

**RURAL GROWTH DEAL – UPDATE PAPER**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 This report provides an update on the Rural Growth Deal (RGD) Programme and in particular progress towards signing of the Full Deal Agreement, which represents the next key milestone in the RGD process.
- 1.2 In order to reach signing of the Full Deal agreement, it will be necessary to prepare a series of Treasury Five Case Business Cases for projects within the RGD programme and the consultancy Stantec have been appointed to assist with this process.
- 1.3 The RGD Programme Management Office (PMO) are aiming to sign the Full Deal Agreement by summer 2023 however, this is reliant on the time taken for business cases to be reviewed and approved by Government. Based on feedback received from other City Region Deals, the RGD PMO have been advised that business cases can require multiple iterations prior to approval by Government and this process can take several months.
- 1.4 It has been agreed at the RGD Programme Board that initial iterations of business cases will be approved by the RGD Internal Programme Board (Council's Chief Executive and 2 Executive Directors) prior to being submitted to Government for feedback. This should reduce delays in the approval process however, the Full Programme Board will still be responsible for approving final business cases and feedback may be sought via email if decisions are required quickly.
- 1.5 Following approval by the RGD Programme Board, the RGD PMO are currently in the process of negotiating a change request with Government. If successful, this will re-profile £3m of funding from the Argyll Digital Connectivity Programme to support the Rural Skills Accelerator Programme (RSAP) and West Coast UAV Logistics and Training Hub projects.
- 1.6 To date, RGD project development works have largely been funded via the Council's Inward Investment Fund. The Policy and Resources Committee have previously approved the release of 2 tranches of funding totalling £300k from the Inward Investment Fund with authority delegated to the Internal Programme Board to authorise spend to support Rural Growth Deal project development work. At the time of writing this report, total approved spend on RGD project development work stands at £269,799.00.

- 1.7 Of the spend approved to date, £238.433.00 is associated business case support being provided by the consultancy Stantec. A further £31.366.00 of spend has been approved for project development work such as site investigation works and market demand studies.
- 1.8 A requirement has also been identified to undertake design and cost estimation work relating to the Clyde Engineering and Innovation Hub project with initial cost estimates suggesting a fee in the region of £44,000.00 to complete this work. Site investigation works will also be necessary in support of this project and costs are anticipated to be circa £20,000.000 to undertake these works.
- 1.9 Where possible, the RGD PMO will seek to recoup project development costs from RGD funding allocations however, it will not be possible to submit any claims for funding until the Full Deal Agreement has been signed. It is also likely that costs associated with the development of project business cases will require to be met by the Council and strategic partners. As such, a further £150,000.00 of funding is requested from the Inward Investment Fund to continue to support RGD project development work.

#### **RECOMMENDATIONS:**

- Approval is sought from the Policy and Resources Committee for a further drawdown of funding from the Inward Investment Fund (up to £150k). Similar to previous arrangements, funds will only be drawn down subject to the Chief Executive and two Executive Directors of the Council being satisfied that the monies are for the purpose of delivering the Rural Growth Deal. Any further funding required in excess of the approved value will require further approval from the Policy and Resources Committee.
- Note the process and anticipated timescales for signing the Full Deal Agreement with the Scottish and UK Governments.

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**2.0 INTRODUCTION**

- 2.1 This report provides an update on the Rural Growth Deal (RGD) Programme and in particular progress towards signing of the Full Deal Agreement, which represents the next key milestone in the RGD process. The RGD is a partnership approach to rural economic development, which will deliver £50m of investment from the Scottish and UK Governments where it will best develop Argyll and Bute as an inclusive, sustainable, economically successful region and driver for Scotland and the UK.
- 2.2 The Council, UK and Scottish Governments agreed the 'Heads of Terms' for the RGD on the 11th February 2021. The Heads of Terms Agreement sets out the general areas for investment and the Full Deal Agreement will build upon this in more detail. In order to reach signing of the Full Deal agreement, it will be necessary to prepare a series of Treasury Five Case Outline and Full Business Cases (OBC's / FBC's) for projects within the RGD programme.
- 2.3 The RGD Programme Management Office (PMO) have procured the services of the consultancy Stantec to assist with the development of business cases for the RGD programme. It is anticipated that the majority of first draft OBC's will be submitted to government in late 2022 / early 2023 and an outline programme for the submission of RGD business cases is included in Appendix 1 of this report.
- 2.4 The RGD PMO are aiming to sign the Full Deal Agreement by summer 2023 however, this is reliant on the time taken for business cases to be reviewed and approved by Government. Based on feedback received from other City Region Deals, the RGD PMO have been advised that business cases can require multiple iterations prior to approval by Government and this process can take several months.
- 2.5 It has been agreed at the RGD Programme Board that initial iterations of business cases will be approved by the RGD Internal Programme Board (Council's Chief Executive and 2 Executive Directors) prior to being submitted to Government for feedback. This should reduce delays in the approval process however, the Full Programme Board will still be responsible for approving final business cases and feedback may be sought via email if decisions are required quickly.

- 2.6 To date, RGD project development works have largely been funded via the Council's Inward Investment Fund. The Policy and Resources Committee have previously approved the release of 2 tranches of funding totalling £300k from the Inward Investment Fund with authority delegated to the Internal Programme Board to authorise spend to support Rural Growth Deal project development work. At the time of writing this report, total approved spend on RGD project development work stands at £269,799.00.
- 2.7 Where possible, the RGD PMO will seek to recoup project development costs from RGD funding allocations however, it will not be possible to submit any claims for funding until the Full Deal Agreement has been signed. It is also likely that costs associated with the development of project business cases will require to be met by the Council and strategic partners. As such, a further £150k of funding is requested from the Inward Investment Fund to continue to support RGD project development work.

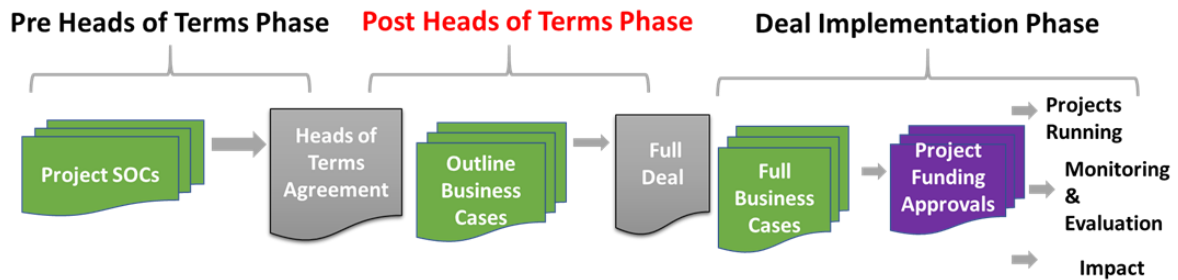
### **3.0 RECOMMENDATIONS**

- Approval is sought from the Policy and Resources Committee for a further drawdown of funding from the Inward Investment Fund (up to £150k). Similar to previous arrangements, funds will only be drawn down subject to the Chief Executive and two Executive Directors of the Council being satisfied that the monies are for the purpose of delivering the Rural Growth Deal. Any further funding required in excess of the approved value will require further approval from the Policy and Resources Committee.
- Note the process and anticipated timescales for signing the Full Deal Agreement with the Scottish and UK Governments.

### **4.0 DETAIL**

- 4.1 The Council agreed the 'Heads of Terms' for the RGD on the 11th February 2021 copy attached at appendix 2 and are currently working towards signing the Full Deal Agreement. The RGD PMO and key stakeholders are working with the consultancy Stantec to develop projects and progress a series of Treasury Five business cases (OBC's and FBC's). The Governance Plan and arrangement for the Rural Growth Deal are attached at appendix 3.
- 4.2 Upon signing the Full Deal Agreement, the Council will enter year 1 of a 10 year programme of delivery for the RGD. As such, projects in the earlier part of the programme will require to be more advanced by Full Deal signing than those in the middle / later stages. OBC's for projects in the earlier stages of the RGD programme will require Government approval in order to sign the Full Deal Agreement. The various phases of Growth Deals are detailed in *Figure 1* below and the programme is currently in the Post Heads of Terms Phase:

**Figure 1: City Region / Growth Deal Phases**



- 4.3 The RGD proposals are designed to deliver success across Argyll and Bute, based on three key drivers:
- **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

4.4 At present, the following 8 key investment themes are included within the RGD Heads of Terms;

- Tourism – Creating a World Class Visitor Destination;
- Creating a Low Carbon Economy;
- Rural Skills Accelerator Programme (RSAP);
- Housing to Attract Economic Growth;
- Clyde Engineering and Innovation Cluster (CEIC);
- West Coast UAV Logistics and Training Hub;
- Argyll Digital Connectivity;
- Marine Aquaculture Programme.

4.5 It should be noted, that following approval by the RGD Programme Board in June 2022, the RGD PMO are currently in the process of negotiating a change request to the RGD programme. It is proposed that funding allocated to the Argyll Digital Connectivity project will be re-allocated to the RSAP and UAV Hub themes. This change request is currently being considered by Government and further details are set out in Section 4 of this report.

## 5.0 PROPOSED CHANGE REQUEST - REALLOCATION OF DIGITAL FUNDING

5.1 At the time of negotiating the Heads of Terms Agreement, it was agreed to exclude details of funding allocations to allow greater flexibility within the RGD programme as projects developed. This reflected the fact that Argyll and Bute Council had committed limited financial resources to projects in advance of Heads of Terms to reduce the risk of abortive spend.

- 5.2 The £50m quantum figure agreed at Heads of Terms was significantly lower than the £178.5m requested by Argyll and Bute Council. Argyll and Bute Council's initial funding proposition to Government included £10m for regional digital enhancements however this was subsequently reduced to £3m following the confirmation of the £50m quantum commitment.
- 5.3 Given the lower quantum figure and extensive funding committed by both the Scottish and UK Governments to national digital infrastructure programmes (e.g. R100, the Emergency Services Network upgrades, Scottish 4G Infill Programme (S4GI) and the Shared Rural Network (SRN) upgrades) it has been challenging to identify digital projects which will have transformational impacts without duplicating existing funding commitments.
- 5.4 The Council are not able to commit funding to accelerate the delivery of infrastructure within existing national programmes and rural fibre infill projects of significant scale are challenging and expensive to deliver. There can also be on-going revenue costs associated with operations and maintenance which present a financial risk to the Council.
- 5.5 The RGD PMO are also concerned by current inflationary cost pressures as the budget for the RGD is fixed and the Government have confirmed that no additional funding will be made available for Deals to offset the impact of inflation.
- 5.6 Following approval of the Rural Growth Deal Programme Board on the 6th June 2022 (subject to agreement by Government), the RGD PMO are in the process of negotiating a change request with Government which will re-allocate £3m of funding from the "Argyll – Digital Connectivity" programme as follows:-
- **£2m** to support the West Coast UAV Logistics and Training Hub;
  - **£1m** to support the Rural Skills Accelerator Programme (RSAP) with a focus on digital technology and innovation linked to the development of local STEM Hubs.
- 5.7 At the time of writing this report, this change request has not been formally approved by Government however, this is considered necessary to reduce financial risk to the RGD programme.
- 5.8 The West Coast UAV Logistics and Training Hub project was recently awarded £170k of funding from the UK Government's Community Renewal Fund and this funding has supported project development work including design, planning and proof of concept trials. As part of the project development work, a bill of quantities has been drafted for the preferred option, which estimates the build cost of this facility to be circa £3.8m. The re-profiled RGD allocations will provide £4m of RGD funding for the UAV Hub, which should significantly reduce financial risk for this project.
- 5.9 To date, the Dunoon STEM Hub project has been progressing independently of the RGD and has been acting as a pilot for the future expansion of the STEM Hub programme. The Dunoon STEM Hub involves the re-purposing of an existing Council office building to deliver an innovative STEM facility. The

Council have appointed a Design Team, with the preferred option now agreed and awaiting full Technical Design.

- 5.10 The Council have secured £831,904 of match funding for the Dunoon STEM Hub from a range of sources including the Scottish Governments Clyde Mission fund and Crown Estates Scotland. The preferred design option for the Dunoon STEM Hub is estimated to be circa £1.8m however, it should be noted that detailed design work is ongoing and this project has yet to be tendered. Due to the funding gap, it was agreed to bring the Dunoon STEM Hub back into the RGD programme. This was agreed by the RGD Programme Board in June 2022.
- 5.11 On the back of the initial Project Brief, Argyll and Bute Council have continued to develop this project to make the physical hub as innovative, advanced and futureproofed as possible. It is anticipated that the STEM Hubs will include facilities such as a 5G enabled, 360-degree immersive classroom. This facility will create a digital projection using all four-classroom walls to bring the real world into an immersive experience for students. 5G's greater bandwidth will enable students and educators to livestream virtually from any location with minimal disruption and connect many more devices than on previous networks.
- 5.12 We will also explore opportunities to use mobile connectivity (5G and 4G), video conferencing, augmented reality and virtual reality to connect more remote schools to the STEM Hubs meaning that students can still enjoy the learning experience and are not disadvantaged by their location.
- 5.13 All of this additional technology will add significantly to project costs with the technology required for each immersive classroom estimated to cost in the region of £200k alone. The additional £1m of funding will allow the Council to be more ambitious with the design of the physical STEM Hubs creating immersive and digitally enabled facilities, which push beyond traditional methods of teaching to create an inclusive and exciting learning experience.
- 5.14 Table 1 below, presents the proposed split of government funding taking account of the suggested re-profiling of funding from the RGD Digital Programme.

**Table 1: Proposed Split of Government Funding**

Project Name	Funding Committed	UK Government	Scottish Government
Tourism	£11m	£4.5m	£6.5m
Creating a low carbon economy	£3m	£1.5m	£1.5m
<b>Rural Skills Accelerator Programme</b>			
STEM Hubs	£5.75m	-	£5.75m
Business Skills	£0.5m	-	£0.5m
Built Environment Argyll College UHI	£0.75m	-	£0.75m
Housing	£3m	-	£3m
CEIC	£7m	£7m	-
UAV Logistics & Training Hub	£4m	£4m	-

<b>Marine Aquaculture Programme</b>			
Machrihanish Innovation Campus	<b>£3.84m</b>	£3.84m	-
SAMS International Seaweed and Shellfish Industry R&D Centre	<b>£3.33m</b>	£2.33m	£1m
Marine Industry Training Centre	<b>£7.83m</b>	£1.83m	£6m
<b>Total Funding</b>	<b>£50m</b>	<b>£25m</b>	<b>£25m</b>

- 5.15 At the Policy and Resources Committee of the 24th May 2018, it was agreed that any future release of funding from the Council's Inward Investment Fund would be limited to projects that support the vision or key themes of, the Rural Growth Deal. At the time, the budget available via the Inward Investment Fund was circa £832,500.
- 5.16 To date, the Policy and Resources Committee have approved the release of 2 tranches of funding totalling £300,000.00 from the Inward Investment Fund to support Rural Growth Deal development work. The bulk of spend approved by the Internal Programme Board to date has been associated with Stantec's commission to provide support with the preparation of project outline and full business cases. At the time of writing this report, total approved spend on RGD project development work stands at £269,799.00.
- 5.17 A requirement has also been identified to undertake design and cost estimation work relating to the Clyde Engineering and Innovation Hub project with initial cost estimates suggesting a fee in the region of £44,000.00 to complete this work. Site investigation works will also be necessary and costs are anticipated to be circa £20,000.00 to undertake these works. The RGD PMO intend to recoup some or all of these costs as part of the capital funding allocation in the process of being agreed with Central Government however, this will not be possible until after the Full Deal Agreement has been signed.
- 5.18 Similar spend is also anticipated across the wider Rural Growth Deal programme with significant costs anticipated in advance of signing the Full Deal Agreement. As such, a further £150,000.00 of funding is requested from the Inward Investment Fund to continue to support the RGD project development work required in order to reach Full Deal signing.
- 5.19 In addition to the funding committed via the Inward Investment Fund, the RGD PMO and Project Leads will identify sources of match funding to assist with project development costs. Table 2 below, provides some examples of match funding secured to date to support the development of RGD projects and business cases.

**Table 2: Match Funding Secured for Project Development Work**

<b>Funding Partner</b>	<b>Project</b>	<b>Value</b>
Scottish Enterprise	Clyde Engineering & Innovation Cluster	£30k
Economic Growth Budget	RSAP	£10k
Strategic Transport	West Coast UAV	£20k



UK Community Renewal Fund	West Coast UAV	£170k
UK Community Renewal Fund	Rural Skills Accelerator Programme	£100k
Scottish Government (CARES)	Islay Low Carbon Economy	£25k
HIE	Marine Aquaculture Programme	£100k

## 6.0 RGD PROJECT UPDATES

### 6.1 Tourism - Creating a World Class Visitor Destination

6.1.1 The following five priority investment locations were agreed by the RGD Programme Board at a meeting on the 22<sup>nd</sup> June 2022:

- Dunoon Waterfront;
- Rothesay Waterfront;
- Helensburgh (Wooden Pier);
- Ardrishaig/Crinan Canal Corridor;
- Campbeltown – Kintyre Sea Sports Proposals;

6.1.2 It is considered that these locations have the potential to grow their tourism offering without being subject to some of the seasonal visitor pressures faced in other areas of Argyll and Bute.

6.1.3 Levelling Up Fund bids were submitted in August focusing on marine gateway enhancements in the towns of Rothesay and Dunoon. If successful, this funding will provide clear synergies and match funding for the RGD tourism programme.

6.1.4 Kintyre Seasports are also working with Crown Estates Scotland to access funding via their Boat Based Tourism fund. If successful, this could provide up to £750k of match funding for this project.

### 6.2 Creating a Low Carbon Economy

6.2.1 Natural Power consultancy have been appointed to undertake an options appraisal study and this work is being funded by the Scottish Government's Community and Renewable Energy Scheme (CARES). Options are in the process of being refined following feedback received from SSEN regarding voltage constraints on the local grid. Grid constraints dictate that it is likely that the RGD funding will focus predominantly on a programme of smaller scale domestic energy efficiency measures and low carbon technology such as heat pumps and solar.

6.2.2 Work is ongoing to identify potential synergies with the Scottish Government's Carbon Neutral Islands programme and Islay Energy Trust are being engaged

as a key stakeholder representing the local community. Further community engagement will be undertaken when the preferred options have been identified.

### **6.3 Rural Skills Accelerator Programme (RSAP)**

6.3.1 The Rural Skills Accelerator Programme (RSAP) is a vehicle that will invest in the fabric of our skills and education infrastructure enabling first class STEM and business focused skills education and training. The RSAP has three component parts as follows:

- STEM Hubs (physical, outreach & mobile)
- Argyll College UHI built environment
- Business Skills

6.3.2 The STEM Hubs will include a mix of physical hubs, mobile and outreach activities and the overarching focus of this project is to provide a platform for a transformational step change on STEM engagement opportunities.

6.3.3 It is proposed to construct the first physical STEM hub within the former Council Office on Hill Street, Dunoon. The existing building will be repurposed to create a state of the art, digitally enabled, SMART hub which will act as a pilot for the wider STEM programme.

6.3.4 A Core Project Team has been established to lead on the Dunoon STEM hub project and detailed design and development work is currently being progressed. A planning application for the project was also submitted in early October 2022.

6.3.5 Progress also continues to be made across the wider RSAP. UHI Argyll College previously secured funding via the UK Governments Community Renewal Fund to progress curriculum development work. This focuses predominantly on the construction, hospitality and catering sectors and it is anticipated that the RGD funding will enable UHI Argyll College to implement enhancements to their estate to support the delivery of their curriculum moving forward. This is essential to attract and retain students in Argyll and Bute and stem the drift of young people out of the region.

6.3.6 The business skills project will focus on enhanced skills and training provision for local SME's and Stantec are working with project leads to baseline existing skills support and identify gaps and priority groups / sectors.

### **6.4 Housing to Support Economic Growth**

6.4.1 This project will include housing pilots on the Islands of Islay and Mull aimed at providing a mix of housing types/tenures for local residents and workers. The housing proposals will include controls to ensure that all housing constructed using RGD funding remains for use as primary residences (e.g. Rural Housing Burdens). It is anticipated that the RGD investment will enable initial phases of housing development on these sites, allowing for further phases of housing to be developed by RSL's / private sector developers in future years.

- 6.4.2 Stantec have recently completed initial Site Investigation Studies for the preferred sites at Rockfield Road, Tobermory and the current Roads Depot site in Bowmore. It is likely that the next steps will be further geotechnical and geo-environmental works at both sites.
- 6.4.3 The Council are also in discussions with key stakeholders around future delivery models for housing on these sites. For example, it is anticipated that the Council will require to become a registered 'Rural Housing Body' in order to have the legal authority to apply Rural Housing Burdens on properties.
- 6.4.4 Project leads continue to meet frequently with key stakeholders including the Scottish Government's More Homes Division, HIE, Stantec and Council Officers from Housing and Planning.

### **6.5.0 Clyde Engineering and Innovation Cluster**

- 6.5.1 This project is the main UK Government funded project in the RGD programme and will focus on providing commercial accommodation within Helensburgh to maximise local benefit from the Royal Navy's £1.3bn Maritime Change Programme. The Maritime Change Programme will see HMNB Clyde become the UK's principal submarine base resulting in a significant uplift in staff and supply chain activity at the base.
- 6.5.2 The preferred site is located at Iona Stables, Colgrain and has Planning Permission in Principal for the creation of 60,000 sq. ft. (5,574 sqm) of high-quality office development, a public house/restaurant with car parking and external landscaping. The site at Colgrain is privately owned however, the Council are working with the site owner on a revised planning application to enlarge the area of current consent in order to improve the viability of the site and offer more flexibility in land negotiations.
- 6.5.3 Stantec are working with Scottish Enterprise, the MoD and the base industrial partners to assess current and future demand for the site. 1-2-1 meetings with base industrial partners are ongoing and a workshop session took place on the 22<sup>nd</sup> September at HMNB Clyde. It is critical to revisit demand in light of the pandemic and recent changes in working patterns. Supporting work is also being undertaken investigating skills gaps (synergies with RSAP programme) and potential transport infrastructure enhancements to support modal shift from private cars to public transport, walking and cycling.

### **6.6 West Coast UAV Logistics and Training Hub**

- 6.6.1 This project aims to create a permanent base at Oban Airport to fly and maintain drones, as well as train pilots, educate and inspire children, and develop further uses for drones. The Council recently secured £170k of funding via the UK Government's Community Renewal Fund which has enabled design and planning work for the UAV hub to be accelerated. A full detailed planning application for the site was submitted at the end of August 2022 and planning permission was granted in October 2022.

- 6.6.2 The Council have been working in partnership with Skyports to undertake a number of successful proof of concept trials. These trials involved using UAV's to transport medical equipment and samples between local hospitals during the Covid 19 pandemic, trials with the Royal mail and most recently testing the potential to use UAV's to deliver school meals ([BBC News - School meal drone delivery trialled in Scotland](#)).
- 6.6.3 The design for the proposed UAV Hub will be easily adaptable to meet future drone requirements, evolving uses, and the potential to expand operations when necessary. The hub will also be designed to be adaptable for use by fixed wing aircraft in order to maximise its business potential. The UAV hub will include landing facilities, a main hangar, training, education and workshop facilities.
- 6.6.4 A bill of quantities has been undertaken for the preferred option and the estimated cost is circa £3.8m. As such, the RGD PMO have requested that an additional £2m of funding is re-profiled from the digital programme to provide a total RGD allocation of £4m for this project.
- 6.6.5 This facility will operate in compliance with Civil Aviation Authority (CAA) licencing requirements and as such, safety will be critically important. Skyports have achieved multiple, complex regulatory approvals from the CAA and will leverage this experience in helping to shape and develop future regulation for commercial operation of UAV's.

## **6.7.0 Marine Aquaculture Programme (MAP)**

- 6.7.1 The MAP is being led by HIE and consists of the following 3 projects:-
- UHI Argyll College Marine Industry Training Centre (MITC);
  - SAMS International Seaweed and Shellfish Industry R&D Centre;
  - Stirling University Machrihanish Innovation Campus.
- 6.7.2 These projects are at varying stages of development with the OBC for MITC nearing draft completion and SAMS / Stirling University still at an earlier stage in the process. HIE have appointed the consultant EKOS to assist with the economic modelling for all three projects and the preparation of the OBC for SAMS.
- 6.7.3 UHI Argyll College are undertaking a short re-appraisal of project options for the MITC to ensure that this project remains viable in light of current inflationary cost pressures. The MITC OBC is substantially complete and should be submitted for Internal Board approval imminently.

## **7.0 FULL DEAL DOCUMENTATION**

- 7.1 As part of the Full Deal process, the RGD PMO will require to draft the following documents:-
- Full Deal Agreement;
  - Implementation Plan;

- Governance Plan;
- Financial Plan;
- Communications Plan
- Benefit Realisation Plan.

7.2 There may also be the requirement for projects to include some or all of the following:-

- Equality Impact Assessments;
- Fairer Scotland Impact Assessments;
- Environmental Impact Assessments (if required);
- Islands Impact Assessments (if required)
- Carbon Management Plans.

## **8.0 CONCLUSION**

8.1 The RGD PMO are working towards signing of the Full Deal Agreement, which represents the next key milestone in the RGD process. In order to reach signing of the Full Deal agreement, it will be necessary to prepare a series of Treasury Five Case Business Cases for projects within the RGD programme.

8.2 Following approval by the RGD Programme Board, the RGD PMO are currently in the process of negotiating a change request with Government. If successful, this will re-profile funding from the Argyll Digital Connectivity Programme to support the RSAP and West Coast UAV Logistics and Training Hub projects.

8.3 The RGD PMO continue to work with key stakeholders to develop projects and the draft the documents required for Full Deal Signing. The consultancy Stantec have been appointed to assist with the development of RGD business cases and it is anticipated that the majority of first draft OBC's will be submitted to government in late 2022 / early 2023.

8.4 The RGD PMO are aiming to sign the Full Deal Agreement by summer 2023 however, it should be noted that this will be reliant on the time taken for business cases to be reviewed and approved by Government.

8.5 The Policy and Resources Committee are asked to approve a further £150,000.00 draw down from the Inward Investment Fund to support further project development work required to reach signing of the Full Deal Agreement.

## **9.0 IMPLICATIONS**

9.1 Policy – The RGD is consistent with the Council's Economic Strategy.

9.2 Financial – The RGD requires financial and staff resources from the Council.

9.3 Legal – The RGD may require input from Legal Services as part of the Full Deal Signing.

9.4 HR – None at present.

- 9.5 Fairer Scotland Duty: Required as part of OBC process.
- 9.5.1 Equalities - protected characteristics - Equality Impact Assessments are required for all RGD projects.
- 9.5.2 Socio-economic Duty - The Rural Growth Deal will follow Scottish Government guidance on Inclusive growth including measures to address socio-economic disadvantage.
- 9.5.3 Islands – Islands impact assessments required as part of OBC process where necessary.
- 9.6 Climate Change – Carbon Management Plans are required for all RGD business cases.
- 9.7 Risk – Spend incurred in advance of approval of FBCs will be at risk to lead partner.
- 9.8 Customer Service – None at present.

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

**Policy Lead for Economy and Rural Growth: Councillor Robin Currie**

November 2022

**For further information contact:**

Jonathan Welch, Rural Growth Deal Programme Manager  
[Jonathan.Welch@argyll-bute.gov.uk](mailto:Jonathan.Welch@argyll-bute.gov.uk)

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

**APPENDICES**

Appendix 1 – Draft OBC Programme

Appendix 2 – Rural Growth Deal Heads of Terms

Appendix 3 – Rural Growth Deal Governance Arrangements