
ARGYLL AND BUTE COUNCIL

**Mid Argyll, Kintyre and the Islands Area
Committee**

**Development and Economic Growth-
Transformation, Regeneration and
Projects Team**

4th December 2019

**Tarbert and Lochgilphead Regeneration Fund – Lochgilphead Front Green;
Argyll Street/Colchester Square; Ardrishaig North Public Realm Update**

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide Members with an update on the Tarbert and Lochgilphead Regeneration Fund projects Lochgilphead Front Green (LA10); Argyll Street/Colchester Square (LA11) and Ardrishaig North Public Realm (LA13) and to seek approval of the draft Full Business Case for the Lochgilphead Front Green and Argyll Street/Colchester Square.
- 1.2 The two Lochgilphead projects are being developed as one design and a planning application has now been submitted for the agreed proposed design. Utilising estimated costs, a Full Business Case has been developed and it is expected that procurement for the construction phase will commence shortly, this will confirm the project costs.
- 1.3 Following public consultation, and because of the timescales required for the Scottish Government Town Centre Fund, namely that a contract has to be awarded by 31 March 2020, the Lochgilphead and Ardrishaig Projects will now progress on separate timetables to enable further design work to be undertaken for Ardrishaig.

Recommendations

- 1.4 Members of the Mid Argyll, Kintyre and the Islands Area Committee are asked to note the progress made with the projects (including the decoupling of the Lochgilphead and Ardrishaig projects) and recommend to Policy and Resources Committee that:
1. The draft full business case for Lochgilphead is approved and that Council funding of up to £1,530,000 is confirmed for the Lochgilphead Front Green and Colchester Square Project from the Tarbert and Lochgilphead Regeneration Fund;
 2. Approval of the final Full Business Case for Lochgilphead is delegated to the Executive Director with responsibility for Development and Economic Growth subject to it being demonstrated that this is within the approved budget of Town Centre Fund and Tarbert and Lochgilphead Regeneration Fund and to then move to implementation; and
 3. Delegated authority be afforded to the Executive Director with responsibility for Development and Economic Growth for the delivery of the project as per the agreed programme (Appendix 1, Section 4).

**Tarbert and Lochgilphead Regeneration Fund – Lochgilphead Front Green;
Argyll Street/Colchester Square; Ardrishaig North Public Realm Update**

2.0 INTRODUCTION

- 2.1 This report provides an update on three Tarbert and Lochgilphead Regeneration Fund projects Lochgilphead Front Green (LA10), Argyll Street/Colchester Square (LA11) and Ardrishaig North Public Realm (LA13) and to seek approval of the draft Full Business Case for the Lochgilphead Front Green and Argyll Street/Colchester Square.
- 2.2 On 6 September 2017, the Mid Argyll, Kintyre and the Islands Area Committee agreed the six projects which should proceed to full business case through the Tarbert and Lochgilphead Regeneration Fund. This decision was ratified by Policy and Resources Committee on 19 October 2017.
- 2.3 Due to their proximity and their similarities it was previously agreed to combine the two Lochgilphead projects.
- 2.4 Additional funding has been secured for all three projects. The total funding to date for the projects is shown in the table below. The estimated construction budget for these projects is the total funding minus project design fees.

Project Ref.	Project	T&LRF Allocation	Additional Funding	Total Funding
LA10	Lochgilphead Front Green	£1,420,000	£10,000 -Sustrans £200,000 Town Centre Fund**	£ 1,750,000 *
LA11	Argyll Street, Lochgilphead	£110,000	£10,000 -Sustrans	
LA13	Ardrishaig North Public Realm Improvements	£330,000	£12,000 Sustrans	£342,000

* LA10 and LA11 have been combined

** Town Centre Fund requires a contract for the works to be signed and in place by 31st March

- 2.5 It was previously agreed that a full business cases for each of the projects will be submitted for consideration by the Mid Argyll, Kintyre and the Islands and the Policy and Resource Committee as they become available. This report provides an update on the projects and the preparation of the Full Business Cases.

3.0 RECOMMENDATIONS

- 3.1 Members of the Mid Argyll, Kintyre and the Islands Area Committee are asked to note the progress made with the projects (including the decoupling of the Lochgilphead and Ardrishaig projects) and recommend to Policy and Resources Committee that:
1. The draft full business case is approved and that Council funding of up to £1,530,000 is confirmed for the Lochgilphead Front Green and Colchester Square Project from the Tarbert and Lochgilphead Regeneration Fund;
 2. Approval of the final Full Business Case for Lochgilphead is delegated to the Executive Director with responsibility for Development and Economic Growth subject to it being demonstrated that this is within the approved budget of Town Centre Fund and Tarbert and Lochgilphead Regeneration Fund and to then move to implementation; and
 3. Delegated authority be afforded to the Executive Director with responsibility for Development and Economic Growth for the delivery of the project as per the agreed programme (Appendix 1, Section 4).

4.0 DETAIL

- 4.1 An update to Mid Argyll, Kintyre and the Islands Area Committee in September 2019 proposed to bring Full Business Cases (FBC) for all three projects to this committee for approval. It was noted at this time that the FBC would not necessarily be fully developed as procurement processes were not expected to commence until December 2019. As detailed in the September 2019 report, the Lochgilphead Front Green and Colchester Square projects has been progressed and a draft Full Business Case has been prepared and is attached as Appendix 1 of this report.
- 4.2 Design work for both Lochgilphead and Ardrishaig projects continued to be prepared by ERZ Ltd and their supporting consultants. Following the sign off of the concept design in May 2019, ERZ have been working on the developed designs for the Lochgilphead projects and refining the concept design for Ardrishaig in in order to produce the developed design for this project.
- 4.3 The public consultation on the detailed design for the Lochgilphead projects took place from 24 August 2019 until 4 September 2019 with consultation in Ardrishaig commencing 3 September 2019 until 15 September 2019. Consultations started with onsite public events followed by online consultation. The feedback in relation to the Lochgilphead projects was generally positive although some issues were raised in relation to the design proposals for Ardrishaig.
- 4.4 Due to the issues raised during the consultation with regards to the Ardrishaig North Public Realm project it has not been possible to progress as previously

envisaged and Councillors are asked to note that this project will now progress on a separate timetable. This will enable further discussions with the local community to develop and refine the design.

- 4.5 The proposal to combine the Ardrishaig and Lochgilphead projects was based on the combined project value being more attractive and helping to generate a greater response from prospective tenderers for the construction phase. However, to delay the Lochgilphead project further would put at risk the £200,000 secured through the Scottish Government Town Centre Fund which requires contracts to be in place by 31 March 2020, already a tight timescale. On this basis work will progress for the Lochgilphead projects as quickly as possible.

Lochgilphead Front Green and Colchester Square

- 4.6 Due to their proximity to one another and their similarities the two Lochgilphead projects are being developed as one design but they will be costed separately by an independent cost consultant. A single full business case is being developed and a draft of this is attached as Appendix 1. Prior to the preparation of the FBC, costs have been constantly monitored by independent quantity surveyors to minimise the risk and ensure that we remain within budget. At detailed design stage, costs are within budget although this will be tested through the procurement process. The total budget includes construction costs as well as professional fees and other charges associated with the project.
- 4.7 The planning application for the projects was validated on 10 October 2019 (planning application number 19/02018/PP) and expected to be determined by 5 December 2019. A separate application relating to the trees along Poltalloch Street, which are located within in a Conservation Area, has also been submitted (reference number 19/02040/TPO).
- 4.8 A cost estimate based on the detailed designs has been prepared by our cost consultants and this has been used to inform the draft Full Business Case (FBC). The project programme currently anticipates the invitation to tender for the projects will be issued on 6th January 2020 and the returned tenders reviewed in February 2020 to allow a contractor to be appointed in March 2020. Once this has been received we will be able to update the FBC prior to delegated approval by the Executive Director.
- 4.9 As the project involves a Council asset, the FBC has been prepared in accordance with the Capital Programme Planning and Management Guide. This includes a detailed Risk Log Worksheet (Appendix 2) that sets out the chance, impact and mitigating actions for each risk.
- 4.10 The FBC will be assessed and scored using the assessment criteria and weightings as agreed by the Strategic Assessment Management Board. The overall score is rated in accordance with the following table:

Business Case Score	Rating
80% -100%	4 (Max.)
70% - 79%	3

60% - 69%	2
Less than 60%	1 (Min.)

Full Business Cases should attain a rating of 4 for them to be considered for progression to the implementation stage.

- 4.11 If procurement proceeds as planned, it is expected that a contract will be awarded in March 2020 with onsite works starting during the spring/early summer 2020.

Ardrishaig North Public Realm

- 4.12 Whilst the design work at Ardrishaig is less complex than for Lochgilphead, previous design work having been completed outwith the Tarbert and Lochgilphead Regeneration Fund, issues have been raised through the consultation process about the proposed crossing point over the A83. As a result of concerns, further investigation of alternatives has been undertaken. This has enabled local concerns to be fully considered however it has resulted in a delay to the design works.
- 4.13 It is now expected that the detailed designs for Ardrishaig North will be agreed early in 2020 (following further a consultation period) with a planning application to be submitted following this. Procurement work is expected to commence summer 2020 with a view to construction during the later part of 2020.

5.0 CONCLUSION

- 5.1 The Lochgilphead projects are on track and on the basis of the assessment it is recommended that Council funding of up to £1,530,000 is confirmed for the Tarbert and Lochgilphead Regeneration Fund. Responsibility for the delivery of the project will be delegated to the Executive Director with responsibility for Development and Economic Growth. This project will deliver a key component of the Tarbert and Lochgilphead Regeneration Fund.
- 5.2 Work is progressing on the Ardrishaig North Project which will follow a separate timetable to the Lochgilphead projects to ensure that timescale for external Town Centre Fund for Lochgilphead projects can be met.
- 5.3 A further report will come before MAKI in June 2020 to update members as to progress on both Lochgilphead and Ardrishaig projects.

6.0 IMPLICATIONS

6.1 Policy

The projects will support the overarching objective and long term outcomes of the Council's Corporate Plan, Argyll and Bute Outcome Improvement Plan, the Local Development Plan, the Economic. It will deliver a key component of the Tarbert and Lochgilphead Regeneration Fund.

6.2 Financial

At October 2019, £69,281 has been spent on the design work for the Lochgilphead projects. There is a further commitment of £90,765 in design fees. The maximum cost to the Tarbert and Lochgilphead Regeneration Fund for the Lochgilphead projects is £1,530,000 (to include all fees and charges) and current cost estimates indicate that the proposed scheme can be delivered within the budget.

For Ardrishaig, £6,750 has been spent and a further £7,500 has been committed for design fees although it is expected that this will increase as a result of the additional design works being undertaken.

6.3 Legal

Working with procurement colleagues in regard to management of contracts and tendering process.

6.4 HR

None

6.5 Fairer Scotland Duty:

6.5.1 Equalities - protected characteristics

A combined Equalities and Socio Economic Impact Assessment has been carried out

6.5.2 Socio-economic Duty

See above

6.5.3 Islands

N/A

6.6. Risk

There is a risk the project will miss the deadline of the 31 March 2020 for contract award to be eligible for £200,000 Town Centre Fund.

There is a risk the project will not meet public expectation given that there is a limited budget however we have undertaken consultation with the community and key stakeholders at each key stage to mitigate this as much as possible.

There is a risk that the returned tenders exceed project budget.

For full detail on project risks please refer to Project Risk Register in Appendix 2.

6.7 Customer Service

None at this time

Pippa Milne - Executive Director with responsibility for Development and Economic Growth

21 November 2019

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APPENDICES

Appendix 1 Draft Full Business Case for Lochgilphead Front Green and Colchester
Square