

**OTHER FUNDING STREAMS:****CROWN ESTATES, ISLANDS INFRASTRUCTURE FUND AND PLACE BASED  
INVESTMENT FUND**

---

**1. EXECUTIVE SUMMARY**

- 1.1 This report sets out proposals on the use of the Scottish Crown Estate funding and the Islands Infrastructure Fund and recommends that proposals for the Place Based funding are brought back to Committee once the distribution is known.
- 1.2 In terms of the Crown Estate funding, officers have identified a number of projects that have already received either Crown Estate or Place Based Investment Funding where tender prices are coming in over original budget and it is recommended that additional funding of £690,151 is added to these projects. There is also a recommendation that there is a top-slice of the funding towards project officer costs to manage all the projects (saving reference DEG01). There is also a proposal to support the refurbishment of Bowmore Hall (£200,000) and lastly there is a proposal to upgrade the road in Colonsay supporting new housing development and economic development for the island, to be funded from both Crown Estate (£200,000) and Islands Infrastructure Fund (£100,000). The proposals for Crown Estate funding total £1,191,151 which uses the remaining Crown Estate funding received in 2021-22 and committing some of the anticipated 2022-23 funding in advance.
- 1.3 In terms of the Islands Infrastructure Fund, officers have identified potential projects that could be funded from the Island Infrastructure Fund, based on discussions with communities and known projects awaiting funding and these total £527,000. There is also a proposal to utilise some of this funding to assist within the completion of the Rothesay Pontoon project as there is a funding gap there. These proposals would fully utilise the funding allocated in 2021-22.
- 1.4 It is recommended that the Policy and Resources Committee:
- Approve the projects totalling £1,991,151 from the Crown Estate funding as outlined in this report.
  - Approve the projects totalling £740,000 from the Islands Infrastructure Fund as outlined in this report.
  - Note that a further report will be brought forward once the final amount of Crown Estate funding to be distributed in 2022-23 is known.
  - Note that officers will bring forward a report during 2022-23 in respect of Place Based Investment Funding once the allocation is known.

**OTHER FUNDING STREAMS:****CROWN ESTATES, ISLANDS INFRASTRUCTURE FUND AND PLACE BASED  
INVESTMENT FUND**

---

**2. INTRODUCTION**

2.2 This report sets out proposals on the use of the Scottish Crown Estate funding and the Islands Infrastructure Fund and recommends that proposals for the Place Based funding are brought back to Committee once the distribution is known.

**3. RECOMMENDATIONS**

3.1 It is recommended that the Policy and Resources Committee:

- Approve the projects totalling £1,191,151 from the Crown Estate funding as outlined in this report.
- Approve the projects totalling £740,000 from the Islands Infrastructure Fund as outlined in this report.
- Note that a further report will be brought forward once the final amount of Crown Estate funding to be distributed in 2022-23 is known.
- Note that officers will bring forward a report during 2022-23 in respect of Place Based Investment Funding once the allocation is known.

**4. DETAIL****4.1 Crown Estate Funding**

4.1.1 The Scottish Government wrote to Councils on 17 November 2021 advising of the distribution of the net revenue generated from the Scottish Crown Estate's marine asset out to 12 nautical miles for 2019-20 and paid to Councils within 2021-22. Argyll and Bute Council's share of funding is £1,634,604.05. At the Policy and Resources Committee on 18 February 2021, a prudent estimate £846,000 of funding for 2021-22 was committed to a number of projects. This leaves a balance of £788,604.05 for 2021-22.

4.1.2 In a similar way to last year, the Policy and Resources Committee could agree to allocate some of the funding that is expected within 2022-23 to allow officers to progress with projects. It is recommended that the Committee could commit up to £1.0m of anticipated funding in 2022-23, which is considered a prudent estimate. A report with further proposals will be brought forward once the final amount of Crown Estate funding to be distributed in 2022-23 is known.

- 4.1.3 This fund is targeted at the sustainability of coastal communities within the categories noted below and the Council has to advise how the funding is spent as part of the reporting requirements. Categories of expenditure are:
- Environment
  - Community
  - Climate Change
  - Economic Development.

## 4.2 Islands Infrastructure Fund

- 4.2.1 The Scottish Government wrote to Councils on 17 December 2021 advising of the distribution of the 2021-22 Islands Infrastructure Fund. Argyll and Bute Council's share of the funding is £740,000.
- 4.2.2 The grant is for capital expenditure which is additional to that which is already or would otherwise be allocated to the 2021-22 budget; and, should not substitute for existing spend. The Grant may also be used to fund third party capital expenditure in the current year, either directly or through the provision of grants to third parties (public sector bodies, private sector bodies or individuals) which would, if incurred by the local authority, be capital expenditure. It can be used to finalise projects that are currently in stream as long as benefits for island communities are evident as a direct result of the grant.
- 4.2.3 The Grant is to be fully used in the financial year 2021/22 and must be drawn down before the end of March 2022. This can be on the basis of incurred costs, but it can also be done on the basis of having a binding contract(s) in place.
- 4.2.4 The main objectives of the Grant are:
- To sustain, enhance and develop transformational and critical infrastructure projects based on local priorities that align with the National Islands Plan and its [Strategic Objectives](#) which are:
    - To address population decline and ensure a healthy, balanced population profile
    - To improve and promote sustainable economic development
    - To improve transport services
    - To improve housing
    - To reduce levels of fuel poverty
    - To improve digital connectivity
    - To improve and promote health, social care and wellbeing
    - To improve and promote environmental wellbeing and deal with biosecurity
    - To contribute to climate change mitigation and adaptation and promote clean, affordable and secure energy
    - To empower diverse communities and different places
    - To support arts, culture and language
    - To promote and improve education for all throughout life
    - To support effective implementation of the National Islands Plan.
  - Create and / or reshape infrastructure projects that meet the objectives and criteria of the Project Fund, that co-ordinate and / or integrate with

other funded and planned initiatives on the islands, thereby driving sustainable island growth.

- To ensure that all projects (and related delivery) build upon clear [Place Based, Community Wealth](#) principles to ensure inclusive islands' growth while working to achieve the [Scottish Government's Net Zero Ambitions](#) and a [Just Transition](#).
- Maximise leverage of partnership, investment and cross policy funding and impacts of any investment to enhance island life.

### **4.3 Place Based Investment Funding**

4.3.1 The Council was allocated £821,000 of funding from Scottish Government for the financial year 2021-22 in connection with the Place Based Investment Programme and this was allocated to the following projects at Council on 24 June 2021 and Policy and Resources Committee on 12 August 2021:

- £80,000 towards region-wide shopfront improvement schemes
- £100,000 towards a Rothesay Townscape Heritage priority building
- £80,000 towards public realm enhancements in Bowmore town centre
- £70,000 towards improvements to Castel House Gate Lodge, Dunoon
- £50,000 as third party grant to Dunoon Burgh Hall Trust towards landscaping works
- £163,000 towards enhancing the surface of Helensburgh masonry pier
- £250,000 towards public realm improvements in Gibraltar Street, Oban and
- £28,000 towards the Helensburgh Hermitage Park, Greening the Bothy project.

4.3.2 Scottish Government has agreed to a 5 year funding programme in regard to this Programme fund and as a local authority the council will receive a share of the funding each year over the 5 years to support and advance place-based investment and build on the strong partnership currently existing through the Regeneration Capital Grant Fund. The actual share for the next four years is yet to be confirmed, it is estimated that it could be around £700,000.

4.3.3 As this is a relatively new programme of funding with uncertainty around the distribution following the first years allocation, it is recommended that officers bring proposals for the use of the funding to a Committee later in the year, once funding has been confirmed.

### **4.4 Identification of Projects**

4.4.1 Officers within both Development and Economic Growth and Roads and Infrastructure leading on projects that have already received either Crown Estate or Place Based Investment Funding have identified that tender prices are coming in over original budget. The main reason is due to higher construction costs being experienced across the country as a result of supply chain issues and lack of labour.

4.4.2 Officers are therefore recommending that the first call on the additional funding is existing projects as listed in the table below.

<b>CROWN ESTATE FUNDING</b>		
<b>Project</b>	<b>Detail</b>	<b>Amount Required £</b>
Rothsay Pontoons	This is an expensive project to deliver. Rock socket installations are particularly expensive. It has been difficult to find contractors able and willing to do the work and the prices reflect this and the fact that the works are required to run concurrently with operation of the ferry which also adds to the cost. The total pressure is £315,441 and it is considered that £213,000 could come from the IIF, leaving Crown Estates to fund £102,441.	102,441
Ardrishaig North Public Realm	Additional costs have been checked by an independent cost consultant. Metal work is particularly high at the moment and it is difficult to get hold of cement, and subcontractor prices are exceptionally high.	200,000
Helensburgh Masonry Pier	This price has been provided from the existing Waterfront contractor.	92,710
Castle House Gate Lodge – fabric repairs and ground works	The additional costs are a result of the need to treat the rot, which built up due to lack of ventilation which wasn't built in to the building when the roof was repaired. There are also additional costs for the ground works.	145,000
STEM Hub	Out to tender but expectation that based on experience in the market that this will come in over budget	150,000
<b>Total</b>		<b>690,151</b>

- 4.4.3 Administering the Crown Estate funding requires substantial input from regeneration staff and it is considered appropriate that a portion of the staff cost involved in delivering the projects associated with this fund are top-sliced off the fund each year. A saving option DEG01 has been proposed in the budget pack for 2022-23 which will create a saving to the Council of £101,000 by transferring the staff costs to Crown Estate income. This is an appropriate use of the funding.
- 4.4.4 A new project has been identified for Crown Estate Funding from Islay Development Initiative to fund the shortfall in Bowmore Hall. A CARES grant has been secured for heating, LED lighting and 30% of the floor and ceiling insulation, however, the building needs the roof fixed and there is considerable water ingress in many areas with work there extensive. The request is for £200,000.
- 4.4.5 Officers have also identified potential projects that could be funded from the Islands Infrastructure Fund, based on discussions with communities and known projects awaiting funding. Projects identified are listed in the table below.

<b>ISLANDS INFRASTRUCTURE FUND</b>		
<b>To</b>	<b>Detail</b>	<b>Amount Required £</b>
Jura Community Business	Upgrade community owned fuel station	50,000
Isle of Gigha Heritage Trust	Improvements to Achamore gardens to enable more of the gardens to be re-opened to visitors and residents.	30,000
Tiree Community Development Company	Renewable heating solution for 4 business units, contributing to the net zero agenda.	45,000
Isle of Kerrera Development Trust	Redevelopment of the old schoolhouse to provide much needed community space and public toilets.	55,000
Tobermory Harbour Association	Will enable the redevelopment of the main Aros Park building and facilitate business and tourism opportunities	50,000
SWMID	Seaweed treatment infrastructure	67,000
South Islay Development	To enable the Port Ellen Playing Fields Redevelopment to meet an identified funding gap.	50,000
Colonsay Development Trust	Will create a campsite for tents and add to compost toilets that have been grant aided.	40,000
Jura Community Business	Mooring repair and upgrades to community operated visitor facility.	40,000
Colonsay Roads	To upgrade the road network in Colonsay supporting new affordable housing development (10 units) and additional economic development for the island including new business units supported through the RCGF. Estimated to cost circa £300,000, with £100,000 recommended to come from IIF and £200,000 from Crown Estates.	100,000
<b>Total</b>		<b>527,000</b>

4.4.6 A summary of the projects identified for funding against the funding allocated is in the table below.

	<b>Crown Estates £</b>	<b>Islands Infrastructure Fund £</b>
Pressures on Current Projects (from table at para 4.4.2)	690,151	213,000

Project Officer Costs (saving option DEG01)	101,000	
Bowmore Hall	200,000	
New project proposals (from table at para 4.4.4)	200,000	527,000
<b>Total Proposals</b>	<b>1,191,151</b>	<b>740,000</b>

4.4.7 It should be noted that where a third party is leading on a project, the allocations noted above are the maximum that will be paid towards each project. Funding will only be paid to a third party, subject to a copy of valid invoices being received.

## 5. CONCLUSION

5.1 The reports recommends projects totalling £1,191,151 using the remaining crown estate funding received in 2021-22 and committing some of the anticipated 2022-23 funding in advance. The projects proposed provide good coverage over the categories as defined by the Crown Estate. Officers will bring forward recommendations for the remaining Crown Estate funding once the 2022-23 allocation has been announced.

5.2 The reports also recommends projects totalling £740,000 using the Islands Infrastructure Fund advised on 17 December 2021. This funding needs to be either spent or committed before the end of March 2022 and officers are confident that the proposals can all be committed within that timescale.

5.3 Officers will bring forward recommendations for the Place Based Funding once the 2022-23 allocation has been announced.

## 6. IMPLICATIONS

6.1 Policy - The Crown Estate funding should be used for the benefit of coastal communities and the Islands Infrastructure Fund should be used to enhance and develop transformational and critical infrastructure projects based on local priorities that align with the National Islands Plan.

6.2 Financial - The Crown Estate funding for 2021-22 is now fully committed based on the proposals within this report and some of the funding in 2022-23 is committed in advance. Islands Infrastructure Funding of £740,000 was advised to the Council on 17 December 2021 and proposals in this report make full use of the funding.

6.3 Legal - No legal issues.

6.4 HR - Some of the proposed projects will be taken forward by existing Council staff and grants will also be made to Community Groups to deliver on some of the IIF projects.

6.5 Fairer Scotland Duty:

6.5.1 Equalities There are no equal opportunities implications.

- 6.5.2 Socio-Economic Duty It is intended that this funding will have positive economic outcomes associated with each project being funded.
- 6.5.3 Islands Duty The IIF directs funding to our island communities and none of the Crown Estate proposals place our island communities at a disadvantage. A number of the proposed projects are for Islay, Kerrera, Mull and Bute.
- 6.6 Climate Change - To contribute to climate change mitigation and adaptation, promote clean, affordable and secure energy and ensure that all projects (and related delivery) build upon clear [Place Based, Community Wealth](#) principles to ensure inclusive islands' growth while working to achieve the [Scottish Government's Net Zero Ambitions](#) and a [Just Transition](#).
- 6.7 Risk - There is a risk that if additional funding is not allocated to projects that are currently estimating higher costs, then the projects will not be able to be completed as originally intended.
- 6.8 Customer Service - None identified.

**Kirsty Flanagan, Executive Director with responsibility for Development and Infrastructure**

Fergus Murray, Head of Development and Economic Growth  
Jim Smith, Head of Roads and Infrastructure

**Policy Lead, Councillor Robin Currie**

31 January 2022

For further information, please contact

Fergus Murray, Head of Development and Economic Growth  
[Fergus.Murray@argyll-bute.gov.uk](mailto:Fergus.Murray@argyll-bute.gov.uk)