ARGYLL AND BUTE COUNCIL | **POLICY AND RESOURCES COMMITTEE**

DEVELOPMENT AND ECONOMIC GROWTH | **20th AUGUST 2026**

LORN ARC TIF PROGRAMME DUNBEG CORRIDOR UPDATE

1.0 EXECUTIVE SUMMARY

1.1 The last update to Members on progress with the Lorn Arc Tax Incremental Finance (TIF) project at Dunbeg, was the 9th October 2025 OCTOBER 2025 Lorn Arc TIF Update P&R Report.pdf . This report provides an update on progress at Dunbeg since that time, and an indication of likely short and medium term activity. The report does not cover the Oban Airport Business Park TIF project which has been reported on separately.

1.2 Significant progress is being made to bring forward the next stage of Dunbeg development which includes 433 houses, a new Trunk Road Roundabout, a commercial area development platform, and associated road infrastructure to serve all of this. Not only will it deliver much needed housing supply in the Oban area, but it has the potential to create a significant economic boost and add £179m in Net Present Value to the area. Having gained planning consent in March 2026, and purchased the site also in March 2026, LINK RSL is now progressing detailed design and costing work. When this is complete it will enable a full business case to be presented to the Council in order to secure a funding package for the infrastructure development. This is anticipated towards the end of 2026.

1.3 The Council previously approved £640k of startup costs for the Dunbeg TIF project. These will be used to assist LINK in covering the detailed design and costings work which will now be required.

RECOMMENDATION

Members of the Policy and Resources Committee are asked to consider the content of the report.

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LORN ARC TIF PROGRAMME DUNBEG CORRIDOR UPDATE

2.0 INTRODUCTION

2.1 The last update to Members on progress with the Lorn Arc Tax Incremental Finance project at Dunbeg was the 9th October 2025 OCTOBER 2025 Lorn Arc TIF Update P&R Report.pdf . This report provides an update on progress at Dunbeg since that time, and an indication of likely short and medium term activity. The report does not cover the Oban Airport Business Park TIF project which has been reported on separately.

3.0 RECOMMENDATIONS

3.1 Members of the Policy and Resources Committee are asked to consider the content of the report.

4.0 DETAIL

4.1 Members may recall that in January 2025 Scottish Government agreed a formal extension to the TIF agreement extending it by ten years such that it now runs until 2050. This is significant in that it gives a further ten years for the Council to retain Non Domestic Rate (NDR) revenue that has been created since the creation of the TIF scheme and reduces the risk involved in repaying the investment needed to allow the TIF projects to be delivered. Notwithstanding this, the earlier the developments can be delivered, the lower the likely construction costs that will be incurred, and the longer the time period that any new NDR paying development created can contribute to repaying that investment.

4.2 The first 3 phases of development at Dunbeg have already been developed and are shown below.

4.3 In March 2026, LINK Housing Association was granted planning consent for four planning applications within the Dunbeg Corridor. These are for: -

- the commercial area development which includes an hotel, drive through restaurants and small supermarket.
- phase 4 of the housing development (c433 houses) including social rent, mid-market rent, student housing, shared equity, private sale and plots.
    - Social Rent = 150 No
    - Mid-Market Rent (MMR) – 48 No
    - New Supply Shared Equity (NSSE) – 40 No
    - Elderly Living – 31 No (16 NSSE & 15 Rent)
    - Student Accommodation – 31 No
    - Private Housing – 133 No.
- A new Trunk Road roundabout.
- The associated road network leading to the commercial area and housing site.

4.4 The layout of the consented Phase 4 housing proposal is shown below:

4.5 The proposed layout of the new A85 trunk Road Roundabout and commercial area are shown below:

4.6 Also in March 2026, LINK acquired the land necessary to deliver these proposals, funded by a circa £7m Scottish Government More Homes Division grant. This, along with the planning consents, are both major milestones in progressing to the start of construction for this significant investment in the Oban area, projected to add £179m in Net Present Value to the local area.

4.7 The next stage is now being progressed by LINK, which is the detailed design stage and to secure the technical consents required including a minute of agreement with Transport Scotland, for the new trunk road roundabout. The project plan prepared by LINK, currently anticipates a site start on groundworks at the very end of 2026, or early 2027, with completion of the affordable housing phase by 2032. No housing can be completed until the Trunk Road Roundabout and infrastructure are complete. Key stages are illustrated below, though it should be noted the timetable is indicative and may well change.

4.8 The detailed design stage will incur significant costs and it is the Council's intention to assist LINK in covering these using the £640k TIF start-up costs that were previously approved for this purpose by the Policy and Resources Committee.

4.9 When the infrastructure and design work is complete it will provide more detailed development costs. At that stage, a Full Business Case will be prepared for approval by the Policy and Resources Committee. It is anticipated that this will take place towards the end of 2026.

4.10 Prior to that, officers will continue to identify a full funding package for the development. This will involve discussions with Scottish Government More Homes, HIE, and any other appropriate funding body.

4.11 There are currently no formal agreements to cover the funding and implementation of the development, and officers will work with LINK and the above bodies to seek to be in a position to formalise this as soon as a Full Business Case is approved by the Council.

4.12 The Dunbeg Corridor Working Group continues to meet and prove a valuable forum for discussion between the Council, local Members, public agencies, and the public on issues arising with this development. The last meeting of this group was held on the 10th April 2026.

5.0 CONCLUSION

5.1 Significant progress is being made to bring forward the next stage of Dunbeg development which includes 433 houses, a new Trunk Road Roundabout, a commercial area development platform, and associated road infrastructure to serve all of this. Not only will it deliver much needed housing supply in the Oban area, but it has the potential to create a significant economic boost and add £179m in Net Present Value to the area. Having gained planning consent, and purchased the site, LINK are now progressing detailed design and costing work. When this is complete it will enable a full business case to be presented to the Council in order to secure a funding package for the development. This is anticipated towards the end of 2026.

6.0 IMPLICATIONS

6.1 Policy – None.

6.2 Financial - None directly arising from this report. Business Case for the investments will confirm the financial positions and are presented to Policy and Resources Committee at appropriate stages for approval.

6.3 Legal – None.

6.4 HR – None.

6.5 Customer Service – None.

6.6 Risk - There is a risk of depopulation, damage to the economy and a risk to delivering essential services in the local authority area if partners cannot effectively tackle the Housing Emergency and promote economic development. The wider risk for the TIF projects is unforeseen increases in development costs, and the availability of the NDR to repay debt. Both these can be mitigated by careful project management.

6.7 Climate Change – New housing in the right location helps reduce carbon outputs when delivered using renewable energy and other measures.

6.8 Fairer Scotland Duty – Socio-economic Duty – The delivery of businesses, commercial opportunities and housing across Argyll and Bute facilitates socio-economic opportunities for all.

6.9 Equalities - protected characteristics - The activity outlined in the report is consistent with the aims and objectives set out in LDP2 and the Local Housing Strategy which are subject to EQIA.

6.10 Consumer Duty – None.

6.11 Island Communities – None.

6.12 Children's Rights and Wellbeing – The delivery of more housing will enable more children to have a safe secure environment. The housing plans also have clear links to the Child Poverty Strategy.

Kirsty Flanagan

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July 2026

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