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**LORN ARC - UPDATE REPORT SEPTEMBER 2018**

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**1. EXECUTIVE SUMMARY**

- 1.1 This report provides an update for OLI Members on progress with the Oban Airport Business Park development and Kirk Road, Dunbeg, road upgrade within the Lorn Arc programme.
- 1.2 The Oban Airport Business Park project has progressed with the site now being placed on the market on the Council's website, Commercial Property Monthly Magazine, targeted mailshot and Social Media. The Council's Estates and Property Development team are leading on the marketing process which commenced early July. For reasons of confidentiality and commercial sensitivity this report cannot disclose details of submissions at this stage. However, it is understood that Members will be advised at the conclusion of this process.
- 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 at Dunbeg. 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. Note the updates on the Oban Airport Business Park development and Kirk Road projects within the Lorn Arc programme provided in the paper.

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**2. INTRODUCTION**

- 21 This report provides an update for OLI Members on progress with the Oban Airport Business Park development and Kirk Road, Dunbeg road upgrade within the Lorn Arc programme.

**3. RECOMMENDATIONS**

- 31 It is recommended that the OLI Area Committee:
- 1. Note the updates on the Lorn Arc programme provided in the paper.

**4. DETAILS**

- 4.1 **Oban Airport Business Park:** The Oban Airport Business Park project has progressed with the site now being placed on the market on the Council's website, Commercial Property Monthly Magazine, targeted mailshot and Social Media. It is envisaged that the site will be developed for general industrial / business and office / storage and distribution uses with particular potential for airport related uses due to its location.
- 4.2 The Council's Estates and Property Development team are leading on the marketing process which commenced early July, and they have advised that the marketing period is approximately at the mid-point and there is around two months remaining before this period will close. They have also advised that a number of expressions of interest from developers have been received.
- 4.3 For reasons of confidentiality and commercial sensitivity this report cannot disclose details of submissions at this stage. However, it is understood that Members will be advised at the conclusion of this process.
- 4.4 **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.

- 45 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 delayed engagement with the preferred contractor, utilities companies and the Council.
- 46 Works completed to date :-
- Scrub clearance and tree felling works completed in February.
  - Council installed temporary footpath in March to permit water main works.
  - Scottish Water commenced works on site at the beginning of March 2018 on the water main and completed this by May.
  - Main contractor, NRS, completed works on timber removal, preparatory earthworks, road sub-base / foundation.
  - Scottish Water returned in June to carry out protection works to the existing mains sewer.
  - NRS returned in August to install new electric supply cable, carryout sewer protection works, install new kerb line, construct new shared surface cycleway and footpath, finish the construction and surfacing of widened Kirk Road.
- 47 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).
- 48 As the 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 engaged the Council's Design team for the road design element of this job, which is underway and it is understood that HIE are therefore presently looking at funding options for the construction of this stretch of the road.
- 49 It should be noted that the development of the Kirk Road works has enabled LINK Housing Association to secure detailed planning consent for their 300 new house development at Dunbeg that has secured £35m funding from the Scottish Government in terms of grant funding and aims to be complete by 2021. Further finance to enable the construction of these new homes is forthcoming from the Councils Strategic Housing Fund and LINK Housing Association. It is estimated that each house built will support up to 4 jobs in the local community for the length of the construction period.

## **5. CONCLUSION**

- 5.1 The Oban Airport Business Park development and Kirk Road project represent real 'good news' stories 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 project 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).
- 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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