

# RURAL GROWTH DEAL

## Progress Update March 2022

### Welcome to our update

Welcome to the first edition of Argyll and Bute Council's Rural Growth Deal (RGD) quarterly update. Our £70 million Rural Growth Deal is about turning economic potential into a successful future for Argyll and Bute. It's about investing in initiatives that will turn the area's fantastic natural resources and business innovation into a thriving local economy.

### Our Rural Growth Deal in brief

With input from local communities and partner organisations, and agreement with the Scottish and UK Governments, we have identified, and are developing, projects based on achieving three key themes:

- **Connecting:** our high value business sectors with national and international business markets; our local economic successes with national strategic priorities
- **Attracting:** additional skills, training and learning opportunities; new residents, visitors and businesses
- **Growing:** doing more of what works; making more of our natural and built resources

### Progress to date

We agreed the Heads of Terms for the deal (the projects for investment) with the Scottish and UK Governments in February 2021. To lead on delivering a successful deal for the area, the Council is investing in a dedicated Programme Management Office. Recruitment to the Rural Growth Deal

Programme Management Office concluded in October 2021, with the following staff now in place:

- **Jonathan Welch** - Programme Manager;
- **Aileen Semple** - Project Officer;
- **Nicole Anderson** - Administrative & Finance Assistant.

### Process and timescales

The next key milestone in the deal process will be the signing of the Full Deal which we are working to achieve during the 2022/23 financial year. In order to sign the Full Deal the Council and key stakeholders must draft Treasury 5 Business Cases for all Rural Growth Deal Projects. The Treasury 5 process provides a clear framework for thinking about spending proposals. It includes a structured process for appraising, developing and planning to deliver best social value for money. All captured information is included in the business case.

To make Rural Growth funding available, the Scottish and UK Governments must approve business cases.

Following a best value tender process the Council has appointed the consultant Stantec to assist with the preparation of project business cases.

Stantec will also help with a number of associated funding bids to the UK Government's Levelling Up Fund. The Levelling Up Fund is a potential source of match funding for the Rural Growth Deal programme.

The Council and key stakeholders must secure up to £20m of match funding for the Rural Growth Deal in line with the Heads of Terms Agreement.

The Rural Growth Deal Programme Management Office are in frequent dialogue with civil servants from both the Scottish and UK Governments and staff from other city regions and growth deal teams to share best practise and learn lessons from earlier deals.

## Individual project updates

- **Marine Aquaculture Programme:**

- Consists of 3 projects:
  - University of Highland and Islands (UHI) Argyll College Marine Industry Training Centre (MITC);
  - Scottish Association for Marine Science (SAMS International Seaweed and Shellfish Industry R&D Centre;
  - Stirling University Machrihanish Innovation Campus.
- MITC is one of the most advanced projects in the Rural Growth Deal Programme and the draft Outline Business Case is nearing completion.
- SAMS is undertaking options appraisal work and recently secured funding via the UK Governments Community Renewal Fund.

- **Creating a World Class Visitor Destination:**

- Steering Group established with strategic partners such as VisitScotland, Crown Estates and Historic Environment Scotland.
- Funding bids being drafted for the Levelling Up Fund which have clear synergies with potential growth deal place based regeneration projects in Rothesay, Dunoon and Helensburgh.
- Working closely with stakeholders such as Loch Lomond and The Trossachs National Park (LLTNP) to align / support future tourism capital spending priorities.

- **Islay Low Carbon Economy:**

- Funding secured via the Scottish Government's Community and Renewable Energy Scheme (CARES) programme to procure the services of

Natural Power consultants to undertake an options appraisal for the Rural Growth Deal funding.

- Steering Group established to lead the project including Highlands and Islands Enterprise (HIE), Scottish Government and Local Energy Scotland.
- Monitoring opportunities with other national programmes such as the Scottish Government's CarbonNeutral Islands scheme.
- Key focus is on the potential to use more renewable energy locally to address issues such as high levels of fuel poverty, reliance on imported fuel oil and unreliable grid connections.

- **Rural Skills Accelerator Programme (RSAP):**

- The RSAP is a vehicle that will invest in the fabric of our skills and education infrastructure, enabling first class STEM Hubs, business focused skills education and training, and support to develop the built environment of Argyll College UHI in Dunoon.
- In advance of access to the RGD funding, a Dunoon STEM Hub is being progressed further with funding from the Scottish Government's Clyde Mission Fund, Crown Estate Scotland and Argyll and Bute Council. The Dunoon STEM Hub project went 'live' on the 10th January 2022, with the appointment of an external Design Team (See below for an artist's impression of how the STEM Hub might look).
- UHI Argyll College has secured £270k funding via the UK Community Renewal Fund, which will help accelerate development work relating to their estate requirements for Dunoon.
- For the Business Skills proposals, work is ongoing with key stakeholders to identify industry skills requirements and needs; such labour market demand information is key to inform this project going forward.

- **Housing to Attract Economic Growth:**

- Potential sites for initial housing have been identified at Tobermory and Bowmore. Further site investigation surveys are now required.
- The proposal is to use Rural Growth Deal funding to construct affordable housing for sale. Rural burdens and planning conditions will ensure this is used as principal housing for residents and workers.
- Work is ongoing with key stakeholders to develop proposals relating to portable worker accommodation and providing support to employers to furnish properties for staff.

- **Clyde Engineering and Innovation Cluster:**
  - Working with the MOD, Scottish Enterprise and lead industrial partners to determine user demands following the pandemic and an increase in people working from home
  - Options for site development being considered by the Council.
  - Preferred site remains at Iona Stables, Colgrain. The site has planning permission in principal for 60,000sft of office/commercial accommodation.
  - Working with key stakeholders including SPT to investigate local public transport enhancements between Helensburgh, HMNB Clyde and surrounding settlements.
  
- **West Coast Aviation, UAV, Robotics and Compliance Hub:**
  - £170k secured via Community Renewal Fund feasibility and design work.
  - Working with private sector firm Skyports to develop options for Oban Airport Site.
  - Considerable interest in these proposals for example recent [BBC news coverage](#)
  - Initial artist impressions completed highlighting the significant potential of the site.

Culture Media and Sport (DCMS) and Scottish Futures Trust to identify digital investments which futureproof the wider Rural Growth Deal programme.

- Fixed and mobile connectivity being considered and work ongoing with the Scottish 5G Centre.
- Potential to utilise funds to fill connectivity gaps out with existing national investment programmes e.g. R100.

## Rural Growth Deal Partners

The Rural Growth Deal brings together local and national organisations, as well as public and private sector agencies, to transform Argyll and Bute's economy for local and national benefit.

Key delivery partners include: Highlands and Islands Enterprise, Scottish Enterprise, Skills Development Scotland, Argyll College UHI, SAMS, Stirling University, The Scottish Futures Trust and the Ministry of Defence. It is likely that additional partners will be involved as business cases are developed.

## Supplier Development Programme

Argyll and Bute Council is working in partnership with the Supplier Development programme to ensure that the local supply chain is 'tender ready' for future contract opportunities related to the Argyll and Bute Rural Growth Deal.

Established in 2008, the Supplier Development Programme (SDP) provides FREE support in all aspects of bidding and tendering to Scottish-based SMEs, supported businesses and third sector organisations. Working in partnership with Argyll and Bute Council, as well as Scotland's other 31 Local Authorities, Scottish Government, major public bodies, and even some primary contractors with supply chain opportunities, SDP delivers this support through a programme of free training and events.



- **Argyll and Bute Digital Connectivity:**
  - Working with key stakeholders such as Scottish Government, Department for

## Priorities for the next quarter

Work will continue drafting the full deal documentation including the following:-

- Full Deal Agreement;
- Implementation Plan;
- Governance Plan;
- Financial Plan;
- Communications Plan.

Stantec will undertake scoping meetings with project leads to enable them to cost up business cases in more detail. Stantec will also prepare a more detailed programme of works relating to the phased submission of business cases to government.

Further work will continue with project stakeholder groups to develop spending objectives and project long-lists.

Work will start on integrated impact assessments for the Rural Growth Deal programme working in partnership with the Equalities Stakeholder Group.

The Programme Board will review the MITC business plan prior to submission to government.



*Artist's impression of potential STEM hub layout (first floor only)*

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