

RURAL GROWTH DEAL

Progress Update August 2025 – (Update No 11)

Welcome to our update

Welcome to the eleventh 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

March 2025 – Full Deal Agreement signed

April 2025 – first drawdown of Rural Growth Deal funding from Government

July 2025 – Scottish Government confirmed an allocation of £6,025,000 for financial year 2025/26.

Programme Management Office Update:

- **2025/26 Grant Allocation** – the Scottish Government confirmed in July 2025 that £6m has been allocated to the Rural Growth Deal for the 2025/26 financial year. This is allocated between Rothesay Pavilion, Kintyre Seaports, Enabling Worker Accommodation and Business Skills projects.
- **Finance and Reporting** – since the Rural Growth Deal was signed in March 2025, a total of £1.6m has been claimed from Government. This has all been allocated to the renovation of Rothesay Pavilion.
- **Implementation Plan** – an updated Implementation Plan for the Rural Growth Deal was submitted to Government on 30th June 2025.

Individual project updates

Marine Aquaculture Programme:

- Consists of 3 projects:
 - Marine Industry Training Centre (MITC);
 - SAMS Centre for Seaweed and Shellfish Innovation and Development (C-SSiDe);
 - University of Stirling - Machrihanish Innovation Campus.
- Highlands and Islands Enterprise are working with a number of stakeholders to review and revise the MITC proposals. Workshops will continue over the next few months to identify the revised training needs for the project to meet.
- SAMS are continuing with the next stages of project development for C-SSiDe.
- The University of Stirling continue to work on developing an updated OBC for the Machrihanish Innovation Campus. It is now preferred to deliver a substantive investment providing finfish challenge facilities that would be of national importance and align with the current investment in the National Aquaculture Technology and

Innovation Hub that is nearing completion. This project at the University of Stirling was funded as part of the Stirling and Clackmannanshire Growth Deal.

Creating a World Class Visitor Destination

- The project team continue to work on the Kintyre Seasports project. Match funding applications have been made to Sportscotland and the Scottish Government's Regeneration Capital Grand Fund.
- Kintyre Seasports are developing their Business Plan and engaging with stakeholders including MOWI to establish support for the project from industry.
- Works are continuing on Rothesay Pavilion, with Robertson Construction reporting that works remain on programme and on budget. The RGD PMO are working with the Rothesay Pavilion project team to draw down funding from Government.

Islay Low Carbon Economy:

- The Project Team continue to review project options. Options under consideration include localised production of hydrogen, micro grid technology, solar farms and synergies with housing development.

Rural Skills Accelerator Programme:

Work is continuing on the Programme Level Outline Business Case for the RSAP. This has been conditionally approved, subject to further work being completed on UHI Argyll's proposals. UHI Argyll has addressed Scottish Government feedback on the project and the OBC has been submitted back to Government for appraisal.

The progress of these RSAP elements is as follows:

- **STEM Hubs:** STEM Hub South will be based at Dunoon Grammar School. The project is now in design phase, with design for the Immersive Classroom now awaiting approval from the necessary stakeholders. Full project costs are due to be delivered in autumn 2025. STEM Hub North will be based at SAMS, Dunstaffnage. SAMS are working on the scope for the next stages of design.
- **Business Skills and Leadership Programme:** HIE is working on the Business Justification Case for this project and will go to tender for the delivery of the Business Skills and Leadership courses in autumn 2025.
- **UHI Argyll:** UHI Argyll has addressed the Scottish Government's feedback on their proposals to expand the Construction, Engineering & Renewables Centre in Lochgilphead. A number of key stakeholders have been engaged as part of this process.

Housing to Attract Economic Growth:

- **Isle of Mull Worker Accommodation** – Enabling Infrastructure works have now been completed by TSL Contractors Ltd. The project has been supported by Stantec (design & engineering support) and Macdonald Cameron Ltd (project management & Clerk of Works).

Photo 1 & 2 – Site Overview (July 2025)



- Stantec have been appointed to draft the Full Business Case.
- The next key stage is procurement for a contractor to construct the housing.
- **Isle of Islay Housing** – Stantec and the project team continue to work to address OBC feedback, now that a preferred site has been identified.

Clyde Engineering and Innovation Cluster:

- Stantec continue to progress the next stage of design/engineering support, focussed on key enabling infrastructure at the Colgrain Site including roads, drainage, utilities and foundations. Further site investigations are underway to ascertain the location of major utility infrastructure and any impact on the preferred design.

West Coast Aviation, UAV, Robotics and Compliance Hub:

- Work is continuing on proposals to develop the wider Oban Airport Business Park using Tax Incremental Finance and Community Regeneration Partnership funding.

Priorities for the next quarter

Submission of Business Cases – Continue to progress OBC's and FBC's for projects in the earlier phases of the deal programme. This includes pre-construction activities such as detailed design work and statutory consents.

Procurement of Capital Works – both Kintyre Seaports and the Tobermory Housing projects are nearing the stage of issuing tenders for the next stages of major works.

For further information, please contact the following staff:

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