers attracted (from 47 to 70); and
- Option 3 – develop marine and landside infrastructure and deliver the pontoon berth with iconic cruise terminal building with GWF gallery – maintains cruise ships and delivers substantial uplift in numbers (from 47 to 100) alongside new day visitors.

Through analysis of the gross and net direct/ additional impacts estimated to arise from each, Option 3 is identified as the preferred solution as it delivers maximum economic value for the City Region and generates the best Benefit-Cost Ratio. The results of Option 3 are presented in page 3 – the preferred option will deliver 70 net additional FTEs; 130 net additional construction PYEs and £36.3m net additional GVA by 2035. The project delivers a BCR of 4.1 at the City Region level by 2035.

This option has been further tested for sensitivity before being confirmed as the preferred solution that is carried forward into the remaining Business Case sections.

6 Commercial Case Summary

The commercial delivery of the project is split into its two component elements:

- the marine side works – the new pontoon berth for cruise ships will provide a dedicated berthing facility that cannot be used by PPG for commercial core port activity:

This element will be delivered by PPG with funding support from City Deal – delivered in accordance with the IC/ PPG Funding Agreement and confirmed as State Aid compliant. Element scheduled for completion by April 2020.

- the land side works – the new cruise terminal building will welcome passengers/ crew and undertake ISPS, delivering an iconic new visitor gallery and restaurant that will encourage more people to come ashore and attract more day visitors to Inverclyde and the City Region:

This element will be delivered by IC with funding support from City Deal and GWF – referenced to a lease agreement between GWF and IC, and agreement with PPG to use the terminal hall for 120 days per annum. Element scheduled for completion by August 2020.

The marine side works have been through competitive tendering process and are presented at FBC stage for immediate award of the contract to the preferred bidder on approval of this Business Case.

The land side works are currently out to tender and will be presented in a subsequent FBC once returns have been received and appraised.

The project addresses the needs of the core partners, alternative funding solutions were sought but none identified, and there is clear evidence of demand. The project has been designed to be cost neutral for the public sector i.e. the rental income generated from PPG and GWF will fully off-set the cost of operating and maintaining the facility. This was a critical consideration for IC.

The commercial risks have been appraised and are understood by IC – PPG carries the risk associated with the pontoon contract for any cost over-runs; IC carries the risk for cost over-run with the terminal building, and as the owner of the facility, carries the risk for any future additional revenue costs that cannot be met from the income.

7 Financial Case Summary

The total project cost is estimated at £19.193m, funded as outlined in the following table. IC is seeking £4m drawdown from City Deal to implement the marine works.

Table E2: Financial Summary

Marine Facility – Cruise Berthing	Landside Facility –Terminal Building
Total project cost: £12.0m	Total estimated project cost: £7.193m
Funders:	Funders:
City Deal £4.0m (21% of total cost)	City Deal (est) £5.693m (30% of total cost)
PPG <u>£8.0m</u> (42% of total cost)	Dunard Trust Fund <u>£1.500m</u> (8% of total cost)
Total £12.0m	Total £7.193m

In addition, the Dunard Trust has also funded the design costs for the terminal building, estimated at a further £0.5m, delivered by a team of internationally recognised Scottish architects, Richard Murphy Architects.

The terminal building will be delivered to a fully fitted standard, capable of operating as a cruise terminal facility. GWF and the restaurant operator will undertake further bespoke fit-out for their own specific use and at their own expense.

Budget funding and approval is in place at Full and Heads of Terms stage for the various elements. The Funding Agreement between IC and PPG is commercially confidential but details have been provided to the PMO review team as essential supplementary evidence.

There is not expected to be any impact on IC accounts as a result of the project, VAT will be recoverable for the IC project element (landside works) and PPG will cover VAT for the marine works.

Financial risks and dependencies have been identified and appropriate monitoring/ mitigating measures are in place via the project risk register.

8 Management Case Summary

The management structures and governance arrangements for the project are presented in the Management Case, with activities appropriately split between the marine and landside works as required. Four key groups were established to oversee project management:

- Ocean Terminal Project Board
- Design and Implementation Group
- Statutory Group – Procurement and Legal Arrangements
- Funding Group

The Project Sponsor leads the Project Board, which has overall authority and responsibility delivery, but no decision making powers in itself. The Board reports formally to IC on a monthly basis, and is a mechanism for project review, update and co-ordination of activities.

The project monitoring arrangements accord with the key gateways for City Deal programme – 2019, 2024, 2029 and 2035 – with IC Economic Development and Regeneration team having ultimate responsibility for M&E up to 2035, and reporting to the PMO.