

RURAL GROWTH DEAL

Progress Update May 2023 – (Update No 5)

Welcome to our update

Welcome to the fifth 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 is about investing in initiatives that will turn the area's fantastic natural resources and business innovation into a thriving local economy.

Progress to date

February 2021 – Heads of Terms agreed with Scottish and UK Governments

October 2021 – recruitment of Programme Management Office complete.

January 2022 – Stantec appointed as consultants to progress project business cases

March 2023 – Kintyre Seaports OBC submitted to Government for first review

April 2023 – UHI Argyll Marine Industry Training Centre OBC submitted to Government for first review

Programme Management Office Update:

Financial Profile – drafting of the Financial Profile has continued. Government have provided feedback and the Profile remains under review as Projects are developed.

Governance Plan – submitted to Government and feedback provided which the PMO are currently addressing.

Communications Protocol – submitted to Government for review and awaiting feedback.

Visit from Senior Civil Servants – Deputy Directors from the UK Government's Scotland Office and Scottish Government's Regional Economic Development Departments are visiting Argyll and Bute on the 1st of June. It is planned to host them in Oban to look at projects at Oban Airport and the European Marine Science Park.

Individual project updates

- **Marine Aquaculture Programme:**
 - Consists of 3 projects:
 - UHI Argyll College Marine Industry Training Centre (MITC);
 - SAMS International Seaweed and Shellfish Industry R&D Centre;
 - Stirling University Machrihanish Innovation Campus.
 - The OBC for MITC was submitted to UK and Scottish Government for first stage feedback on 4th April.
 - SAMS are working with EKOS to develop the business case for the International Seaweed and Shellfish Industry R&D Centre. A first draft of the OBC should be available in the next quarter.
 - Stirling University are developing the OBC for the MERL facility at Machrihanish.
- **Creating a World Class Visitor Destination**
 - The OBC for Kintyre Seaports was submitted to UK and Scottish Government for first stage feedback on 3rd March 2023.
 - The PMO held an engagement event in Rothesay on 19th April, in partnership with Bute Community Council. This was 3 phase engagement, consisting of an online survey, public drop in session and attendance at a meeting of Bute Community

Council. The purpose of this engagement was to get feedback on options for project delivery in Rothesay. The preferred option from the survey was the completion of Rothesay Pavilion with 71% of those completing the online survey recording this as the highest priority for Rothesay. The second highest priority was the redevelopment of the Albert Pier, with Guildford Square and Marine Gateway Enhancements being seen as less of a priority.

○ **Islay Low Carbon Economy:**

- Stantec and stakeholders continue to work on the investment objectives for this project and work up the OBC.
- It is likely that the Project will focus on the delivery of domestic home energy efficiency measures, with a focus on renewables and reducing fuel poverty and there is ongoing work to identify the best delivery models for such a scheme. This includes engagement with Home Energy Scotland, Historic Environment Scotland and BE-ST.
- A stakeholder group for Islay based organisations has been created to ensure that Islay residents are able to feed into the project development process.

● **Rural Skills Accelerator Programme:**

The Rural Skills Accelerator Programme (RSAP) has three component parts:

- STEM Hubs (physical, outreach and mobile);
- Business Skills; and
- UHI Argyll built environment in Dunoon.

The progress of these RSAP elements is as follows:

- **STEM Hubs:** it is proposed to have one in the south and one in the north of Argyll and Bute to create two state-of-the-art facilities. Due to receipt of match funding, work has advanced to take forward the repurposing of the council owned Hill Street building, to create a Dunoon Community STEM Hub in the south. With planning permission and a building warrant in place, the Stage 1 construction works tender for the Dunoon facility was published on 11th May 2023. Discussions

continue on the location of a STEM Hub in the north of the region, but is it proposed that this will be in the Oban area, with a particular focus on a facility at SAMS. The exact location will be determined through the business case appraisal of options. To be finalised early June 2023.

- **Business Skills:** it has been agreed that the Business Skills element will be led by Highlands and Islands Enterprise (HIE) for delivery in the first/second year of the RSAP, with a focus on business leadership, to align and complement the UK Shared Prosperity Fund Investment Plan business support programme to be delivered by Business Gateway until the end of March 2025.
- **UHI Argyll:** there are now seven potential options to be appraised through the business case process for the Dunoon college estate. This work will be taken forward early June 2023.

It is hoped that an Outline Business Case for the overarching RSAP will be prepared by the end of June 2023 and submitted to government(s) for comment.

● **Housing to Attract Economic Growth:**

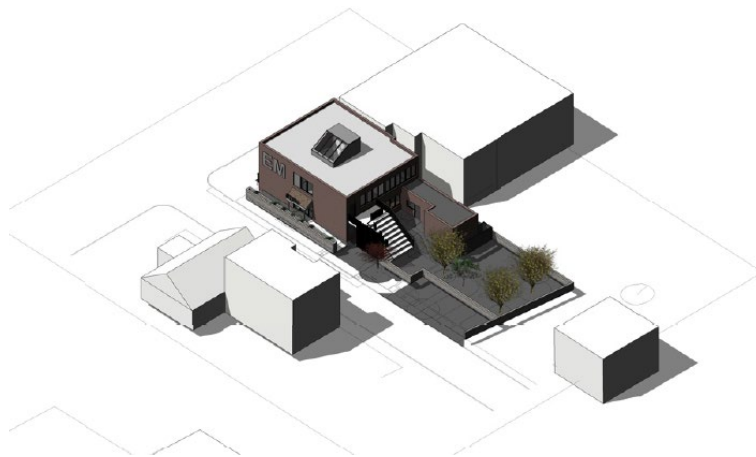
- Second Stage site investigation works are now complete for site at Rockfield Road, Tobermory, Isle of Mull, with no significant barriers to development identified. Stantec have now been commissioned to undertake further work to identify the infrastructure requirements for the site and to consider site layouts.
- Discussions remain ongoing to establish the best model for delivery to deliver key worker accommodation on the Tobermory site.
- Argyll and Bute Council have submitted an application to Scottish Government to become a Rural Housing Body – this will allow housing to be developed by the Council with a Rural Housing Burden attached.
- The Council has been awarded £700k via the Scottish Government’s Islands Programme to enable infrastructure at the

Tobermory site. This will include roads and servicing of the site.

- Discussions around the preferred site for development in Bowmore remain ongoing.
- **Clyde Engineering and Innovation Cluster:**
 - There remains positive, ongoing engagement with the MOD, Royal Navy and the Base's industrial partners. Through this engagement, an outline of requirements for the building has been pulled together by Stantec's architects. It is currently proposed to provide a modern, flexible building with space for office accommodation, meeting rooms, training and workshop facilities and an external compound area for storage of equipment. It is anticipated that the building will be three storeys high with a gross internal floor area circa 2,500m². The specifications of the building will continue to be reviewed with key stakeholders. It is proposed to design an exemplar building which will incorporate renewable energy technology.
 - Site investigations commenced in early April and the outcome of this work will influence the design and cost work required to inform the OBC.
 - The OBC for the CEIC is substantially complete, Stantec are awaiting the conclusion of concept design and costing work to inform work the Economic case.

- **West Coast Aviation, UAV, Robotics and Compliance Hub:**
 - The Outline Business Case for the UAV Hub is nearing completion, and it is hoped to submit this to Government for feedback in May 2023.
 - Due to the unsuccessful Bid to the Levelling Up Fund, the preferred option for the UAV Hub will now focus on delivery of the UAV Logistics and Training Hub facility and not include wider enhancements to Oban Airport's general aviation infrastructure

Image 1: Proposed Dunoon STEM HUB



Priorities for the next quarter

Stakeholder engagement – working with project leads, Stantec and relevant stakeholders, to undertake further engagement activity to develop project options as part of the business case process.

Submission of OBCs – continue submission of OBCs and work on Government feedback.

Full Deal Documentation – the following documentation will be drafted and submitted to Government for approval:

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

For further information, please contact the following staff:

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