

LORN ARC – UPDATE REPORT AS AT 23 MARCH 2015**1. EXECUTIVE SUMMARY**

- 1.1 The purpose of this report is to update the OLI Area Committee on progress in delivering the Lorn Arc Tax Incremental Financing Programme and its 9 capital infrastructure investment projects led by Development and Infrastructure Services. The attached Highlight Report (Appendix A) outlines the current position of the projects as at the 23 March 2015.
- 1.2 This report sets out the envisaged timeline for start dates for each of the nine projects within the Lorn Arc programme and provides a brief synopsis of the current position relating to each of the 9 projects.
- 1.3 Of particular note, the Lorn Arc programme requires the first material investment in one of the sub-projects to be made before the end of September 2015. It has been determined that this first material investment should be the construction of an access road to facilitate the development of a new business park on Council owned land adjacent to Oban Airport (Project 9). Start up costs were approved for this project by Policy and Resources committee on 5th February 2015. A planning application is expected to be submitted for the proposed access road and related outline masterplan at the time of writing this report, and is expected to be determined within 4 to 6 weeks. Meanwhile, work is continuing on the production of an Economic Impact Assessment and Full Business Case (FBC) to assess the merits on implementing this project. This FBC is expected to be presented initially to a special Oban, Lorn and the Isles Area Committee on 1st May, 2015 for their views and then on to Policy and Resources Committee for determination on 14th May 2015. In addition, work is also continuing on the finalised design of the road so that the project can be tendered immediately following Committee, assuming an approval of the FBC, and importantly so that work can begin on site prior to the end of September deadline.
- 1.4 Budget: Two of the projects have start up cost capital budgets approved and the projects are both operating within these budgets at the present time. Summary details are contained within Appendix A.

Total capital budget of approved borrowing	£18.9m 2015 – 2020
Income received to date	None
Total capital funds committed	£333,650
Total capital project spend to date	£13,051
Balance of committed funds	£320,599

- 1.6 It is recommended that the OLI Area Committee:-

- Note the current progress with the Lorn Arc Programme; and

- Note that progress reports will be presented to OLI Area Committees on a quarterly basis.

ARGYLL AND BUTE COUNCIL

**Oban, Lorn and the Isles (OLI)
Area Committee**

**DEVELOPMENT & INFRASTRUCTURE
SERVICES**

15th April, 2015

LORN ARC – UPDATE REPORT AS AT 23 MARCH 2015

2. INTRODUCTION

2.1 This report provides an update to the OLI Area Committee on progress in delivering the Lorn Arc Tax Incremental Financing Programme and its 9 capital infrastructure investment projects led by Development and Infrastructure Services. The attached Highlight Report (Appendix A) along with a Programme Plan (Appendix B) outlines the current position of the projects as at the 23 March 2015.

3 RECOMMENDATION

3.1 It is recommended that the OLI Area Committee:-

- Note the current progress with the Lorn Arc Programme; and
- Note that progress reports will be presented to OLI Area Committees on a quarterly basis.

4. DETAILS

4.1 The envisaged timeline for start dates for each of the nine projects within the Lorn Arc programme are set out in Table 1 below.

Table 1 : Capital investment start dates			
TIF Asset project	Construction start date (financial yearly quarter – Q1-4)		
	15/16	16/17	17/18
1 - Lorn Rd / Kirk Rd Improvements, Dunbeg		Q4	
2 - Gateway Features / Traffic Calming, Dunbeg		Q4	
3 - Halfwayhouse Roundabout / Dunbeg Development Road, Dunbeg		Q4	
4 - South Oban			Q4

Development Zone			
5 - North Pier Extension, Oban		Q3	
6 - North Pier Streetscape, Oban		Q4	
7 - Access Improvements, Barcaldine		Q2	
8 - Operations + Maintenance Port Infrastructure, Barcaldine			Q4
9 - Existing Access Improvements and Business Park Enablement, Oban Airport	Q2		

- 4.1 **Progress** – At the present time all of the nine projects remain on track to be delivered within the timescales detailed in Table 1 above. A brief synopsis of each of the projects progress is detailed below :-
- 4.11 **Project 1 - Lorn Rd / Kirk Rd Improvements, Dunbeg** – Start up cost were approved for this project on the 19th March 2015 by the Policy and Resources Committee. Initial design works are complete. Purchase negotiations are underway to secure the necessary land. A planning application has been submitted with a decision awaited. A FBC on the merits of implementing this project is expected to be presented, with a recommended course of action from the Oban Lorn and the Isles Area Committee, to the Policy and Resources Committee for decision on the 29/10/15.
- 4.12 **Project 2 - Gateway Features / Traffic Calming, Dunbeg** – No significant progress has been made in relation to this project which is not seen as a priority at the present time. Signage has been installed by Highlands and Islands Enterprise which provides direction to the European Marine Science Park and SAMs. A report will be presented to Members at a later date requesting Start up costs for this project.
- 4.13 **Project 3 - Halfwayhouse Roundabout / Dunbeg Development Road, Dunbeg** – negotiations / discussions are taking place with developers to identify the best way forward in terms of scope and partnership working arrangements for this project. A report will be presented to Members at a later date requesting Start up costs for this project.
- 4.14 **Project 4 - South Oban Development Zone** – No significant progress has been made in relation to this project which is not seen as a priority at the present time. This project requires a revised FBC to be prepared and submitted to the Scottish Government for approval. This FBC will need to scope out the infrastructure investments required along with the potential benefits and financial forecasts. A report will be presented to Members at a later date requesting Start up costs for this project.

- 4.15 **Project 5 - North Pier Extension, Oban** – The OLI Area Committee have been requested to approve Start up costs for this project at the current meeting (15th April 2015). See separate Report.
- 4.16 **Project 6 - North Pier Streetscape, Oban** – discussions will take place following the finalisation of the Oban CHORD Public Realm scheme and sign off of a Project 5 Full Business case before determining how to best proceed with this element given the location and need for this work to be undertaken when the North Pier is not a construction site.
- 4.17 **Project 7 - Access Improvements, Barcaldine** - negotiations / discussions are taking place with developers to identify the best way forward in terms of scope and partnership working arrangements for this project. A report will be presented to Members at a later date requesting Start up costs for this project.
- 4.18 **Project 8 - Operations + Maintenance Port Infrastructure, Barcaldine** - negotiations / discussions are taking place with developers to identify the best way forward in terms of scope and partnership working arrangements for this project. This project requires a revised FBC to be prepared and submitted to the Scottish Government for approval. This FBC will need to scope out the infrastructure investments required along with the potential benefits and financial forecasts. A report will be presented to Members at a later date requesting Start up costs for this project.
- 4.19 **Project 9 – Existing Access Improvements and Business Park Enablement, Oban Airport** - Start up costs were approved for this project by Policy and Resources committee on 5th February 2015. A planning application is expected to be submitted for the proposed access road and related outline masterplan at the time of writing this report, and is expected to be determined within 4 to 6 weeks. Meanwhile work is continuing on the production of an Economic Impact Assessment and Full Business Case (FBC) to assess the merits on implementing this project. This FBC is expected to be presented initially to Oban, Lorn and the Isles Area committee for their views on 1stMay, 2015 and then on to Policy and Resources Committee for determination on 14th May 2015. In addition work is also continuing on the finalised design of the road so that the project can be tendered immediately following Committee approval of the FBC and importantly so that work can begin on site prior to the end of September, 2015 deadline.
- 4.2 **Resourcing** – recruiting is required for a Lorn Arc Programme Administrative Assistant to help with organisational and administration tasks associated with the programme. It is intended to advertise for this post during May/June 2015. The resources required to deliver the Lorn Arc Programme will be continually monitored and reported to the Policy and Resource Committee.
- 4.3 **Budget:** Two of the projects have start up cost capital budgets approved and the projects are both operating within these budgets at the present time. Details are contained within the approved Committee project start up reports and summarised in Appendix A.

Total capital budget approved	£18.9m
Income received to date	None
Total capital funds committed to date	£333,650
Total capital project spend to date	£13,051

Balance of committed funds	£320,599
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5 CONCLUSION

- 5.1 Most significantly Project 9 – Existing Access Improvements and Business Park Enablement, Oban Airport is on track to be implemented on site prior to the end of September 2015 deadline for a first material investment to be made as required by the Scottish Government.
- 5.2 At the present time all of the nine projects remain on track to be delivered within the timescales detailed in table 1 above. Progress against the Programme Plan is regularly reviewed by the Programme Manager and at monthly Development and Infrastructure Management Team meetings. As detailed in the Lorn Arc programme PID approved on 22nd January 2015, progress reports will be brought to Policy and Resource Committee meetings on a quarterly basis.

6. IMPLICATIONS

POLICY	The delivery of this project fits with the Council's Corporate Plan, Single Outcome Agreement and approved Development Plan policy for town centre regeneration. The economic outcomes from this project will contribute to the Government's Economic Strategy.
FINANCIAL	As outlined in section 4.3 above.
LEGAL	Each project will have differing legal requirements, this will be laid out in each project's Project Initiation Document. No legal issues at Programme level.
PERSONNEL	Recruitment for an Admin Officer will take place shortly. The resources required to deliver the Lorn Arc Programme will be continually monitored and reported to the Policy and Resource Committee.
EQUAL OPPORTUNITIES	There are no equal opportunities implications.
RISK	As outlined in Appendix A
CUSTOMER SERVICE	There are no customer service implications.

Pippa Milne
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27th March 2015

For further information - please contact :
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Attached: Appendix A – Lorn Arc Programme Highlight Report March 2015