

## **APPENDIX 2 – FEEDBACK FROM THE UK GOVERNMENT ON WESTERN SEABOARD MARINE GATEWAYS INITIATIVE**

LUF20344 - Argyll and Bute Western Seaboard Marine Gateways Initiative -  
Rothesay and Dunoon

Argyll And Bute | Scotland | Regeneration and Town Centre | £20,000,000

### **Bid Summary:**

These proposals will improve the marine gateway areas, visitor arrival areas and associated infrastructure in Dunoon and Rothesay.

The proposals, which complement recent regeneration efforts, will transform the experience of arriving or leaving these two important, but fragile, Clyde-waterfront towns.

Improvements will be made to key heritage assets, infrastructure, public realm and green spaces combined with active travel and net zero interventions.

These interventions will positively change the visitor experience, increase dwell-time and visitor numbers. Proposals also seek to address localised inequalities and positively impact on income, land values and health & wellbeing providing places that meet local needs.

### **Headline:**

This bid had significant weaknesses. There was limited evidence of alignment with cultural and heritage strategies, and it was unclear how the economic benefits had been calculated. The bid also lacked a procurement strategy, an overarching delivery plan, and a formal M&E plan.

We have provided more specific feedback below. This has been drafted to be as clear and helpful as possible to inform future funding applications

### **Assessment Overview**

#### **Strategic Fit:**

The bidder demonstrated good levels of engagement with the majority of relevant stakeholders, including engagement with those who don't usually engage, such as school groups. The engagement clearly helped to shape the final bid, with key priorities identified in the 2016/2017 charrettes, and objectives refined during the 2022 workshops. The applicant had also displayed commitment to engaging stakeholders as proposals move through the next design stages and had noted in the risk register how any future local concerns can be mitigated.

The bid provided context and credible evidence of the local challenges/barriers to growth, and strongly demonstrated how the proposed interventions would address issues such as population decline, the need for key-worker housing, and regeneration of key heritage assets.

The preferred solution for redevelopment of the Royal Hotel was clearly based on a variety of considered options, however, it was not clear on revenue generation for ongoing maintenance, and/or rental receipts. There was explanation of intention for other public and private funding to be leveraged, however, this could have been explained more fully.

The two component elements of this package bid were very clearly aligned in their aims to revitalise areas in need of investment, bring derelict buildings back into active use, preserve heritage assets, and improve community wellbeing and visitor experience.

The bid demonstrated strong evidence for alignment with both local and national growth and development strategies. However, there was limited evidence provided of alignment with cultural and heritage strategies both locally and nationally.

Additionally, the bid did not clearly evidence whether there was a relevant cultural/ heritage or sports/ community hub strategy in place. There was linkage to UK legal and statutory commitments, such as delivering Net Zero and minimising environmental impact, but this was lacking some specifics.

The response briefly set out how the bid aligned to and supported investments from other relevant funding streams. This was particularly strong with reference to Rural Growth Deal Funding, however, there was limited detail offered on other sources of funding.

Overall, the bid demonstrated strong evidence for supporting Levelling Up White Paper Missions and alignment with local growth and development strategies. Efforts to engage the community and address areas of blight within the town centres were clearly articulated, as were the bid's aims to improve quality of life, increase social interaction, and restore pride in place, with potential to have a transformative effect on the wider Argyll and Bute region.

### **Economic Case:**

There was some good analysis of issues such as population decline and falling visitor numbers however the evidence and analysis was limited to high level statistics. To demonstrate the scale of the issue better use could have been made of data on footfall, ferry passengers, sector composition (employment and turnover), demographics, labour market, commercial property market, etc. Data needed to better contextualise by comparing trends over time to those of similar areas and to national performance. There was some survey data used however the sample sizes appeared small and the previous economic studies linked to were outdated.

The Theory of Change listed outcomes which were consistent with the discussed outputs, in particular higher visitor numbers and commercial expenditure. Assumptions around anticipated visitor number changes and how these would be driven by the proposal could have been better explained. More evidence could have been referenced to link these outcomes to improvements in living standards (a major issue identified in the bid), and analysis to show the significance of these impacts.

It was unclear how the economic benefits had been calculated. Although high level assumptions had been described in the application and in Annex T there was no description of how these had been applied in practice. The benefits appeared high given the scale of the proposals (in particular the GVA benefits) and had been arbitrarily divided between the projects. Appraisal period for employment effects was described as 15 years in the explanatory note but was costed over 30 years in the workbook. As per the departmental appraisal guidance, the GVA approach is no longer recommended. The preferred way to monetise benefits is through the use of Land Value Uplifts. The economic costs appeared to have been calculated correctly from the financial case.

### **Deliverability:**

There were a number of issues with the financial information presented. There was no evidence of match funding provided, even from the private sector party who were expected to contribute around £1.3m worth of funding. The expenditure profile was only broken down to a very high level and, in more than one place, several items seem to have been combined into one line. The approach to some key risks was either missing (e.g., match funding contributions) or not appropriate (e.g., meeting the UK government in the eventuality that inflation impacts costs).

The bid did not contain a procurement strategy. There was a reliance on the use of corporate and Scottish Government level initial guidance. While these were relevant, they did not represent in and of themselves a procurement strategy for these projects. There was no real sense of the procurement options, which was the preferred route, or which risks needed to be managed. The answer on contractor and supplier engagement simply signposted to a corporate document.

No overarching delivery plan was provided, and this was a weakness of the bid. Some component parts of what would be expected in a delivery plan were present - for example the delivery programme provided as an annex was a strength of the bid. Because of the lack of a delivery plan, in other areas - such as governance and resourcing - the information given was too high level.

Within the monitoring and evaluation (M&E) plan, there was some discussion of governance arrangements and approach however the bid lacked a formal M&E plan. The applicant could improve the plan by identifying key research questions and key metrics they seek to monitor.