

RURAL GROWTH DEAL

Progress Update September 2024 – (Update No 9)

Welcome to our update

Welcome to the ninth 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

November 2023 – Rothesay Pavilion FBC submitted for Government review.

July 2024 – first OBC approved by Government

Programme Management Office Update:

- **Full Deal Documentation** – all documentation has been submitted and approved by Government.

Full Deal Signing:

- Full Deal Signing was scheduled for 7th June 2024, however due to the announcement of the General Election, this had to be postponed.
- The RGD PMO continue to liaise with UK Government and Scottish Government to agree a revised date for Full Deal signing.
- The UK Government have recently advised that due to the ongoing Spending Review, Full Deal Signing will not take place before the UK Budget is announced on the 30th of October.
- The Council are lobbying Central Government to sign the Full Deal Agreement as soon as possible as Argyll and Bute is the only area within Scotland that does not currently have a Deal signed.

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;
 - University of Stirling - Machrihanish Innovation Campus.
 - The Outline Business Case for the MITC is currently being reviewed by Government. Further work is being progressed to confirm the preferred location for the project
 - The OBC for the SAMS International Seaweed and Shellfish Industry R&D Centre was approved by Government in August 2024.
 - The University of Stirling are reviewing the feedback for the OBC for the MERL facility at Machrihanish.
- **Creating a World Class Visitor Destination**
 - The OBC for Kintyre Seaports was approved by Government in July 2024.

- Site investigation works at Kintyre Seaports' site at Low Askomil, Campbeltown concluded with no significant barriers to development found. The appointment of a detailed design team is the next step in progressing the project before moving to the development of the Full Business Case. It remains the aim of the project team to begin construction of the new facility in Autumn 2025.
- The FBC for Rothesay Pavilion has been submitted to Government and it is hoped that the Council will secure a conditional endorsement for the RGD funding in advance of the Council's meeting on 27th September, where members will be asked to approve the award of the tender for stages 2 and 3 of the project.

○ **Islay Low Carbon Economy:**

- The Project Team have engaged with key stakeholders to determine alternative project options, following confirmation from Government that they would not support a domestic retrofit programme using RGD funds. This has included Islay Energy Trust, Carbon Neutral Islands team, Highlands and Islands Enterprise and Scottish Power Renewables. Further engagement will be undertaken into the Autumn to assess viable options
- Options under consideration include localised production of hydrogen, microgrid technology, synergies with housing development and a potential challenge fund option.
- Islay is part of the Carbon Neutral Islands Programme. The Scottish Government is making £1m of funding available to support the six islands included in the programme progress projects that will support their transition to net zero. The Transformational Projects Team have been working with Islay Energy Trust to develop project options to bid for funding, with a deadline for applications of 30th August 2024.

- **Rural Skills Accelerator Programme:** Feedback on the second iteration of the Programme Level Outline Business Case for the RSAP has been received from Government and the project Steering Group and Stantec have been working to address the comments.

The progress of these RSAP elements is as follows:

- **STEM Hubs:** The location for the STEM Hub South remains Dunoon with options to

locate within Dunoon Grammar School being explored.

- **Business Skills:** HIE are currently programming the Full Business Case for this project which will commence following approval of the programme level OBC.
- **UHI Argyll:** UHI Argyll have confirmed that they will no longer be able to progress their estate enhancement project within Dunoon. As such, £1.5M of RGD funding will require to be reprofiled across the wider programme.

● **Housing to Attract Economic Growth:**

- **Isle of Mull Worker Accommodation –TSL Contractors Ltd** have been awarded the contract for site infrastructure works and work started on site on Monday 13th May. This first phase of works will be majority funded by the Scottish Government Islands Programme, with the Rural Growth Deal funding housing on the site following endorsement of the project FBC. Works have been progressing well, with initial site clearance having been completed. The Project Team are working to get approval of designs for utility connections to allow works on site to be remobilised.

Photo 1 – Overview of cleared site at Rockfield Road



- TSL Contractors have donated £500 to Mull Sports Bus as part of the Community Benefit requirements for the contract.
- The OBC for this project was approved by Government in September 2024.

- **Isle of Islay Housing** – site investigations have completed at Kilarrow House, Bowmore. It has been confirmed that the site is suitable for residential development and it is proposed that this site becomes the priority for RGD investment.
- **Clyde Engineering and Innovation Cluster:**
 - Central Government have verbally advised that the OBC for the Clyde Engineering and Innovation Cluster OBC has been approved.
 - Stantec continue to progress the next stage of design/engineering support, this is focussed on key enabling infrastructure at the Colgrain Site including roads, drainage, utilities and foundations. This work will provide more clarity around the likely funding gap on this project.
 - The PMO continue to engage with potential funding partners regarding match funding to support delivery of the CEIC project and wider Colgrain Business Park Site.
 - Further engagement with Key Industrial Partners at HMNB Clyde is being planned to ensure that any design meets the needs and requirements of the partners who will become the users of the CEIC building.
- **West Coast Aviation, UAV, Robotics and Compliance Hub:**
 - A third iteration of the OBC has received feedback from Government.
 - There have been further trials undertaken by Skyports over the Summer months. This has been funded through the UK Government Regulators Pioneer Fund and Skyports have worked with the Council on further school meal delivery trials and to look at uses for water and sample testing. Network Rail, Royal Mail, SEN and the NHS have also been involved in trials.
 - Discussions are ongoing to ensure that the development of the UAV Hub is aligned to the wider development of the Oban Airport Business Park site.

Priorities for the next quarter

Full Deal Signing – continue to work with both UK and Scottish Government to agree a revised date for Full Deal Signing

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

number of OBCs are nearing approval stage and in the next quarter it is hoped that a number of OBCs will be approved.

Rothsay Pavilion – endorsement of the FBC and start of Stage 2/3 works.

Scoping of FBCs and Design Work – a number of projects are at the stage of needing to commission further detailed design work and the PMO/Project Teams will work with procurement to tender for projects

For further information, please contact the following staff:

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