

RURAL GROWTH DEAL

Progress Update June 2025 – (Update No 10)

Welcome to our update

Welcome to the tenth 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.

Full Deal Signing:

Full Deal Signing took place on 10th March 2025, on the Isle of Bute. The Deal was signed by Cllr Jim Lynch on behalf of Argyll and Bute Council, Kate Forbes MSP, Deputy First Minister for the Scottish Government and Ian Murray, Secretary of State for Scotland for the UK Government.

The Deal Signing Ceremony took place at Bute Yards, with speeches from Ministers. The Deal Signing Ceremony was attended by partners from across the Rural Growth Deal projects and was a great opportunity to mark progress to date.

Photo 1 – Cllr Jim Lynch making his speech:



Photo 2 – Kate Forbes - Deputy First Minister, Scottish Government, Ian Murray – Secretary of State for Scotland, UK Government and Cllr Jim Lynch, Leader, Argyll and Bute Council



While on the Isle of Bute, Ministers and Government Civil Servants took the opportunity to undertake a site visit to Rothesay Pavilion. The Pavilion represents the first of the RGD funded projects to get on site and start drawing down RGD funding.

Photo 3 – Site visit at Rothesay Pavilion



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

Programme Management Office Update:

- **Finance and Reporting** – with the Rural Growth Deal now in delivery, the PMO have been working on the first round of Quarterly Claims and Reporting. Claims totalling £808k have been submitted to Government for FY24/25.
- **Business Cases** – the majority of projects now hold Outline Business Case approval and the PMO are now supporting projects on project development work such as detailed design, procurement and match funding.

Individual project updates

Marine Aquaculture Programme:

- Consists of 3 projects:
 - 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 project has now received OBC approval. A review of industry training needs has been commissioned by Skills Development Scotland and conclusions on this research will influence next steps for the project.
- The OBC for the SAMS International Seaweed and Shellfish Industry R&D Centre was approved by Government in August 2024. SAMS are currently considering their next stages of project development.
- The University of Stirling been reappraising the options for the Machrihanish Innovation Campus project. The preferred option has now changed, but required further scoping of match funding to enable it to be fully realised. The project team are currently reviewing options before resubmitting their OBC to Government for next stage appraisal.

Creating a World Class Visitor Destination

- Kintyre Seasports have appointed John Renshaw Architects to lead the design team to take forward the next stages of design development for the project. It is currently aimed that construction will begin in January 2026, subject to the Full Business Case being endorsed by Government and tender returns being returned within budget.
- Stantec have been commissioned to write the Full Business Case, and are progressing this, as information becomes available as part of the design process.
- Rothesay Pavilion works have now started back on site with Robertson Construction. These works focus on the internal fit out of the building.
- Rothesay Pavilion has made its first drawdown of Rural Growth Deal funds, a significant milestone for the project and for the Rural Growth Deal.

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:

The Programme Level Outline Business Case for the RSAP has been conditionally approved by Government. The Business Skills project and STEM Hubs proposals have been approved by Government, meaning they can proceed with Full Business Case development. Further work is required to UHI Argyll's proposals, mainly due to a change in project, which Government require some further feedback to be addressed.

The progress of these RSAP elements is as follows:

- **STEM Hubs:** STEM Hub South will be based at Dunoon Grammar School. The project team are working with ABC Schools and Mitie to confirm design options and a project timeline. STEM Hub North will be based at SAMS, Dunstaffnage. SAMS are working to develop their proposals.
- **Business Skills:** HIE are working on the Full Business Case for this project and associated procurement.

- **UHI Argyll:** UHI Argyll have proposed that they will use funding to upgrade their Construction, Engineering & Renewables Centre (CERC) in Lochgilphead. They are currently working to address Government feedback on this updated proposal.

Housing to Attract Economic Growth:

- **Isle of Mull Worker Accommodation** –TSL Contractors Ltd continue to work on site infrastructure at Rockfield Road, Tobermory. These works are due to complete in June 2025. These works have been majority funded by the Scottish Government Islands Programme.
- The project team have been working to define operating arrangements for the Worker Accommodation. This work includes, what tenancy agreements will be used, rent setting and associated maintenance requirements.
- Stantec have been appointed to draft the Full Business Case and are currently taking this work forward, as required information becomes available.
- The next key stage is procurement for a contractor to construct the housing. Macdonald Cameron Ltd have been appointed to assist the project team to develop the tender.

Photo 4 – Site Overview (April 2025)



- **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:

- The OBC for the Clyde Engineering and Innovation Cluster OBC has been approved by Government.
- 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 proposed design.
- 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:

- The OBC for the West Coast UAV Hub has now been approved by Government.
- Skyports have now concluded trials as part of work funded by the UK Government Regulators Pioneer Fund. Key conclusions are that there is demand for drone enabled deliveries and surveying. There is also a need for further regulation development to support the safe integration and operation of drones.
- Work is continuing on proposals to develop the wider Oban Airport Business Park and the first phases of this are likely to receive funding via the UK Government's Community Regeneration Partnership. The Council have also received approval from the Scottish Government to extend deadlines for Tax Incremental Finance funding (TIF) and this funding will be used to deliver enabling infrastructure at the business park site.

Priorities for the next quarter

Submission of Business Cases – continue submission of OBCs and work on Government feedback. The first Full Business Cases should also be submitted for first stage appraisal to Government

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.

Reporting and Finance – the PMO, Finance and project leads will continue to develop processes to support the reporting requirements for the Rural Growth Deal.

For further information, please contact the following staff:

Jonathan Welch – Transformational Projects and Regeneration Manager - jonathan.welch@argyll-bute.gov.uk

Aileen Semple – Rural Growth Deal Project Officer – aileen.semple@argyll-bute.gov.uk