

Tax Incremental Financing (TIF)

2013 - Full Business Case (FBC) developed.

May 2014 - Scottish Government (SG) approve FBC for £18.9m.

September 2015 - Project 9, Existing Access Improvements and Business Park Enablement, Oban Airport starts. The commencement of the works meet the deadline for the first TIF investment. Argyll and Bute Council able to collect new Non Domestic Rates within the red-line area.

October 2016 - There was concern that individual projects may not be able to generate the required uplift in Non Domestic Rates revenue to pay off the intended Council borrowing. Therefore Commercial Agents were appointed to review the economic assumptions in the 2013 FBC.

December 2016 – The Commercial Agents report taken together with the Councils own knowledge of prevailing market conditions, suggested that timing and magnitude of future development and associated NDR generation is unlikely to be forthcoming. The exercise demonstrates that in the present form, the full TIF programme of £14.74m (Barcaldine projects 7 & 8 removed) is not currently affordable based on those current NDR assumptions. But the current level of approved drawdown (£1.388m) is forecast as being capable of being repaid.

February 2017 – ABC submitted a letter, signed by Leader and Policy Lead seeking confirmation from SG of their willingness to engage with the Council to find alternative funding sources and/ or financing models for the delivery of the Lorn Arc programme and its associated social and economic outcomes.

February 2017 – The Cabinet Secretary for Finance and the Constitution replied and confirmed that the affordability position of the Lorn Arc programme has been noted and advised that the SG remains committed to their use of innovative financing models to support inclusive growth. Also that he recognised the work that has been undertaken by ABC to find a solution and would welcome considerations of how this might fit with other interventions, such as the proposed Rural Growth Deal.

March 2017 – P&R Committee authorises the Lorn Arc team to engage with SG and SFT to progress alternative solutions for the delivery of the Lorn Arc Programme.