
LORN ARC - UPDATE REPORT FEBRUARY 2018

1. EXECUTIVE SUMMARY

1.1 This report provides an update for OLI Members on progress with the two current projects in construction phase within the Lorn Arc programme. These projects are the North Pier in Oban and Kirk Road upgrade in Dunbeg.

1.2 The North Pier Harbour Building CHORD project is nearing completion and provides:-

- showers for visiting yachtsmen;
- harbour-masters office; and
- retail / office space for lease.

The public realm work around the new building has been completed to enhance the environment for both visitors and locals utilising this area.

1.3 The Kirk Road upgrade project consists of :-

- installing a new water main and sewer;
- widening the road to full two lane width;
- creation of a shared cycleway / footpath, and
- junction realignment / reconfiguration.

These improvement works have the benefit of :-

- enabling the ongoing development of the European Marine Science Park at Dunstaffnage (subject to phase two of Kirk Road upgrade works taking place which is expected to be undertaken in the near future by HIE).
- enabling the new development of up to 300 new homes. All of these new homes will be affordable homes which will enable young people and families to remain in the Lorn area to the benefit of the wider community and economy.

1.4 It is recommended that the OLI Area Committee:

1. Consider the updates on the North Pier and Kirk Road projects within the Lorn Arc programme provided in the paper.

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2. INTRODUCTION

- 2.1 This report provides an update for OLI Members on progress with the two current projects in construction phase within the Lorn Arc programme. These projects are the North Pier in Oban and Kirk Road upgrade in Dunbeg.

3. RECOMMENDATIONS

- 3.1 It is recommended that the OLI Area Committee:

1. Consider the updates on the Lorn Arc programme provided in the paper.

4. DETAILS

- 4.1 **North Pier Extension:** With the recent opening of the CHORD Transit Berthing Facility, the North Pier is becoming more tourist focused. The new North Pier Harbour Building will be operational in March 2018 and the new tenant hopes to open for business in April.
- 4.2 During the final phases of construction on the pontoons in July 2017, it was decided that a defect noted in the North Pier face should be repaired while the opportunity was available with all the contractors, engineers, and equipment on site. Officers and contractors actioned this by temporarily relocating a pontoon and instructing pointing and surveys. The survey results were given in January 2018 and further works will be completed in April when the pontoons will be put back to their intended position.
- 4.3 This has not affected the options for extending the pier and the consultants will now be re-engaged to proceed with the substantiation of the option appraisals. It was decided in July 2017 to stand down the consultants working on the option appraisal until the survey data became available in January 2018.
- 4.4 The success of the pontoons last summer, and the high level of interest from new businesses wishing to operate from the facility and new cruise liner bookings, have proven the attractiveness of Oban and the North Pier as a substantial marine visitor hub for the West of Scotland. The success of the breakwater for large vessel use has resulted in interest from multiple users wishing to relocate their itineraries to Oban and we are experiencing an increase in enquiries from Scandinavia and Benelux countries.
- 4.5 The Oban Harbour Master is keeping a record of all enquiries that can provide

evidence of market demand and potential growth sectors with the project manager. Ongoing work with commercial users and existing customers will also feed into the options being considered. The project manager remains engaged with the economic growth manager to advise on a sectoral approach to creating a more tangible evidence based stream for demand for the FBC. Other locations in North Lorn will also be looked at to support the increased Lorn industrial demand which is more suited to a site out with Oban town centre. This will be an efficient use of all the data gathered.

- 4.6 Ongoing work with BID4OBAN and Cruise Group ensures that the leisure sector is being advised of progress. This arrangement will facilitate the timely marketing of the improvements to the wider leisure and commercial maritime sector. In addition, the project manager is working in partnership with Stewart Clark, manager of the council's Piers and Harbour's service and his team. Weekly updates are ongoing with regards to potential for impacts on the future Statutory Harbour Authority and its members regarding an anticipated increase in traffic in the bay.
- 4.7 **Dunbeg Lorn/ Kirk Road:** Previously, Council Housing Officers submitted an expression of interest to Scottish Government (SG) for up to £1.75m in grant funding to upgrade the Dunbeg Lorn / Kirk Road under the SG Housing Infrastructure Fund ("HIF"). A detailed application with associated costings was subsequently submitted to the SG HIF. The Council's Invitation to Tender was placed on Public Contracts Scotland on 23 June 2017, and contractor replies received 7 July 2017. The replies were then evaluated for Preferred Contractor and the final HIF application costs were submitted to SG mid-September 2017. SG informed the Council that the HIF would be provided in the same way as a Housing Association Grant, so we could not apply for any more than the contract value, or apply for any contingency at this stage.
- 4.8 The grant application was successful with notification being received from SG taking place at the end November 2017. Work then took place to start project alignment with the Public Utility companies (it had to wait for SG award to avoid cost risk to the Council), with a forecast project start January 2018 / completion mid-2018. There was some slippage in the SG award timeline, which in turn has delayed engagement with the preferred contractor, utilities companies and the Council. Despite this, Scottish Water has commenced works on site with regard to the sewer and it is expected to start work at the beginning of March 2018 on the water main (a temporary footpath will be provided during the duration of these water main works). Scrub clearance and tree felling works has recently been completed. Work is ongoing with the preferred contractor, utilities companies and the Council on finalising the program for the main construction works.
- 4.9 A communications strategy is in place, with bi-weekly updates being provided to Members, the Community Council and placed as posters in the village shop (and elsewhere if distributed by the Community Council). The Council's Twitter and Facebook accounts will also be utilised for particular events / updates.
- 4.10 As the potential SG HIF will fund the construction of the Lorn / Kirk Road only to the turn for the existing housing estates, and not to the European Marine Science

Park which is a further circa 170m of road, Council Officers communicated to HIE that there would be the potential of considerable savings to HIE if they were able to have an approved design and use the same works contractor as the Council. HIE are therefore presently looking at funding options for their design and construction.

5. CONCLUSION

- 5.1 The North Pier and Kirk Road Projects progression represent a real 'good news' story for the wider Lorn Arc regeneration programme, bringing substantive benefits to the communities of Oban and Dunbeg and having a wider socio-economic impact on the immediate Lorn area and also on the western side of Argyll and Bute.

6. IMPLICATIONS

- 6.1 **Policy** - The delivery of these projects fits with the Council's Corporate Plan, Local Outcomes Improvement Plan, Economic Development Action Plans (EDAPS) and approved Local Development Plan. The economic outcomes from these projects will contribute to the Scottish Government's National Economic Strategy.
- 6.2 **Financial** – Kirk Road improvement project has received funding for up to £1.75M from the Scottish Government Housing Infrastructure Fund (SGHIF). North Pier Extension and Streetscape projects were approved within the original 2013 TIF programme business case for a projected combined cost of £6.2M. Once consultants are engaged, associated costs will be incurred from the project development budget.
- 6.3 **Legal** - Each project has differing legal requirements. No legal issues at Programme level.
- 6.4 **HR** - None.
- 6.5 **Equal Opportunities** - There are no equal opportunities implications.
- 6.6 **Risk** – Delivery of projects within both predicted timelines and budgets represents the critical risk. This is being monitored continuously by our project management team.
- 6.7 **Customer Service** - There are no customer service implications.

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