ARGYLL AND BUTE COUNCIL | **POLICY AND RESOURCES COMMITTEE**

DEVELOPMENT AND ECONOMIC GROWTH | **20 AUGUST 2026**

COMMUNITY REGENERATION PARTNERSHIP FUND – PROGRAMME UPDATE

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to update members on the progress of the UK Government's Community Regeneration Partnership (CRP) Programme and associated projects.

1.2 In November 2025 the UK Government (UKG) approved a package of £20.34m CRP funding, comprising £20m capital funding, £250,000 revenue funding and £90,000 of associated capacity funding for Argyll and Bute. The Council has received the full funding allocation.

1.3 Programme governance arrangements are in place, and quarterly monitoring reports are being submitted to the Ministry of Housing, Communities and Local Government (MHCLG).

1.4 The agreed funding package was developed in partnership with Argyll and Bute Council to boost economic development opportunities and drive positive change across our communities.

1.5 The principal programme risk relates to the requirement that the full £20m capital funding is defrayed in 2026-27. The CRP Project Manager has requested urgent clarification of spend deadlines with the UKG and is awaiting a formal response. It remains the Council's understanding that spend is possible beyond the 31st March 2027 providing that funding is fully committed in advance.

RECOMMENDATIONS

The Policy and Resources Committee are asked to:-

a) Note progress with delivery of the Community Regeneration Partnership Programme (CRP), the current status of projects as set out in **Table 1** of the report, and the associated governance, monitoring and risk arrangements for the CRP programme.
b) Delegate authority to the Executive Director for Development and Infrastructure Services in consultation with the Council Leader and Depute Leaders to approve change requests relating to the programme in line with the agreed Memorandum of Understanding.
c) Note that a further report will be brought to the next Policy and Resources Committee meeting.

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DEVELOPMENT AND ECONOMIC GROWTH | **20 AUGUST 2026**

COMMUNITY REGENERATION PARTNERSHIP FUND – PROGRAMME UPDATE

2.0 INTRODUCTION

2.1 The purpose of this report is to update members on the progress of the Community Regeneration Partnership (CRP) Programme and associated projects.

2.2 The Community Regeneration Partnership (CRP) Fund is a UK Government programme established to address spatial inequalities and support place-based economic growth.

2.3 In November 2025 the UK Government (UKG) approved a package of £20.34m CRP funding, comprising £20m capital funding, £250,000 revenue funding and £90,000 of associated capacity funding for Argyll and Bute. The Council has received the full funding allocation.

3.0 RECOMMENDATIONS

3.1 The Policy and Resources Committee are asked to:-

a) Note progress with delivery of the Community Regeneration Partnership Programme (CRP), the current status of projects as set out in **Table 1** of the report, and the associated governance, monitoring and risk arrangements for the CRP programme.
b) Delegate authority to the Executive Director for Development and Infrastructure Services in consultation with the Council Leader and Depute Leaders to approve change requests relating to the programme in line with the agreed Memorandum of Understanding.
c) Note that a further report will be brought to the next Policy and Resources Committee meeting.

4.0 DETAIL

4.1 In the 2024 Autumn Statement the UK Government committed to delivering a package of support to Argyll and Bute Council in order to improve outcomes across the region in line with the Government's core missions and priorities. Community Regeneration Partnership Funding (CRP) builds upon previous work and engagement undertaken by the Ministry of Housing, Communities and Local Government (MHCLG) under the banner of Levelling Up.

4.2 Following joint working and a community engagement process undertaken by Civil Servants from the UKG, a portfolio of projects covering housing, regeneration, economic development and community infrastructure was approved by UK Ministers. A Memorandum of Understanding (MoU) was signed in November 2025 establishing programme governance and monitoring arrangements.

Programme Governance

4.3 Overall responsibility for the programme sits with the Executive Director for Development and

Infrastructure Services. Strategic oversight is provided by the Transformational Projects and Regeneration Team. Dedicated programme management and financial support resources are in place and are funded by the CRP programme (Includes a Project Manager and Administration and Finance Assistant).

4.4 Each CRP project has an identified lead officer or partner responsible for the delivery of the project. This includes projects that are being delivered internally and those being delivered by external partners.

4.5 Details of the CRP portfolio of investment is set out in **Table 1** below. To ensure compliance with UKG funding conditions, robust Grant Offer Agreements will be drafted for all external projects. External legal support has been procured to assist with the drafting of funding agreements.

Monitoring, Assurance and Compliance

4.6 In line with the requirements of the MoU, quarterly progress meetings are held with civil servants from the MHCLG. Prior to each meeting, the Council are required to submit a Monitoring Report detailing key milestones, outputs, outcomes and risks. The first report was submitted and approved by the MHCLG in May 2026, and the next report is due to be submitted in August 2026.

4.7 Programme delivery is undertaken in accordance with procurement legislation, subsidy control requirements, equalities duties, data protection obligations and corporate governance requirements.

4.8 A programme risk register (See **Appendix 1**) is maintained and reviewed regularly.

Financial Management

4.9 The Council has received payment of all CRP funds including:-

- £20m Capital Funding.
- £250,000 Revenue Funding.
- £90,000 Capacity Funding (Revenue).

4.10 All funding has been approved by UKG Ministers following the completion of Treasury Five Case Model Business Cases for each project, prepared by MHCLG. To ensure that expenditure and monitoring of the CRP funding deliver best value for money, robust financial management and governance arrangements have been established. Detailed capital and revenue profiles have been developed, and monthly monitoring meetings have been scheduled with colleagues from Financial Services to review progress and financial performance.

4.11 Officers continue to engage with MHCLG regarding the requirement for funding to be defrayed within the financial year in which it is provided. The CRP Project Manager has requested urgent clarification of spend deadlines with the UKG and is awaiting a formal response. It remains the Council's understanding that spend is possible beyond the 31st March 2027 providing that funding is fully committed in advance.

Project Progress

4.12 The CRP has an extremely challenging programme for expenditure, and the Council are working with key delivery partners to progress all capital projects. **Table 1** below, provides a summary of progress with all CRP projects.

Table 1: CRP Project Update

Project Ref	Project	Funding Allocation	Progress Update
CRP-01	Islay Housing Fund	£2m Capital	Working in partnership with RSL to develop preferred site in Bowmore. CRP funding likely to be used for land acquisition and enabling infrastructure works.
CRP-02	Housing Acquisition & Resale (Homes for Living)	£1.9m Capital	Project development is progressing well via the Officer Working Group. This includes extensive external engagement with various stakeholders – all of which has been positive. The Working Group are confident of delivering a viable scheme within the CRP timescales and details will be brought to Members later in the year.
CRP-03	Modular Home provider scoping (Oban)	£0.1m Capital	The Highlands and Islands Regional Partnership Housing Sub-Group have agreed to a regional study on Modern Methods of Construction. Next step is to complete a commissioning exercise to progress the study.
CRP-04	Tobermory Worker Accommodation	£1m Capital	Construction tender for design and build contract due to be issued in August.
CRP-05	European Marine Science Site (Phase 2) - HIE	£1.6m Capital	The new building (Camas House) was completed in early 2026. Detailed design work is underway for the ground-floor fit-out. Construction contract due to be tendered soon. See change request detailed in paragraphs 4.15 and 4.16.
CRP-06	Oban Airport Aviation Business Park	£7.4m Capital	Good progress is being made with the construction of the first building – due for completion December 2026. Development work is underway for the second building. See change request detailed in paragraphs 4.15 and 4.16.
CRP-07	Teaching space at the Scottish Association for	£0.6m Capital	Project development is complete, ready for site start. We are currently negotiating the terms of the Grant Offer

	Marine Science (SAMS)		with SAMS.
CRP-08	Bowmore Hall (Islay Development Initiative)	£0.32m Capital	Construction work started in April 2026 and is progressing well. There is a shortfall for items that were removed during the value engineering process (Includes fixtures and fittings). Discussions are on-going to fund the shortfall.
CRP-09	Dunoon Public Realm	£1.08m Capital	1. Public realm works – The preferred site has been identified, and land acquisition is progressing. 2. Town Centre Investment fund has been launched to provide grant funding for small interventions to support local businesses.
CRP-10	Former Royal Hotel, Rothesay	£4m Capital	Full development phase is progressing well with statutory applications due to be submitted this summer. Projected site start date is April 2027.
CRP-11	Mull & Iona Community Trust Helicopter Operations	£0.02m Revenue	A Grant Offer Letter is being drafted for issue. Following acceptance, the grantee can submit their first CRP grant claim.
CRP-12	Programme Officer Support	£0.23m Revenue	A budget and costed profile have been produced (Includes staff costs).
	Programme Capacity Payments	£0.09m Revenue	As above, this element provided funding for enabling and development works to CRP projects.
	Total Revenue Funding	**£0.34m**	
	Total Capital Funding	**£20m**	
	Totals	**£20.34m**	

Change Control

4.13 The CRP programme includes change control protocols to enable the Council to make adjustments to spend profiles. MHCLG will take a pragmatic approach to project adjustment, where changes to agreed interventions need to be made. Local authorities must outline the change, explain the reasoning, and provide formal Section 95 officer approval. Changes to the agreed package will be permitted under the following circumstances:

- Argyll & Bute Council can move funding between projects and activities to deliver the agreed outcomes.

- Argyll & Bute Council may submit a request to add a project to the package if it meets the following criteria:
    - The requirement for grant can be contained within the approved Community Regeneration Partnership package budget.
    - The Council can demonstrate that the project would contribute to the aims of the package.
    - It reflects the menu of interventions developed during the Community Regeneration Partnership and agreed with Ministers.
    - It is:
        - Feasible and deliverable.
        - Represents Value for Money.
        - Reflects local strategic needs and aspirations.

4.14 MHCLG will not provide further funding for any cost overruns associated with any of projects and activities included in the agreed package.

4.15 Members are asked to note that the first change request was submitted to the UK Government in May 2026 requesting approval to transfer £300,000 from The European Marine Science Site (Camas House) to Oban Airport Aviation Business Park. This transfer of funding was first reported to Council on the 26th of November 2025 as part of an update report for Oban Airport Business Park. The reason for this change request is that the latest cost projection for the fit-out of the ground floor in Camas House has been costed at £1.3m (Original projection was £1.6m) and there was a shortfall in budget for Oban Airport Business Park (CRP funding of £7.4m being increased to £7.7m).

4.16 To date the Council have not received formal approval from the UK Government for the above change request. When approval is received, colleagues in Finance will report the change to the Policy and Resources Committee as part of their capital monitoring reporting. Following this, the funding will be transferred to the Oban Airport Business Park budget.

5.0 CONCLUSION

5.1 Significant work is underway to deliver the £20.34m CRP programme within the timescales identified. Dedicated staff have been recruited to lead the delivery of the programme, and the majority of projects are now in full development phase with one project already on site.

5.2 Several risks have been identified, and Officers continue to work with delivery partners and MHCLG to manage these and maximise programme benefits. The CRP programme is subject to robust governance, monitoring and financial assurance arrangements.

6.0 IMPLICATIONS

6.1 Policy – The CRP is consistent with the Council's Economic Strategy. CRP projects are directly match funding several Rural Growth Deal projects and helping with the Housing Emergency.

6.2 Financial – Full allocation of £20.34m received. Defrayment issues remain a key programme consideration.

6.3 Legal – Significant legal support is required to provide advice and guidance on all CRP projects and specifically to draft funding agreements for all external CRP projects.

6.4 HR – Dedicated programme resources are in place. A Project Manager and Administrative and Finance Assistant have been appointed to oversee the delivery of the CRP programme. Both of these posts sit within the Transformational Projects and Regeneration Team.

6.5 Customer Service: None.

6.6 Risk: A risk register has been produced and is regularly updated and reported on.

6.7 Climate Change: Each CRP project is required to have regard to climate change implications.

6.8 Fairer Scotland Duty: None at present.

6.9 Equalities - protected characteristics - Equality Impact Assessments undertaken where required.

6.10 Customer Duty – None at present.

6.11 Island Communities: Multiple projects directly benefit island communities.

6.12 Children's rights and wellbeing – Considered where applicable.

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02/07/2026

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APPENDICES
Appendix 1: Risk Register