

LORN ARC TAX INCREMENTAL FINANCE PROGRAMME – UPDATE REPORT

1.0 EXECUTIVE SUMMARY

- 1.1 This report updates Members on progress in respect of the Lorn Arc TIF initiative.
- 1.2 The timescale for delivery of many of the Lorn Arc Projects has changed from that which was originally anticipated at its inception. This is due in part to market conditions over a sustained period of time, project complexity in terms of delivery and most recently the restrictions associated with the pandemic. The report outlines that reflecting this changed timescale it will be prudent to seek to amend certain clauses of the TIF Agreement between the Council and the Scottish Government. Accordingly officers propose to begin negotiation with the Scottish Government to achieve realistic adjustment to the timescales set within the agreement, such that the project completion date and the TIF repayment period are extended.
- 1.3 Currently there are two live projects being taken forward. The first is the Dunbeg Gateway Feature/Halfway House Roundabout which has been progressing well since the approval of start up costs of £640k. This is a complex development with many stages to work through with development partners prior to a site start. The report outlines in detail the various elements of site investigation work which have been completed, and explains the immediate tasks going forward. In addition Dunbeg Corridor Working Group has been successfully reinstated with its first meeting held in December 2021.
- 1.4 The second project concerns the Oban Airport Business Park. Following the initial road infrastructure investment potential occupiers reported there were still too many unknown costs such as utilities and ground conditions to make a commitment. During 2020/21 Estates & Property Development undertook a number of studies to resolve these outstanding issues which has resulted in a number of substantial interests being received. In order to move forward it is proposed to prepare the business case for council investment in the further development of the site. Initially this involves a possible new headquarters office / hanger building to be leased on completion to TSL Contractors Limited (TSL).

RECOMMENDATIONS

It is recommended Members:

- Note and endorse that officers will continue to negotiate with Scottish Government to seek extension of the TIF project completion and debt repayment deadlines.
- Note the progress made relating to Dunbeg Gateway Features and Halfway House Roundabout.
- Consider and agree that officers should develop a business case for further Council investment at the Oban Airport Business Park site for the development of a new headquarters office / hanger building to be leased on completion to TSL Contractors Limited (TSL) including utilising the remainder of funding previously approved by the P&R Committee for Oban Airport Business Park.
- Consider and agree that officers should continue to progress with the other innovative proposals for the Oban Airport Business Park while the funding and tender bids are awaiting conclusion.
- Note that TSL will concurrently progress with the Planning process in respect of the proposed development.
- Note the re-establishment of the Dunbeg Corridor Working Group that has held its first meeting with key stakeholders.

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2.0 INTRODUCTION

- 2.1 This report provides an update to Members on the Lorn Arc Initiative
- 2.2 It contains sections which deal with proposed amendments to the Tax Incremental Finance Agreement (TIF) between the Council and the Scottish Government. It also provides detailed updates on the current live projects at Dunbeg and Oban Airport.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Members:
- Note and endorse that officers will continue to negotiate with Scottish Government to seek extension of the TIF project completion and debt repayment deadlines.
 - Note the progress made relating to Dunbeg Gateway Features and Halfway House Roundabout.
 - Consider and agree that officers should develop a business case for further Council investment at the Oban Airport Business Park site for the development of a new headquarters office / hanger building to be leased on completion to TSL Contractors Limited (TSL) including utilising the remainder of funding previously approved by the P&R Committee for Oban Airport Business Park.
 - Consider and agree that officers should continue to progress with the other innovative proposals for the Oban Airport Business Park while the funding and tender bids are awaiting conclusion.
 - Note that TSL will concurrently progress with the Planning process in respect of the proposed development.
 - Note the re-establishment of the Dunbeg Corridor Working Group that has held its first meeting with key stakeholders.

4.0 DETAIL

Lorn Arc TIF Agreement with Scottish Government

- 4.1 The timescale for delivery of the Lorn Arc Projects has changed from that which was originally anticipated at its inception. This is due in part to sustained market

conditions, project complexity and most recently the pandemic. As a result officers consider it now prudent to seek to change two of the deadlines within the TIF agreement with Scottish Government to reflect the complexity to delivery and these changed timescales.

- 4.2 The TIF agreement contains a deadline for the completion of all the development projects. This deadline has already been varied by Scottish Government, extending it until December 2024. Officers now consider that given the progress that has been made to date, the complexity of the projects involved, and current supply chain and labour market challenges it is not realistic to achieve development completions within the agreed timescale. Officers therefore propose to renegotiate with Scottish Government to reach agreement on a further and more realistic end date for project completions, or to remove the end date completely if that can be achieved.
- 4.3 The TIF agreement also contains a deadline for the repayment of all NDR debt which is currently 2040. There are several reasons why it is now considered prudent to attempt to extend this deadline with Scottish Government:
- Given the delayed completion of development projects there will be a reduced number of years in which to utilise NDR to repay the resultant debt that requires to be paid back.
 - Development costs have increased significantly since the TIF's initial inception due to inflation, materials shortages and labour supply issues.
 - The scale and complexity of projects to be embarked upon:
 - In the Dunbeg Corridor the scope of the project has expanded to potentially include additional road infrastructure above the original proposed trunk road roundabout, and also further investment in the development of the new commercial area.
 - At Oban Airport Business Park the scope of the project has expanded to potentially include additional infrastructure in addition to the original proposed spine road and also the provision of services such as water, sewerage, power and telecoms supply. There is also the potential for investment in the construction of pre leased commercial buildings.
- 4.4 Officers propose to discuss with Scottish Government the potential to push back the TIF Repayment end date to allow further years to utilise NDR for delivering new infrastructure and allowing sufficient time to ensure debt recovery.
- 4.5 Finally, Officers have already written to the Scottish Government to secure an amendment to the TIF contract on a third point which would essentially remove a break clause from the TIF agreement where, at any point prior to the 2040 end date where all the debt was repaid the contract would be automatically ended. Although this is considered highly unlikely now given agreement to take the agreed projects forward (Halfway Roundabout/Oban Airport Business Park) Officers consider it is prudent to seek removal of the clause. The Scottish

Government advised by the Scottish Futures Trust have initially indicated a clear willingness to be flexible on these issues and we await their reply.

PROJECT UPDATES

Projects 2 & 3 – Dunbeg Corridor Gateway Features and Roundabout

- 4.6 A full business case will be necessary to ensure that the project is viable and prudent. Preparatory works are required to inform the full business case and will include site surveys, design work, preparation of planning applications, economic impact assessments and procurement costs.
- 4.7 Since the last report progress has been as follows:
- a) **Production of a Peat Strategy and Flood Risk Assessment** which is confirmed as being acceptable with SEPA has now been completed and will form part of the planning application submission for the commercial area which is expected to be submitted by LINK Group in the near future.
 - b) **Discussions have been regularly taking place with LINK Group** with regard to the delivery of all aspects of the Dunbeg Corridor projects. LINK Group have confirmed that the new housing currently under construction is expected to be completed around June 2022 and they also advised that they are in discussion with the Scottish Government regarding the potential for further significant phases of new housing development within the Dunbeg Masterplan.
 - c) **Devise planning strategy** - PAN notifications have been submitted by LINK Group for the new housing development area, for the commercial area and for the link road to the housing and commercial areas. The trunk road roundabout already enjoys planning consent, although the detail of this may be amended at a future stage depending on the outcome of detailed work with Transport Scotland. A planning application process for the different elements of the Dunbeg Corridor development is anticipated later this year.
 - d) **Engagement with Transport Scotland** has taken place at a preliminary stage to establish the requirements relating to the detailed design work and the supporting information for the new junction / roundabout on the A85. The priority task in conjunction with LINK is to commission a comprehensive Transport Assessment of the revised proposals and this work is currently being scoped.
 - e) **Utilisation of the Council's in house Roads Design team** has taken place to draw up a brief for the tender of the design work for the new Trunk Road Roundabout on the A85 and the link road and subsidiary roundabout required to develop the proposed commercial area. However commissioning full detailed design cannot progress until both the Transport Assessment above confirms the nature of and location of roundabout required by Transport Scotland, and until the planning consent for the revised commercial area has been achieved by LINK.

- f) **Liaison with Council's Education Department colleagues regarding the capacity of the existing Dunbeg Primary school.** The confirmed view of the Council's Education department is additional primary school capacity will be required as a result of the proposed new housing development (NB not including the 300 units currently under construction). Preliminary options will now need to be considered, including the potential for a new primary school.
- g) **Identify what development is being delivered by the Council** and the development model for that: i.e.: roundabout; roundabout and road; roundabout, road and development platform. Work is ongoing on this. A preliminary revised cost plan has been produced and this will be analysed in conjunction with LINK to establish the most practical delivery options. This may involve further TIF funding, Strategic Housing Funding, the Levelling Up Fund and the Housing Infrastructure Fund (HIF). Council officers propose to engage consultants to verify construction costings and commercial area demand assessments.

Project 9 : Oban Airport Business Park

- 4.8 The initial investment at Oban Airport was for the installation of a road link to enable the development of a new business park adjacent to the airport. The original scope related only to the first section of the spine road and the service installation which was limited to ducting for future services as the specification for individual plots was unknown at that time.
- 4.9 Following completion of the works the business park site was marketed in 2018. However, despite several interests being noted, no formal offers were received and the feedback from the interested parties was that there were too many uncertainties to invest in the area. This included uncertain ground conditions, unknown servicing requirements and costs for completing the access road together with providing a developable area within the individual sites. Accordingly the Special Projects team procured Ryder Architecture to undertake an assessment of the development costs in 2019 and in 2020/21 the Estates & Property Development Section procured Stage 2 site investigations, utility cost assessments and topographical surveys.
- 4.10 This investment has generated several expressions of interest in the site with TSL Contractors Limited (TSL) <https://www.tslcontractors.co.uk/> being the most advanced. The company has been operating in Argyll for over 35 years and operates from Mull and Oban delivering building, construction and civil engineering services and also operates helicopters and undertakes road haulage. Employing over 90 people the company is a significant local employer and is looking to set up a headquarters building with a helicopter hanger making Oban Airport the ideal location.



Indicative Proposed Elevations TSL HQ Building

- 4.12 There are a number of options to consider for the funding, tenure and procurement of the new headquarters building ranging from a sale of the site, a ground lease with TSL paying for the building to the council developing the building and leasing it to TSL. As part of the One Council approach to property matters generating ongoing income is viewed as the best option rather than selling sites. During initial discussions with TSL their preference is for the council to undertake the development of the building and then lease the completed asset to TSL.
- 4.13 It is considered likely that a mixture of funding will be required if the option of the council build is to be pursued including:-
- Capital from TIF funding budget

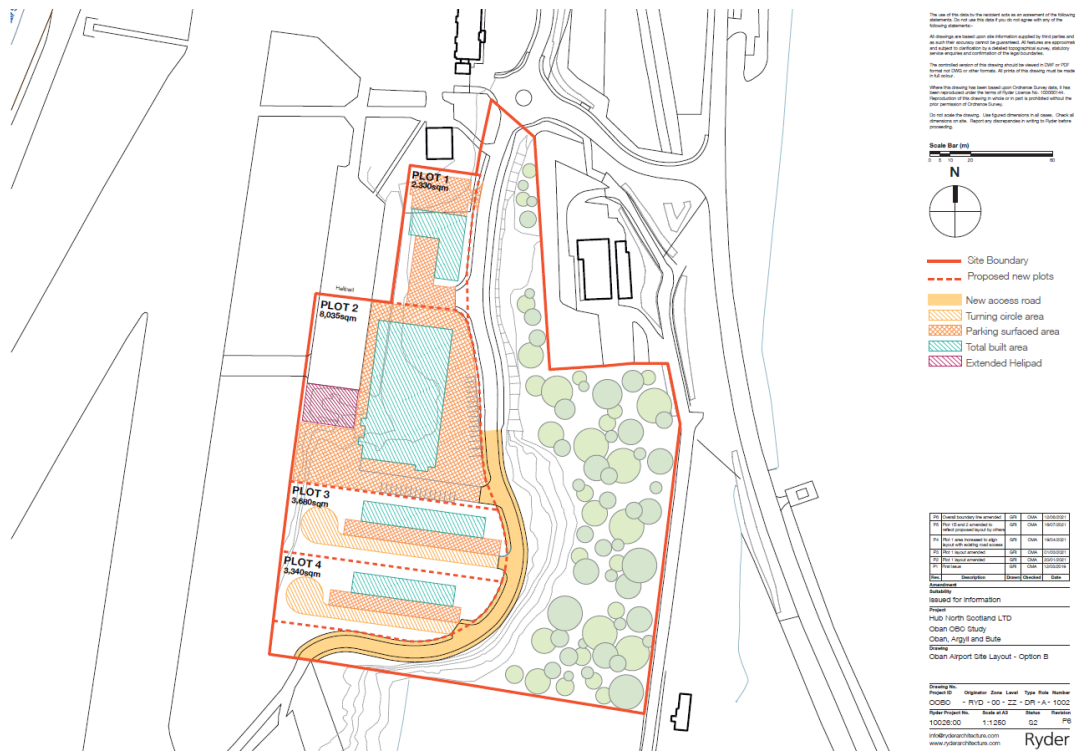
- Asset Management Fund
- Prudential Borrowing

4.14 The benefits arising from front loading spend from the TIF budget are that the earlier it is spent the more years the council can benefit from using the fund to repay the expenditure.

4.15 Hub North have been directly involved with the initial stages of the feasibility assessments and it is considered that there may be benefits in continuing this relationship as the project develops. Based on the council's preference for ongoing income and TSL's preference for a lease of the completed building it is intended to assess the option of the council developing the unit through the development of a business case for investment. Estates will work with Procurement to ensure that this can be progressed and to secure specialist support where this is required.

4.16 To progress the proposals as effectively as possible TSL have also noted the potential for Planning discussions to be progressed at the same time as the business case is developed. This will also give more certainty on costs as the building plans will be developed to a greater level of detail.

4.17 In addition to TSL there have been a number of other interests in the business park site. It is considered that development of the first plot within the site could be the catalyst for further investment and the initial layout below shows the potential of the site to deliver significant economic benefits over the next 3-5 years. In addition the level of infrastructure works will be impacted by the progression of each of the interests and where possible these should be co-ordinated.



- 4.18 As part of the Rural Growth Deal (RGD) officers from Economic Growth Strategic Transport Service are currently developing the full business case for the development of infrastructure to allow the airport to become a leading innovative research and development centre for Unmanned Aerial Vehicle (UAV) technologies and a new marine compliance base on the west coast of Scotland. This would create the UK's first dedicated drone training centre with indoor facilities specialising in developmental, test and operational facility for Unmanned Aerial Vehicle (UAV) technologies. This would be a joint venture with Scottish Association for Marine Science located close to the airport.
- 4.19 In addition one of the parties tendering for the UK search and rescue contract from the Maritime & Coastguard Agency has been working with Estates & Property Development to develop plans to utilise Oban Airport Business Park as a base if their tender is successful. This would be a significant level of investment but the outcome of the tendering process won't be known until June 2022 but if successful this could be developed alongside the TSL proposal.

Re-establishment of the Dunbeg Corridor Working Group

- 4.20 Previously Members requested that a group was established to include relevant agencies and organisations, the public, Council Officers along with representative Members. This has led to the re-establishment of the Dunbeg Corridor Working Group and the first meeting was held on 1st December 2021. The meeting covered an extensive range of topics relating to the Dunbeg Corridor development with all parties contributing significantly to the discussion. Feedback indicates that the meeting was well received by both external agencies and community groups that were in attendance. The minutes of the meeting were circulated to all attendees in December and whilst they will not be formally approved until the next meeting of the group no issues were raised as a result of this circulation (the draft minutes can be seen in **Appendix A** of this report).

5.0 CONCLUSION

- 5.1 The Lorn Arc TIF programme remains one of the main methods that the Council can take advantage of capital funding to make infrastructure capital investment in the Lorn Area. Good progress is being made on the remaining two major projects: the Dunbeg Corridor and Oban Airport Business Park and both these have the potential to provide major infrastructure improvements to the Lorn Area. Officers are currently working up the information required to prepare detailed business cases for both these projects.
- 5.2 Amendments to the TIF Agreement will now be necessary to ensure its proposed timescales take full account of current development conditions and are appropriate for the anticipated delivery timescales of the two major projects still under consideration and development. The Scottish Government have been fully informed of the council intentions and we have recently written to them with

an initial indication that there is a desire to be flexible in this matter to deliver key infrastructure, subject to detailed justification being provided.

6.0 IMPLICATIONS

6.1 Policy - none.

6.2 Financial –The delivery of the Lorn Arc has to be considered affordable as part of the decision making process of the Council, the Scottish Government and their advisors Scottish Futures Trust. This will be confirmed in approval of full business cases at the appropriate time. Regarding Oban Airport Business Park - The business case for investment will confirm the financial position for the TSL investment. Funding for the development of the business case will come from the existing approved Lorn Arc TIF budget .

6.3 Legal – Officers have written to propose amendment of the TIF agreement with Scottish Government to remove an existing break clause should there be early repayment of all TIF Debt.

6.4 HR - none.

6.5 Fairer Scotland Duty: none.

6.5.1 Equalities - protected characteristics - none.

6.5.2 Socio-economic Duty – These projects aim to deliver necessary infrastructure to provide new commercial business space that will create additional employment opportunity in the Lorn area together with hundreds of new homes the majority of which will be affordable.

6.5.3 Islands - Oban Airport provides a lifeline service to the islands and the development of further services will add benefit. Some of the early UAV test flights to the islands with medical supplies have demonstrated there could be significant development of services from this technology.

6.6 Climate Change - Aviation in general is increasingly viewed as a climate change risk. However the services proposed to be developed at Oban Airport are mainly lifeline services rather than recreational or tourism related and some of the new UAV technology under consideration could reduce the need for traditional aviation thereby reducing the carbon footprint of the airport. In addition Oban provides a central location for search & rescue functions which could reduce the flying time of operational activity.

6.7 Risk – the Risks relating to the Lorn Arc TIF agreement remain the same. Regarding Oban Airport Business Park - The risks for the TSL project will be examined in more detail in the business case but mainly relate to the risk of developing the premises and then not recovering the rental income and rates to cover the debt. The wider risk for the larger projects is that the funding is not received or that the tender bid is not successful leading to the proposals being stopped.

6.8 Customer Service - none.

Kirsty Flanagan, Executive Director with responsibility for Development and Economic Growth

Policy Lead, Councillor Robin Currie

18th January 2022

For further information contact:

Fergus Murray, Head of Development and Economic Growth
Fergus.murray@argyll-bute.gov.uk

Adrian Jackson-Stark, Oban Lorn Arc Regeneration Project Manager
Adrian.jackson-stark@argyll-bute.gov.uk

APPENDICES:-

Appendix A – Minutes of the Dunbeg Corridor Working Group – 1st December 2021

**MINUTES OF MEETING OF THE DUNBEG CORRIDOR WORKING GROUP
1ST DECEMBER 2021 AT 10H00 HELD BY MICROSOFT TEAMS**

1. PRESENT

Argyll and Bute Council - Officers

Fergus Murray, Head of Development and Economic Growth (FM) - **CHAIR**

Matt Mulderrig, Development Policy and Housing Strategy Manager (MM)

Adrian Jackson-Stark, Oban Lorn Arc Senior Project Manager (AJS)

David Moore, Senior Planning Officer (DM)

Tim Williams, Area Team Leader (OLI) – Planning (TW)

Morag Brown, Business Improvement Manager (MB)

Douglas Whyte, Housing Services Team Leader (DW)

Colin Young, Senior Transportation Delivery Officer (CY)

Fiona Bornman, Admin Support Officer (FB)

Argyll and Bute Council – Local Members

Cllr Elaine Robertson (ER)

Cllr Kieron Green (KG)

Cllr Mary-Jean Devon (MJV)

Link Group / West Highland Housing

Colin Culross, Group Commercial Director (CC)

Elinor Taggart, Head of Development (ET)

Gregor Cameron, Link Group's Development Consultant (GC)

Moira MacVicar, West Highland Housing Association – Partnership Lead (MMcV)

Community Councils

Linda Robb, Dunbeg Community Council (LR)

Marion Power, Dunbeg Community Council (MP)

Duncan Martin, Oban Community Council (DM)

Organisations / Agencies

Morag Goodfellow, Area Manager, HIE (MG)

Charlie Lawrence, HIE (CL)

William Paton, Scottish Water (WP)

Mike Allen, Scottish Water (MA)

Nick Owens, Director, SAMS (NO)

Ranald Robertson, HiTrans, RR

Scottish Government

Anne-Marie Thomson, Housing – More Homes Division (AMT)

Sharon Doyle, Housing (SD)

Neil MacFarlane, Network Manager, Transport Scotland (Trunk Roads) (NMcF)

2. APOLOGIES

Apologies for absence were intimated on behalf of Cllr Andrew Vennard, Cllr Roderick McCuish, Cllr Jim Lynch and Marri Malloy (Oban Community Council).

3. INTRODUCTION

The Chair welcomed everyone to the meeting.

4. HISTORICAL CONTEXT / RECAP

FM provided historical context which is summarised as follows:

- The last meeting of this group was held in 2018. At that time there were a number of projects underway and considerable progress has been made.
- 300 houses are currently under construction in the Dunbeg community as part of the Dunbeg Phase 3 project.
- Further investments include HIE's investment in the remaining part of Kirk Road, additional active travel works, investment by Scottish Water in the public water supply, and further investments in Malin House.
- An expanding European Marine site at Dunbeg has infrastructure and ground works underway with further planning consent for additional buildings.
- A new marine training centre is being taken forward as part of the Rural Growth Deal (RGD). A number of parties are taking part in this initiative. The RGD directs a £70m investment into Argyll and Bute (A&B) and a significant element of that will be directed to Oban.
- The council has also been working with the Scottish Government and the Scottish Futures Trust on a Tax Incremental Financing (TIF) programme in the Lorn Area of Argyll and Bute. This Lorn Arc TIF allows the council to borrow money to pay back debt incurred in taking forward infrastructure projects. The TIF funding is not a grant and has to be paid back over time. The TIF arrangements allow the council to use Non Domestic Rates (NDR) i.e. business rates ring-fenced in Oban over a certain period, to cover the borrowing costs of investing in these infrastructure projects. The council is currently negotiating various clauses in the original agreement with government to allow more flexibility.
- The covid pandemic has impacted on NDR income which has reduced. In addition rising costs, shortage of labour and material has made development challenging.
- The council is also looking at other funding mechanisms and is preparing a Levelling Up funding bid to submit to the UK Government. The proposed programme of projects involve a range of initiatives and the bid provides an opportunity to bring in additional capital funds.

FM handed over to CC who presented an overview of the Link Group and West Highland Housing Association's (WHHA) involvement in the Dunbeg project.

Summary of presentation:

- Initially the vision for Dunbeg was developed by WHHA with development of 50 homes under the rent-to-buy scheme (Phase 1). Link initially came on board as a development partner with WHHA and this developed into a formal relationship with WHHA becoming part of the Link Group of companies.
- 25 social rented homes were developed in Phase 2. Development halted at this point as the road and water infrastructure did not support further development.
- In order to realise the vision, the community needed to be engaged in the process.
- Improvements to Kirk Road had to be made to address road safety concerns and increasing width and capacity would provide access to a further 300 homes. This was a key point in the process and a significant milestone was the development of a wider masterplan approved by the council in 2017. The masterplan set out a wider vision for the development of the Dunbeg Corridor.
- A strategic collaborative approach with many partners made realising the vision possible.
- One benefit is reversing depopulation in the local area by creating jobs and providing access to affordable housing and making Dunbeg a place where people would want to work and live.
- A key anchor in realising the vision was the approval of the first 300 homes (Phase 3 with site start in Nov 2018). This comprised of 260 homes for social rent with 40 homes for new supply shared equity (an assisted form of home ownership).
- Macleod Construction was contracted and adopted a modern approach to developing the site. Large scale construction and manufacturing was done on site. Progress has been steady, however Covid and Brexit caused manufacturing delays because of shortage of materials and labour.
- Estimated completion for Phase 3 is now June 2022.
- 73 homes will be occupied this year.

FM added that Dunbeg has reached the maximum number of housing units (300 units) that can be accessed through one access point. Any additional units above this 300 would need to take access from a new secondary access point into Dunbeg. A practical solution (which already has planning consent) is a roundabout and focus is on delivery of infrastructure.

5. SCOPE / REMIT OF THE DUNBEG CORRIDOR WORKING GROUP

- i) High level progress reporting
- ii) Dissemination of information
- iii) Communication (strategic stakeholders / public stakeholders)
- iv) GROUP DOES NOT HAVE A DECISION MAKING REMIT

The above scope and remit was noted by the group.

6. UPDATE FROM EACH STAKEHOLDER (ROUND TABLE RECAP) FOCUSING ON (SEE PLAN) :-

i) Roundabout and Commercial Area

GC presented an overview of the Phase 4 delivery requirements which is summarised as follows:

- The SHIP 2022/26 has funding allocated within the budget for the housing element of the project.
- A Proposal of Application Notice (PAN) has been lodged.
- Road infrastructure is key. The roundabout will need to be in place on the A85 and a linkage created between this roundabout and the Phase 3 development currently on site providing the required secondary access.
- Early discussions are taking place with potential funders.
- Link have engaged consultants (Colliers International) to investigate demand for the commercial area. Key consideration is cost and viability.
- A new commercial /leisure and retail area will help serve the existing community, new community and Oban area.
- Key is net zero ambitions for housing by 2040.

AJS shared a location plan for the proposed Phase 4 development and GC spoke to the aerial image.

The work undertaken by the design consultants is in the early stages. A number of surveys and assessments have been done and the consultants are working through these. The PAN for the planning has been prepared and lodged with the council and covers the development of the roundabout, the development road, housing area and the commercial area.

Initial community consultation events will take place early 2022 once the scheme design and financial viability checks have been completed.

The descriptions within the PAN currently allows for residential development, sites for community facilities, sites for a new primary school, new roads and parking. Within the commercial zone they allow uses such as retail, food

businesses, hotel and assembly and leisure areas and they fall in line with the local development plan.

The proposed Halfway House Roundabout (shown on the plan) has detailed planning consent and arrows on the plan show the proposed road access to the commercial zone, phase 3 and phase 4 housing.

Discussions with SEPA on the issues of flooding and the presence of peat have influenced the location of the commercial area.

MM emphasized that this is a strategic development and a key focus of development and investment in Argyll. The proposals have gone through a number of iterations and refinements and will adhere to the planning process undergoing proper scrutiny.

ii) Housing (phase 4) and link road

GC advised that the proposed Phase 4 housing area (marked on the location plan) is currently going through initial design work and will lead to the number of housing units. Early indications are 350-400 units although this comes with a caveat that the design process needs to complete to get an exact figure.

The housing mix will be a wide range and mixed tenure. It will include an element of affordable housing - social rent, new supply shared equity, mid-market rent (*) and retirement living models. There will also be a private housing element comprising student accommodation and private housing for rent or sale. The majorly housing will be under affordable.

(*) Mid Market Rent is an affordable tenure where the rents are set below private rental levels but above social rent levels. Typically they are set at 95% of the Local Housing Allowance rate. Only applicable to those who meet criteria.

The development road and new footpaths will link the Phase 3 and Phase 4 developments. Careful consideration will be given to boundaries and linkages to the commercial zone, woodland area and existing Dunbeg community. The design team have also been instructed to consider integration of the cycle path and take on board community concerns.

MM said that it is crucial to deliver the roundabout and link road before the housing comes forward.

AMT raised a concern regarding the housing mix and said that the mix of housing tenure in Phase 4 must create a balanced sustainable community going forward and offer people housing choice (e.g. rent vs ownership).

iii) Education provision / Primary school

MB expressed confidence that provision of schooling for Phase 3 will be accommodated within the existing school building. The capacity of the primary school has been increased.

Once the Phase 4 housing mix has been determined, options will be explored for a new school, expansion of the existing school or keeping the status quo.

iv) Infrastructure

a) Water and b) Sewerage

WP advised that work was carried out to ensure there was security of supply of water and waste water.

MA added that the existing plan is good to go in terms of water and waste water with infrastructure going in now. Modelling is currently being done in the wider area (taking into account Ganavan and Pennyfuir) to see the fit with the overall strategic plan.

A significant investment has been made in a new waste water pumping station built in Dunbeg which has been designed to take flows into the system to Connel Waste Water Treatment Works.

In answer to a query regarding modelling for future climate change scenarios, MA advised that they had modelled for foul flows only. Any new discharges into the works will be foul flows only, surface water will be handled completely separate reducing the flows.

In terms of planning for the future, more than 600 units have been modelled for the site to ensure sufficient capacity for the development.

GC added that the use of grey water is also being considered within the development.

c) Trunk Roads

NMcF advised he would be working on the development of a Minute of Agreement (MoA) for the development of the roundabout and active travel routes.

GC confirmed that the Halfway House Roundabout had received detailed planning consent. A stage 1 transport assessment has been done and a more detailed assessment will follow. He added that the roundabout (as opposed to traffic signals) was a requirement from Transport Scotland based on the information provided.

TW confirmed later in the meeting that planning permission was renewed in July 2019. Trunk Roads was consulted and returned a no objections subject to conditions response.

ACTION: MM said the council will take forward the detailed design work on delivering the roundabout and will engage separately with Transport Scotland to draw up the MoA and clarify studies required.

v) Community Facilities

MMcV advised that there are already 2 play areas constructed, with more play areas and a multi-use games area to be constructed as part of Phase 3.

There are plans for a community woodland with a public consultation event planned for early January. There has also been representation from Oban Skate Park looking for a location.

CY advised that he has had discussions with a number of parties regarding the existing active travel routes and linking the new developments to routes.

vi) European Marine Science Park development (EMSP)

MG advised that the building is now fully let with 5 new businesses in the ground floor of Malin House. Phase 2 infrastructure is now on site with improvements to Kirk Road scheduled to be completed spring 2022.

Additional funding has been secured to ensure the Kirk Road improvements undertaken have a safe and accessible shared footway for pedestrians and cyclists and electric vehicle charging points.

Planning permission has also been granted for a Phase 2 build with work to be undertaken to establish demand for future business accommodation on site.

7. RURAL GROWTH DEAL AND LEVELLING UP FUND

FM advised that the council is hoping to sign the full Rural Growth Deal in 2022 which will lead to a 10 year investment in Argyll.

The timeline for bid submission to the Levelling Up fund (LUF) is challenging. The LUF is a precursor to the Shared Prosperity Fund intended to replace European Funding. The UK Government hope to ramp up Shared Prosperity Funding over the next 3 years and this is a highly competitive fund. The council is intending to submit a LUF bid which will include the development of the Lorn Economic Growth Zone and is working with partners to prepare an application. No deadlines have been received yet but information received from the UK Government indicates it is likely to be a spring deadline.

Consideration will be given to the provision of key worker housing and student accommodation as part of the housing mix in the Phase 4 development.

NO reinforced the need for student housing in the Oban area and said that some innovative ideas are being explored.

8. COMMUNITY COUNCIL FEEDBACK

LR said that there is concern regarding the local school capacity and asked if there is a timescale for completion of Phase 4.

MB advised that the council has a toolkit that models housing growth, school role projections and capacity of schools. Phase 3 can be accommodated within the school as it stands. Once the details of the housing mix for Phase 4 are available, the modelling will be done again and that will determine at what point the housing allocation will exceed school capacity.

GC advised that the road speed limit and street lighting will depend on the transport assessment as part of the next design phase.

LR raised an issue regarding the bus service as West Coast Motors have advised her that busses will not be going into Phase 3 until development is complete as there is no turning area.

GC said that he will follow up with the bus company to provide temporary turning areas. He confirmed that bus companies will be consulted when roads are being designed in Phase 4 to ensure roads are wide enough and accommodate bus stops and turning areas.

DM suggested that controlling the junction with traffic lights as opposed to a roundabout may save on maintenance, particularly as large timber lorries use the road. He added that the design must ensure that what is built is easy to access via active travel and also be accessible from the A85.

ACTION: GC, CC and AJS to circulate the slides and location plan to the group.

ACTION: AJS to invite West Coast Motors to the next meeting.

ACTION: GC to follow up with West Coast Motors regarding provision of temporary bus turning areas.

9. QUESTIONS

No questions were raised at this point.

10. AOCB

There was no other competent business discussed.

11. DATE FOR NEXT MEETING – (4 MONTHS)

ER emphasized that the variety of housing in Phase 4 is essential and the roundabout is a vital component as is public transport. The current junction into Dunbeg has safety issues for motorists and pedestrians. ER thanked the chair for organising the meeting which was very useful and helpful.

FM thanked everyone for their attendance.

The next meeting of the Dunbeg Corridor Working Group will be scheduled to take place in March 2022.

The summary of actions to be taken forward and updated on at the next meeting is as follows:-

No.	Action	Who
1	The council will engage separately with Transport Scotland to draw up the MoA and clarify studies required.	Matt Mulderrig
2	Slides and location plan to be circulated to the group.	Colin Culross Gregor Cameron Adrian Jackson-Stark
3	Invite West Coast Motors to the next meeting.	Adrian Jackson-Stark
4	Follow up with West Coast Motors regarding provision of temporary bus turning areas.	Gregor Cameron