

RURAL GROWTH DEAL

Progress Update September 2023 – (Update No 6)

Welcome to our update

Welcome to the sixth edition of Argyll and Bute Council's Rural Growth Deal (RGD) quarterly update. Our £70 million Rural Growth Deal is about turning economic potential into a successful future for Argyll and Bute. It is about investing in initiatives that will turn the area's fantastic natural resources and business innovation into a thriving local economy.

Progress to date

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

October 2021 – recruitment of Programme Management Office complete.

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

March 2023 – first OBC submitted for feedback from Government

Programme Management Office Update:

Financial Profile – drafting of the Financial Profile continues and the PMO are regularly discussing with Government and Project Leads.

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

Communications Protocol – approved by Government.

Visit from Senior Civil Servants – Deputy Directors from the UK Government's Scotland Office and Scottish Government's Regional Economic Development Departments visited Argyll and Bute on the 1st of June to discuss RGD progress and the timeline to Full Deal signing. The visit was positive, with Government stating they are content with progress being made across the RGD Programme.

The visit was held at SAMS, Dunbeg and included presentations on RGD progress and an update on the Marine Aquaculture Programme. There was a tour of the current Seaweed Academy facilities, Robotics facility and the Ocean Explorer Centre. Later in the day, the visit moved to Oban Airport for a site visit to the proposed UAV Hub site and discussion on the potential to upscale drone operations in Argyll.

Internal Stakeholder Engagement Workshop – the PMO held a workshop on 27th July with internal stakeholders to provide early engagement on RGD projects. The workshop was attended by Planning, Building Standards, Programme & Project Management, Procurement & Legal.

Individual project updates

- **Marine Aquaculture Programme:**
 - Consists of 3 projects:
 - UHI Argyll College Marine Industry Training Centre (MITC);
 - SAMS International Seaweed and Shellfish Industry R&D Centre;

- Stirling University Machrihanish Innovation Campus.
 - The OBC for MITC was submitted to UK and Scottish Government for first stage feedback on 4th April. Initial feedback has been received from Central Government and HIE / UHI Argyll are currently revising the OBC taking account of feedback received by policy leads.
 - SAMS are working with EKOS to develop the business case for the International Seaweed and Shellfish Industry R&D Centre. The PMO expect to receive the draft OBC in August 2023.
 - Stirling University are developing the OBC for the MERL facility at Machrihanish. The PMO expect to receive the OBC in August 2023.
- **Creating a World Class Visitor Destination**
 - The OBC for Kintyre Seaports was submitted to UK and Scottish Government for first stage feedback on 3rd March 2023. Feedback has now been received and Stantec are now working on a second iteration of the OBC.
 - A Regeneration Capital Grant Fund application has been submitted for Kintyre Seaports requesting funding of £700k. The results of the first stage of the application are expected by the end of August. Discussions remain ongoing with Crown Estates Scotland regarding a potential funding contribution from their Boat Based Tourism Fund.
 - The second project under this theme is Rothesay Pavilion and Stantec have been working with the Pavilion Project Management Team and the Rothesay Pavilion Charity to progress a Full Business Case for the project. It is hoped to submit the FBC to Government in September for feedback.
 - **Islay Low Carbon Economy:**
 - Stantec and stakeholders continue to work on the investment objectives for this project and work up the OBC. It is hoped the OBC will be submitted to Government in September 2023. In advance of this, a meeting was held with Stantec and Government Economists to raise awareness of the project and the economic modelling approaches that Stantec have used in the development of the OBC.
 - A series of meetings have been held to identify partners and potential match funders for the project. This has included Historic Environment Scotland, BE-ST, Energy Systems Catapult and Home Energy Scotland.
 - The Project will focus on the delivery of domestic home energy efficiency and heat decarbonisation

measures including potential pilots in conservation areas and heritage properties. The focus is now on developing project delivery plans.

- **Rural Skills Accelerator Programme:**
The Rural Skills Accelerator Programme (RSAP) has three component parts:
 - STEM Hubs (physical, outreach and mobile);
 - Business Skills; and
 - UHI Argyll built environment in Dunoon.

The progress of these RSAP elements is as follows:

- **STEM Hubs:** it is proposed to develop 2 STEM Hubs with associated outreach facilities. Due to receipt of match funding, work has advanced to take forward the repurposing of the council owned Hill Street building, to create a Dunoon Community STEM Hub in the south. With planning permission and a building warrant in place, the Stage 1 construction works tender for the Dunoon facility was published on 11th May 2023. The tender has now progressed to Stage 2, with a tender award likely to be made in September 2023. The second STEM Hub will be located at the Scottish Association for Marine Science (SAMS) at Dunbeg, Oban. This Hub will have a particular focus on marine STEM skills.
- **Business Skills:** it has been agreed that the Business Skills element will be led by Highlands and Islands Enterprise (HIE). The focus of this programme is proposed to be on developing business leadership skills. This will align with and complement the UK Shared Prosperity Fund Investment Plan business support programme being delivered by the Business Gateway Team until the end of March 2025.
- **UHI Argyll:** a HubNorth facilitated workshop was held in June to explore options for this project. It is hoped that UHI Argyll will provide further clarity on their preferred

option at the RSAP Steering Group meeting on the 25th August.

There has been a delay in the completion of the Programme level OBC and it is now the intention to submit the OBC by October 2023.

- **Housing to Attract Economic Growth:**
 - A successful bid was made to the Scottish Government's Islands Programme. Funding of up to £700k has been awarded for enabling infrastructure at the Rockfield Road site in Tobermory. This will include roads and servicing of the site and submission of a detailed planning application. Stantec are progressing work on site layout, infrastructure and design. This work is programmed for completion by October 2024.
 - The Scottish Government confirmed on 27th June that the intention is to recommend to Scottish Ministers that they make an Order designating Argyll and Bute Council as a Rural Housing Body. Further consultation will take place with businesses on Mull and Islay before the final recommendation is made.
 - Discussions around the preferred site for development in Bowmore remain ongoing.
- **Clyde Engineering and Innovation Cluster:**
 - The OBC for the CEIC was submitted Government on the 18th of July for first stage feedback.
 - Concept design work has been progressed by Stantec, and initial costings have been reported. It is likely that the preferred option (floor area of 3000sqm) will have a funding gap and project leads have been working with Scottish Enterprise to identify potential sources of match funding.
 - Site investigations commenced in early April and Stantec are preparing reports on the findings.
 - Commercial Services continue to work with the landowner to progress land negotiations.
 - A meeting with the new Commodore of HMNB Clyde was held in June and an update on the CEIC was provided. The Commodore confirmed that it is likely that some contractors will have to relocate from the Base in coming years and the CEIC will support the MODs programme. Key industrial partners remain supportive of the CEIC project and are key stakeholders in the design process.

- **West Coast Aviation, UAV, Robotics and Compliance Hub:**
 - The OBC for the UAV Hub was submitted to Government for feedback in May 2023.
 - Further proof of concept trials will be funded using a £250k grant secured from the UK Government's Regulators Pioneer Fund. Trials are starting in September with a number of potential users being identified to trial the technology.
 - Professor Phil Anderson of SAMS attended the Government site visit on the 1st of June and described the wide-ranging uses that UAVs can have for scientific research. SAMS are a key partner on this project.

Priorities for the next quarter

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

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

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

Full Deal Signing – work with Government on a target date for Full Deal signing.

For further information, please contact the following staff:

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