
**TRANSFORMATIONAL PROJECTS & REGENERATION TEAM – LARGE SCALE
PROJECT UPDATE REPORT**

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update Environment, Development and Infrastructure Committee on progress of the large-scale, externally funded project work of the Transformational Projects and Regeneration Team, and to highlight key issues that may impact on the successful delivery of projects.
- 1.2 The last update report was considered by Environment Development and Infrastructure Committee in September 2021.
- 1.3 The Team is currently responsible for the delivery of projects with a cumulative value of £37m. Projects are listed in **Appendix A**.

RECOMMENDATIONS

It is recommended that the Environment, Development and Infrastructure Committee consider, and note the current progress contained within the report.

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2. INTRODUCTION

- 2.1 This report sets out the current position of the large-scale projects, which are currently being delivered by the Transformational Projects and Regeneration Team.
- 2.2 Transformational Projects and Regeneration sits within the council's Development and Economic Growth Service and works region-wide. The Team has a particular focus on 'place', heritage regeneration, the creative industries, and works closely with communities and businesses to realise positive change.
- 2.3 The Team's work broadly includes the following areas of work:
- Drafting/submitting bids to secure external funding of various scale, such as for Conservation Area Regeneration Scheme (CARS) programmes;
 - Development/delivery of regeneration projects with a particular emphasis or theme, such as the suite of measures to encourage shopping locally;
 - Development/delivery of a number of place-based engagement projects, working in partnership with the community and key partners, leading to action plans, such as charrettes, and working with communities to realise these community ambitions;
 - Development of the economic opportunities for Argyll and Bute across Film, Creative Industry and Renewable sectors, with the objective of securing income to the area and delivering local economic benefit, including support to community organisations working across these sectors;
 - Support to third sector organisations involved in the delivery of their own individual economic regeneration projects, as well as support to third sector organisations delivering regeneration focused projects where council funding is involved and/or where projects align with council outcomes, such as Regeneration Capital Grant Funded (RCGF) projects;
 - Administration of the Council's, Strategic Events and Festivals Grant; and;
 - Overseeing the delivery programme and financial administration of projects supported through funding from Scottish Government, such as the Town Centre Fund (TCF) and Place Based Investment Fund (PBI).

- 2.4 This paper also seeks to report on key issues that may impact on the current status of each project, such as any amendments to project scope or timeframe.
- 2.5 The 18 large-scale projects currently in delivery are included within the table in **Appendix 1**, and have a cumulative total value of £37m.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Environment, Development and Infrastructure Committee consider, and note the current progress contained within the report.

4. DETAILS

- 4.1 The following sections summarise the progress associated with each of the large-scale projects that are currently in delivery and managed by the Transformational Projects and Regeneration Team. The projects are listed in Appendix 1.

Conservation Area Regeneration Scheme (CARS) Projects

- 4.2 The council currently has four heritage-led regeneration schemes in progress. The total value of the four CARS schemes represents in excess of £10m of investment into the built heritage of key towns, and is largely comprised of funding from Historic Environment Scotland (HES) and National Lottery Heritage Fund (NLHF), with match funding from the council and private owners.
- 4.3 The CAR schemes operate as grant administration programmes that offer grant to property owners to help them repair and safeguard historic buildings. A significant number of building owners have, and continue to benefit from the funding, which has delivered a significant level of investment over the last ten years.
- 4.4 Due to the cost of repairing traditional buildings, many of these owners would have been unable to undertake the level of repairs required without grant assistance and their properties would have continued to deteriorate. Had deterioration continued, the council may well have had to step in to undertake emergency work to these buildings. CARS grants have also helped to safeguard existing businesses, and new businesses have opened as a consequence of the regeneration, helping to create jobs within the community.
- 4.5 Such investment has, and continues to change the physical appearance of our key town centres for the better, making them more attractive places in which to live, learn, work and do business.

Rothesay Townscape Heritage Phase 2 (2017 – Mar 2023) Project Status -
GREEN

Rothesay TH is a £2.75m project in year four of a five year programme. The partnership project is funded by NLHF (£1,888,500), HES (£500k), Argyll and Bute Council (£200k), HIE (£70,249), LEADER (£65,800) and Sustrans (£21,500). Project staff are fully funded for the project duration.

Of the 5 priority building repair projects, 3 are complete, 1 is awaiting a start date, and the final priority project is about to be subject to a tender exercise. Three shopfront restorations have been completed, with another undergoing final works. A series of window repair grants have also been provided for the restoration of traditional timber sash and case windows.

The project seeks to facilitate traditional skills development and host events that celebrate the island's heritage. To date a maintenance awareness raising event, community engagement event and 12 workshops have been held. In addition, a substantial amount of audience development analysis has been undertaken, resulting in recommendations to support the visitor market and enhance the end-to-end visitor experience. The potential for a WASPS style studio has been analysed, Rothesay Castle has been lit up in animation, and the pilot pop-up shop in the former Clydesdale Bank has successfully continued beyond the scope of the TH funding.

Dunoon CARS (2017 – Jun 2022) Project Status - **GREEN**

Dunoon CARS is a £1.95m project in its final year of delivery. A fully funded project officer is employed to deliver the project for its duration.

The envelope restoration of 3 priority buildings and 22 shopfronts has been completed to date, with a further 2 priority projects currently out to tender.

A complementary scheme of skills development, in partnership with HES, Developing Young Workforce (DYW), Dunoon Grammar School, Dunoon Burgh Hall Trust and a local contractor is being prepared for a Spring 2022 rollout. The training programme is supporting school-age pupils gain hands-on practical construction industry experience and will be continued throughout the academic year, subject to Covid-19 regulations.

Helensburgh CARS – (2021 – Mar 2026) Project Status - **GREEN**

Helensburgh CARS is a £1.8m project in the first of a five-year delivery period. The partnership project is funded by Argyll and Bute Council (£500k) and HES (£1.24m). A fully funded project officer is employed to deliver the project for its duration.

Four buildings have been identified as being priorities to attract substantial grant assistance and 2 expressions of interest have been submitted by owners of properties eager to apply to the smaller repair grant pot. Expressions of Interest have also been received from the owners of 6 shopfronts. The CARS

Officer will work with the property owners with the aim of developing these expressions of interest into formal applications.

A complementary scheme of skills development, in partnership with HES and Build Your Future (BYF), is being prepared for a Spring/Summer 2022 rollout. Events are also being planned to engage and maximise community benefits.

Lochgilphead CARS (2020 – Mar 2026) Project Status – GREEN

Lochgilphead CARS is £1.6m partnership project with HES (£969,700) in its second year of delivery.

The first priority building project is due to commence in April 2022. Development work is underway for the second priority building. The third will not be going ahead and will be replaced with an alternative project.

The first phase of the Small Repair Grant scheme was launched in August 2021. Seventeen expressions of interest were submitted. Owners in tenement properties are being encouraged to form Owners' Associations and arrange for Tenement Condition Surveys. Where significant repairs are required, one or two of these buildings may be upgraded to priority building status. However, no decisions will be made until more information is available, including the likely cost of repairs.

The main elements of the traditional skills training will be delivered in partnership with Lochgilphead High School, Argyll College and other stakeholders, including the DYF. Due to Covid-19 restrictions it was not possible to deliver any training in the first two years but a number of initiatives are being developed, with the first due to start in February 2022. Discussions are taking place regarding the delivery of the new BYF training programme, and which may include an Argyll and Bute Traditional Building Skills roadshow in summer 2022, linking into the work of the Dunoon and Helensburgh CARS projects.

Hermitage Park, Parks for People (2016 –Dec 22) Project Status GREEN

The £3.7m Parks for People project is in its final year. The main project funders are NLHF (£2.3m) and Argyll and Bute Council (£380k), with the remainder coming from a range of other grant/in-kind funding. Capital delivery is now complete and final budget figures are being prepared.

The focus continues to be on delivering the activity plan and undertaking the planting and management and maintenance plan; all subject to Covid-19 restrictions. Green Flag Status was reconfirmed in October 2021. The park will continue to be assessed annually in order to retain this status of excellence, and also as a condition of funding.

As part of the agreed activity plan, work on creating a new volunteer bothy in the Demonstration Garden is now underway, and the Demonstration Garden itself is under development. An agreement with the University of the Highlands

and Islands has been completed allowing them to use the Park as a venue for practical activities relating to their NC Horticulture course. Six students have been attending periodically during 2021. A Green Gym project ran from July 2021 to January 2022, achieving modest success, as a result of continuing pandemic related reluctance. The Community Room in the new Pavilion has hosted activities as part of the COP26 programme, and a lime mortar pointing course was well attended and well received in September 2021. An area suitable for outdoor fitness has been identified and marketed, seeking bids from interested companies.

Tarbert / Lochgilphead Regeneration Fund Project Status – AMBER

In its 2016/17 budget, Council allocated £3m from reserves to support regeneration and economic development in the settlements of Tarbert, Lochgilphead and Ardrishaig.

4.6 Following recommendations from, and discussions with, a number of local organisations, 6 projects were identified to proceed to Full Business Case (as ratified by Policy and Resources Committee on 19th October 2017).

4.7 To date, the following 4 projects are complete:

- Gleaner (Phase 1 only) - completed summer 2019.
- Tarbert Harbour – shore side facilities completed in May 2019, car park completed in March 2021.
- Barmore/Garvel Road junction improvements - completed February 2020.
- Colchester Square/Argyll Street, Lochgilphead – completed May 2021.

4.8 Current projects are as follows:

Lochgilphead Front Green

Due to an unsuccessful procurement process in 2020, the Lochgilphead Front Green and Colchester Square project was separated with Colchester Square being delivered as a standalone project using active travel funding, and is now complete.

Works commenced on the Front Green on 31st May 2021 and are currently on going. The Front Green remains closed during this period.

Following an award of funding from the Scottish Government Town Centre Fund programme it has been possible to upgrade and extend the A83 footway works to include natural stone and replace pedestrian barriers. Contingency funding has also been utilised to increase the area of natural stone and provide bespoke Lochgilphead and car park signage. It is these additional improvements that have extended the period of construction, which is now estimated to complete in April 2022.

Ardriashaig North Public Realm

Planning permission has now been approved for the works. Unfortunately the application to Sustrans for funding to support the delivery of the project was unsuccessful and a value engineering process has to be undertaken before embarking on the second stage of the procurement process.

At the time of writing, tender returns are being assessed, however initial indications are that the returned costs will be outwith the available budget and that further funding is required if we are to deliver the scheme as currently designed. We are advised that some parts of the construction industry supply chain are experiencing very significant price increases, and is likely to be the reason for prices rising.

Gleaner Phase 2

We continue to work with Scottish Canals with regards to this wider site, but do not yet have any further information to share.

Regeneration Capital Grant Funding (RCGF) Project Status – GREEN

Over the past seven years, a total of £8.96m RCGF funding has been secured from Scottish Government to support 15 projects across the area. A further 3 projects secured funding during 2022-23, as follows: Obair Ùr Thirodh – Tìree Community Business Hub (£565k), Kerrera Old School - Community Hub Final Phase (£285k), and Ulva Ferry Shore Facilities Building - Doras Caolas Ulbha (£603k).

Although RCGF supports community projects, the Fund is only open to local authorities, and as all 32 local authorities are eligible to apply, this makes for a highly competitive process. The team has responsibility for applying to RCGF each year and also managing the respective grant awards. The team is working to get grant agreements in place with the most recent grant beneficiaries as soon as possible.

4.9 An update on the current projects is provided below, and is followed by a table of all awards to date (Table 1).

- Kilmartin Museum – Work on the construction phase started in the spring 2021, and the project has begun drawing down funding. An uplift of £25k has been agreed for the project, and at the request of Kilmartin Museum, we are also progressing a request for a cash flow loan, which should be considered by Council at its meeting on 24th February 2022.
- Mid Argyll Community Pool - Construction work commenced during spring 2021 and funding has now been drawn down.
- Storax Ulbha Heritage project, Ulva – The organisation is working towards securing a contractor to deliver the works.
- Port Ellen Community Hub, Islay – The organisation is working to secure planning permission and a main contractor. They have been awarded a further £300k from RCGF to address a funding shortfall.

- Scalasaig business units, Colonsay - A contractor is in place and construction is expected to commence following completion of an existing contract on the island.
- Kilmory Business Park, Lochgilphead – This will help deliver a joint project with M&K MacLeod on the proposed Kilmory Business Park.

Table 1

RCGF Project	Grant Awarded	Year Awarded	Balance Remaining / Yet to Drawdown
Kilmartin Museum	£225,000	2019/20	£25,000
MACPool	£400,000	2020/21	£0
Storas Ulbha	£194,090	2020/21	£113,796
Port Ellen Community hub, Islay	£1,046,223	2021/22	£1,046,223
Scalasaig business units, Colonsay	£335,000	2021/22	£335,000
Kilmory Business Park in Lochgilphead	£650,000	2021/22	£650,000
Obair Ùr Thirodh – Tìree Community Business Hub	£565,000	2022/23	£565,000
Kerrera Old School - Community Hub Final Phase	£285,000	2022/23	£285,000
Ulva Ferry Shore Facilities Building - Doras Caolas Ulbha	£602,590	2022/23	£602,590

4.10 Scottish Government Town Centre Fund 2019 –2022

The region-wide Scottish Government Town Centre Capital Funding 2019-2021 programme is now complete, having successfully delivered 28 projects using the full £1.686m allocation. The 28 projects collectively serve to make Argyll and Bute's main and key town centres more attractive, healthier, and easier to navigate places, as well as strengthening the area as a tourist destination, and introducing and reinforcing infrastructure that will make places better able to withstand the effects of climate change. The total value of the Town Centre Funded projects is over £9m.

A separate report outlining the projects is also to be seen by EDI Committee on 3rd March 2022.

Although the programme has been managed by the Transformational Projects and Regeneration Team, the TCF projects have involved and are managed by a number of different departments, including Roads and Amenity Services, Piers and Harbours, Engineers, and Property Services. The close working and collaboration between departments has been critical in the successful delivery of the programme.

4.11 Scottish Government Place Based Investment 2021 – 2026

Town Centre Funding has been superseded by Place Based Investment

(PBI)funding, which the Scottish Government has committed to allocating on an annual basis over a five year period. Argyll and Bute's allocation for 2021/22 is £821k.

At their respective meetings of 24th June 2021, 12th August 2021, and 2nd September 2021, Argyll and Bute Council, Policy and Resources Committee and Environment, Development and Infrastructure Committee agreed to use PBI towards 8 projects that support a living well locally concept, have climate friendly ambitions, and which have stemmed from the community through design-led consultation activity or through needs identified by key partner organisations.

The Scottish Government expect that any uncommitted funds by 1st April 2022 will be returned to Scottish Government. Funding has been committed to 8 projects, as follows:

- £80k towards a region-wide (excluding CARS/BID towns) shopfront improvement scheme;
- £100k towards a Rothesay TH priority building;
- £80k towards public realm enhancements in Bowmore town centre;
- £70k towards improvements to the area surrounding Castle House Gate Lodge, Dunoon;
- £50k as third party grant to Dunoon Burgh Hall Trust towards landscaping works to support a café garden and support the sustainability of the facility;
- £163k towards enhancing the surface of Helensburgh masonry pier;
- £250k towards public realm improvements in Gibraltar Street, Oban; and,
- £28k towards the Helensburgh Hermitage Park, Greening The Bothy project.

A separate update report is to be seen by EDI Committee on 3rd March 2022.

4.12 Scotland Loves Local Projects

Scotland Loves Local funding (£46k) secured from Scotland Town's Partnership (STP) has been used to develop a suite of measures to support the resilience and recovery of town centres, to encourage shopping locally and promote the idea of the '20 minute neighbourhood'.

As well as having awarded over 120 shopfront improvement grants to business owners, work to date includes the following:

Bespoke Argyll and Bute [Shop Local Messaging \(argyll-bute.gov.uk\)](https://argyll-bute.gov.uk)

Digital Training - Webinars and one-to-one sessions were held with business owners on making the most of Google My Business, to increase the chances of ranking in local search results and presenting a better offer digitally. Feedback from businesses was overwhelmingly positive, with 93% of all attendees stating that the webinar would help their business.

Digital Photography - 115 local businesses are being professionally photographed to support business owners update and enhance their online presence. The photographer will also update streetview images to ensure that the Argyll and Bute offer as viewed online reflects the most current position and presents the area in the most positive light.

Argyll and Bute Gift Card - The gift card for Argyll and Bute formally launched in October 2021. The initiative is a year-long pilot, funded by Scottish Government and administered through STP, designed to boost local spending and support local businesses. To date, over 100 Argyll and Bute businesses have registered to accept the card as a means of payment for goods and services. As of 18th January 2022, a total of 54 cards have been purchased to the value of £3,080.

The campaign to purchase the gift card is ongoing with weekly promotion carried out through the council's social media channels. Local stakeholders, such as BIDs, Chamber of Commerce and relevant community organisations are also involved in promoting the gift card.

The Argyll and Bute Gift Card can be purchased as follows: [Argyll & Bute Gift Card | Scotland Loves Local Gift Cards \(scotlandgiftslocal.com\)](https://scotlandgiftslocal.com)

- 4.13 Budget: The above project updates are predominantly in relation to the externally funded projects for which the team are responsible, and usually include a proportion of council funding. There is a set budget for each project and each is subject to specific outcomes and timelines, as agreed with funders. The externally funded elements of the project costs can only be claimed once proof of all necessary information has been provided to the respective funder. Each funder has a different criteria against which delivery is measured, and the council has entered into formal grant contracts with all funders involved.

5 CONCLUSION

- 5.1 Place based investments are taking place across much of Argyll and Bute making significant improvements to the quality of life of local people and our communities. Much of the work is externally funded adding to the capital funding committed by the council to enable this investment to happen. The successful delivery of the projects require careful monitoring and close working with colleagues, partners and community stakeholders. The impact from the Covid-19 pandemic and the UK having left the EU sets a background that creates a challenging environment in which to work. Prices are currently exceptionally high, due mainly to supply chain issues, but also shortages in labour. The Team therefore adopts a pragmatic approach to delivering projects, ensuring that these are as meaningful as possible using the budget available.
- 5.2 The projects contained within this report will result in assisting the economic recovery of Argyll and Bute, helping to sustain numerous small businesses, making the place more investor ready, improving our towns and villages as places to live and visit together with adding to the significant regeneration works

that are being taken forward for Argyll and Bute, and seek to make an improved and lasting difference to the area.

6. IMPLICATIONS

- 6.1 Policy - The delivery of these projects fits with the Council's Corporate Plan, Argyll and Bute Local Outcome Improvement Plan and the Economic Development Action Plan. The economic outcomes from this project will contribute to the Government's Economic Strategy.
- 6.2 Financial - All funding has been approved for the projects detailed in the report. The funding comes from the council and from external funding sources. We will continue to review costs and assess budgets.
- 6.3 Legal Each project will have differing legal and procurement requirements and we are working closely with colleagues to identify the support required and to allow this to be factored into future work plans.
- 6.4 HR - The resources required to deliver the projects will be continually monitored. The management of these externally funded projects as well as the management of the Council and RCGF grants requires a significant amount of resources from the team to ensure that all the necessary due diligence and financial management is undertaken and the risk is minimised to the council.
- 6.5 Fairer Scotland Duty:
 - 6.5.1 Equalities - protected characteristics - None
 - 6.5.2 Socio-economic Duty - None
 - 6.5.3 Islands - None
- 6.6 Climate Change - It is an ambition of our project work to work towards net zero by adopting a carbon conscious approach throughout.
- 6.7 Risk - Construction projects by their very nature are challenging given issues that can arise relating to site conditions, managing contractors/the design team and associated budgets and meeting funder's requirements. The effects of Covid-19 has added even more challenges both in regard to the development/delivery phases of projects. We continually seek to minimise the risk through strong project management processes, however until the projects are fully delivered on site there remains a risk. Other areas of risk relate to the potential for limited uptake in regard to CARS/TH grants and also over-run on costs for third party projects. In regard to the latter this is a high risk particularly as the council is not the responsible body for the projects or their delivery on the ground. The setting up of regular benefits realisation group meetings and building good working relationships with the third parties assists in identifying where issues may arise and where additional support may be required. Covid-19 and the resulting impact on the construction industry and costs is an additional risk to the delivery of these projects and we are

reviewing all costs and working with funders to minimise the impact and manage the risk as much as we can

6.8 Customer Service – None

Kirsty Flanagan, Executive Director with responsibility for Development and Economic Growth

Policy Lead: Councillor Robin Currie

18th January 2022

For further information - please contact

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Appendices:

Appendix A – List of Council and Third Party projects that the Team is either responsible for delivering directly or for managing the grants given by the council to a third party organisation.

APPENDIX A - LIST OF COUNCIL AND THIRD PARTY PROJECTS

Council & Third Party Regeneration Projects	Project Value	Council Funding Contribution	External Funding - Including TCF	Delivery Start	Delivery End - (Excludes Defect Period)
Dunoon CARS	£1,949,965	£500,000	£1,002,348	2017	2022
Rothsay TH2	£3,244,856	£200,000	£2,508,781	2017	2022
Tarbert Lochgilphead Regeneration Fund (Includes TCF Grant)	£6,374,952	£3,000,000	£3,374,952	2018	On going
Hermitage Park (Includes TCF and PBI Grant)	£3,754,625	£455,000	£3,299,625	2016	2021
Kilmartin Museum RCGF & Council Grant	£7,171,932	£400,000	£225,000	2019	2023
MACPool RCGF Grant	£1,464,045	£0	£400,000	2020	2021/22
Storas Ulbha RCGF Grant	£1,401,495	£0	£194,090	2020	2021/22
Port Ellen Community hub, Islay	£1,365,223	£0	£1,046,223	2021/22	2021/22
Scalasaig business units, Colonsay	£467,398	£0	£335,000	2021/22	2021/22
Kilmory Business Park in Lochgilphead	£1,800,000	TBC	£650,000	2021/22	2021/22
Lochgilphead CARS	£1,606,096	£386,220	£969,731	2020	2026
Helensburgh CARS	£1,740,000	£500,000	£1,240,000	2021	2026
Events and Festivals grants (including annual Mod)	£170,614	£170,614	-	2022	2023
Town Centre Fund 19/20 and 20/21 (28 projects - Council projects plus grants to third parties)	£2,161,826 *	£0	£1,361,000 **	2019	2021
Place Based Investment***	£821,000	£0	tbc	2021/22	2022/23
Obair Ùr Thirodh – Tiree Community Business Hub - RCGF Grant	£860,000	£0	£565,000	2022	
Kerrera Old School - Community Hub Final Phase - RCGF Grant	£427,290	£0	£285,000	2022	
Ulva Ferry Shore Facilities Building - Doras Caolas Ulbha - RCGF Grant	£652,590	£0	£602,590	2022	
Total	£37,373,293	£5,551,220	£18,059,340		

*The overall TCF project value is £10,597,759 however, the individual allocations for the 3 projects above have been deducted from this figure. Projects are outlined in a report to EDI on 3rd Mar 2022.

** The overall TCF is £1,646,000, however, the individual allocations for the 3 projects above have been deducted from this figure.

***See separate 12th August 2021 Policy and Resources committee report for proposed breakdown of projects and values.