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**LORN ARC – UPDATE REPORT AS AT 10<sup>th</sup> NOVEMBER 2015**

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**1. EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to update the Oban Lorn and the Isles Committee on progress in delivering the Lorn Arc Tax Incremental Financing Programme and its 9 capital infrastructure investment projects led by Development and Infrastructure Services. The attached Highlight Report (Appendix A) outlines the current position of the three most immediate projects as at the 10<sup>th</sup> November 2015.
- 1.2 This paper also reports on key issues that will impact on the successful delivery of the projects from design development stage through to procurement and implementation.
- 1.3 This report sets out the envisaged timelines for the nine projects within the Lorn Arc programme and provides a brief synopsis of the current position relating to each of these projects.
- 1.4 Of particular note, is that work at the new business park at Oban Airport (Project 9) is on budget and schedule, estimated completion date 20 November 2015.
- 1.5 Budget: Detailed below is the current budget position for both the revenue and capital approved budget allocations.

<b>REVENUE</b>	£
Total approved funds	1,607,000
Total project spend to date	51,000
Balance	1,556,000
<b>CAPITAL</b>	£
Total approved funds	1,388,000
Total project spend to date	173,000
Balance	1,215,000

- 1.6 It is recommended that the OLI Area Committee:
- Note the current progress with the Lorn Arc Programme.

**LORN ARC – UPDATE REPORT AS AT 10<sup>th</sup> NOVEMBER 2015****2. INTRODUCTION**

- 2.1 This report provides an update to the Oban Lorn and the Isles Committee on progress in delivering the Lorn Arc Tax Incremental Financing Programme led by Development and Infrastructure Services. The attached Highlight Report (Appendix A) outlines the current position of the three most immediate projects as at **the 10<sup>th</sup> November 2015**.
- 2.2 The paper also reports on key issues that will impact on the successful delivery of the projects from development stage through to procurement and implementation.

**3 RECOMMENDATION**

- 3.1 It is recommended that the Oban Lorn and the Isles Committee:-

- Note the current progress with the Lorn Arc Programme

**4. DETAILS**

- 4.1 The envisaged timeline for start dates for each of the nine projects within the Lorn Arc programme are set out in table 1 below.

<b>Table 1 : Capital investment start dates</b>			
TIF Asset project	Construction start date (financial yearly quarter – Q1-4)		
	15/16	16/17	17/18
1 - Lorn Rd / Kirk Rd Improvements, Dunbeg		Q4	
2 - Gateway Features / Traffic Calming, Dunbeg		Q4	
3 - Halfwayhouse Roundabout / Dunbeg Development Road, Dunbeg		Q4	
4 - South Oban Development Zone			Q4
5 - North Pier Extension, Oban		Q3	

6 - North Pier Streetscape, Oban		Q4	
7 - Access Improvements, Barcaldine		Q2	
8 - Operations + Maintenance Port Infrastructure, Barcaldine			Q4
9 - Existing Access Improvements and Business Park Enablement, Oban Airport	Q2		

Project Initiation document (PID) was approved by Council in January along with six years revenue funding totalling £1.6m. Project Managers are currently taking forward Oban Airport Access Road and Business Park, Lorn Road/Kirk Road and Oban North Pier extension. A review of the assumptions made in January 2015 PID will be undertaken to confirm they are still reasonable. This review has been delayed due to the long term sickness of full-time Lorn Arc Project Manager.

Meetings of the Lorn Arc Programme Board and Lorn Arc TIF Executive have been set for 2016.

A brief synopsis of each of the projects progress is detailed below:-

4.2 **Project 1 - Lorn Rd / Kirk Rd Improvements, Dunbeg** – Start-up cost were approved for this project on the 19<sup>th</sup> March 2015 by the Policy and Resources Committee. Initial design works are complete. This project lies within the Dunbeg Corridor development area and as such has formed an element of discussions with the principle developer of this area, Link Housing Association (LHA) on how they can develop their Masterplan for the development of this area. A senior officer meeting, Chaired by the Executive Director of Development and Infrastructure Services with Head of Services for: Economic Development and Strategic Transport, Planning and Regulatory Services and Community and Culture in attendance took place with LHA and their design team on the 20<sup>th</sup> October 2015. The agreed actions from the meeting include:

- Link Housing and ABC to establish project teams.
- Lorn Arc TIF Meeting with SFT – 20<sup>th</sup> January 2016 – Attendance from Link to promote the Dunbeg Corridor
- Reconvene in early December in order to have coordinated material to take forward to the Lorn Arc Executive Meeting in January 2016.
- Meetings at an officer level (Link/ABC) prior to the December meeting to take place to develop some initial ideas for our meeting in December.
- ABC to arrange internal meeting with Legal, Special Projects team to discuss options for partnership working.

- Project plan required for each key challenge and against each the tasks to be undertaken to identify solutions/options along with lead person. This will be a key task of the project teams once formed.
- Shared Communication strategy required so that we are clear what our core messages are going to be. This will be a key task of the project teams once formed.

These discussions with Link Housing Association have progressed to the point where it might be prudent to redesign the road improvement scheme, which could possibly avoid the need for a Compulsory Purchase Order and possibly reduce costs. This would require revised design work, revised financial modelling and a revised application for planning permission to be submitted. An ABC officer meeting has been scheduled for the 25 November following which a resultant recommendation can be made on whether to continue with the current design or whether to embark on a redesign process. This is will be presented to Members in due course.

- 4.3 **Project 2 - Gateway Features / Traffic Calming, Dunbeg** – Project not scheduled to be taken forward at this time. Signage has been installed by Highlands and Islands Enterprise which provides direction to the European Marine Science Park and SAMs. A report will be presented to Members at a later date requesting start-up costs for this project.
- 4.4 **Project 3 - Halfwayhouse Roundabout / Dunbeg Development Road, Dunbeg** – This project lies within the Dunbeg Corridor development area, and as such the comments at 4.2 also apply to this project.
- 4.5 **Project 4 - South Oban Development Zone** – Project not scheduled to be taken forward at this time. This project requires a FBC to be prepared and submitted to the Scottish Government for approval. This FBC will need to scope out the infrastructure investments required along with the potential benefits and financial forecasts.
- 4.6 **Project 5 - North Pier Extension, Oban** – The Policy and Resources Committee approved start-up costs of £560,000 for this project on 14 May 2015. Options are currently being assessed for physical and financial viability and sequencing with other complementary CHORD projects to include the step ashore/ transit berthing facility. The meeting held on the 24<sup>th</sup> September to agree the best location for the interim berthing facility concluded that the north side of the north pier was the best location. This agreement now allows the design of the extension to be taken forwards on the North Pier. A consulting engineer has been procured through an existing framework to assist with this.
- 4.7 **Project 6 - North Pier Streetscape, Oban** – Following the finalisation of the Oban CHORD Public Realm Schemes, projected completion date June 2016, and design approval of Project 5, discussions will take place on how best to proceed with this element.
- 4.8 **Project 7 - Access Improvements, Barcaldine** - negotiations / discussions are taking place with developers to identify the best way forward in terms of scope and partnership working arrangements for this project. Initial indications are that this project may be best taken forward by the private sector with the Council having a facilitator role. A report will be presented to Members at a later date .
- 4.9 **Project 8 - Operations + Maintenance Port Infrastructure, Barcaldine** - negotiations / discussions are taking place with developers to identify the best way forward in terms of

scope and partnership working arrangements for this project. This project requires a FBC to be prepared and submitted to the Scottish Government for approval. This FBC will need to scope out the infrastructure investments required along with the potential benefits and financial forecasts. Again, this project may be best taken forward by the private sector with the Council having a facilitator role. A report will be presented to Members at a later date .

- 4.10 **Project 9 – Existing Access Improvements and Business Park Enablement, Oban Airport** –The construction of the access road to facilitate the development of the new business park started on the 1 September, the design of the road, site supervision and works are being undertaken by the Councils Roads and Amenity Services. The commencement of the works meets the Scottish Government’s date for the First TIF investment. Work is progressing well on site and is anticipated to be completed by mid November 2015. Alongside this, a draft Masterplan has been prepared and is currently being assessed prior to submission for planning approval. This Masterplan will form the basis of a marketing promotion aimed at ensuring the site is developed as speedily as possible. Investigative and exploratory design works are also underway to ensure service provision (in particular sewerage) is delivered.
- 4.11 **Resourcing** – A full-time administration support officer, Mairi Campbel, to assist with the administration tasks associated with the programme has been appointed and will start on the 16 November 2015. As the full-time Lorn Arc project Manager is on long terms sick leave, an external project manager has been procured to assist in the delivery of the Programme in the short to medium term. David McKechnie of AECOM has been contracted 3 days a week on a temporary basis and starts on the 16<sup>th</sup> November.
- 4.12 **Programme Risks** – The Programme Risk Register - **Appendix B** outlines the main programme risks. The majority of the risks are deemed medium with the high risks around delivery of programme by 2020, increase in constructions costs and lack of private investor investment, all of which are currently being reviewed.
- 4.13 **Financial Model Summary Output** – The financial model calculates the affordability of the Programme over the life of the TIF agreement. Amendments change the output of the Programme financial model. This will be updated as soon as the information is available.
- 4.14 **Budget:** Detailed below is the current budget position for both the revenue and capital approved budget allocations.

<b>REVENUE</b>	£
Total approved funds	1,607,000
Total project spend to date	51,000
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## 5 CONCLUSION

Most significantly **Project 9** – Existing Access Improvements and Business Park Enablement, Oban Airport, is on site, thus meeting the end of September 2015 deadline for a first material investment required by the Scottish Government.

A review of the assumptions made in the January 2015 PID has been delayed due the full-time project manager being on sick leave, however this will be given priority now that a temporary project manager has been procured.

## 6. IMPLICATIONS

<b>POLICY</b>	The delivery of this project fits with the Council's Corporate Plan, Single Outcome Agreement and approved Development Plan policy for town centre regeneration. The economic outcomes from this project will contribute to the Government's Economic Strategy.
<b>FINANCIAL</b>	As outlined in sections 4.13 and 4.14 above.
<b>LEGAL</b>	Each project will have differing legal requirements; this will be laid out in each project's Project Initiation Document. No legal issues at Programme level.
<b>PERSONNEL</b>	An Admin Officer has been recruited and a temporary project manager has been procured. The resources required to deliver the Lorn Arc Programme will be continually monitored and reported to members.
<b>EQUAL OPPORTUNITIES</b>	There are no equal opportunities implications.
<b>RISK</b>	As outlined in Appendix B
<b>CUSTOMER SERVICE</b>	There are no customer service implications.

**Executive Director Development and Infrastructure Services:** Pippa Milne

**Policy Lead:** Ellen Morton

9<sup>th</sup> December 2015

For further information - please contact :  
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### Appendices

Appendix A - Lorn Arc Programme Highlight Report 21 September 2015

Appendix B - Risk Register