

RURAL GROWTH DEAL

Progress Update February 2026 – (Update No 13)

Welcome to our update

Welcome to the 13th 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.

February 2026 – claimed £4.9m to the end of Q3, and on track to fully draw down a total of £6m in FY25/26.

Programme Management Office Update:

- **Benefits Realisation Plan** – a programme level Benefits Realisation Plan is due to be developed and the PMO are currently awaiting Government guidance before taking next steps to fully develop a robust Plan for monitoring the benefits associated with RGD investment.

- **Marine Aquaculture Programme Change Request** – due to UHI Argyll's withdrawal from the Marine Industry Training Centre project, a Change Request is being progressed with Government.
- **Annual Conversation & Report** – a key focus is preparing the first Annual Report for the Rural Growth Deal and preparing for the first Annual Conversation with Government.

Individual project updates

- **Marine Aquaculture Programme:**
 - Following the decision of UHI Argyll not to proceed with the Marine Industry Training Centre, Highlands and Islands Enterprise have been rescoping the Skills element of the Marine Aquaculture Programme. A revised proposal to deliver the skills element has been scoped and a draft change request was submitted to Government for review in December 2025. Initial feedback on the Change Request was provided in January 2026, with HIE now working to further develop the Change Request in advance of submitting the next iteration to Government.
 - The Scottish Association for Marine Science (SAMS) and University of Stirling remain committed to the programme and have updated their project proposals to include further skills elements.
 - Further information on the updated Marine Aquaculture Programme will be shared in due course.

- **Creating a World Class Visitor Destination**
- **Kintyre Seaports** - A Stage 2 application to the Scottish Government's Regeneration Capital Grant Fund was submitted in November 2025, with an outcome expected in March 2026.
- The project design team continue to work on the Crown Estates Scotland funded foreshore boat park development.
- A first draft FBC is under review. Further work to be done on Kintyre Seaports Business Plan, which will be a key component of the FBC.
- **Rothesay Pavilion** - works are continuing to programme on Rothesay Pavilion, with a total of £6m projected to be drawn down from the RGD in FY25/26.
- Work is continuing with the Rothesay Pavilion Charity (RPC) to progress actions required as part of the Action Plan required to get the FBC to full endorsement. The RPC are currently working on providing updated Stakeholder Mapping and a refresh on the financial projections for the operation of the Pavilion.
- **Islay Low Carbon Economy:**
- The Project Team continue to review project options with a focus on rural fuel poverty. Options under consideration include, micro grid technology, solar farms and synergies with housing development.
- **Rural Skills Accelerator Programme:**
Since the approval of the Outline Business Case for the Rural Skills Accelerator Programme, the component projects are all progressing with the next stages of project development:
 - **STEM Hubs:** STEM Hub South will be based at Dunoon Grammar School. The Business Justification Case was submitted to Government for first stage appraisal in February 2026 and the project team are awaiting feedback. The BJC was written by the Digital Education Team, with support from the Economic Growth Manager and RGD PMO.
 - STEM Hub North will be based at SAMS, Dunstaffnage. SAMS are working on the scope for the next stages of design.
 - **Business Skills:** HIE have received Government feedback on the first iteration of the Business Justification Case for the project and are now reviewing in advance of submitting an updated BJC. A tender to appoint a consultant to deliver the Business Skills programme is now being evaluated by HIE.
- **UHI Argyll:** the project will focus on redeveloping the college's Construction, Engineering, and Renewables Centre (CERC) in Lochgilphead. UHI Argyll are now undertaking stakeholder engagement to influence the next stages of project development.
- **Housing to Attract Economic Growth:**
 - **Isle of Mull Worker Accommodation** –
 - The project team are exploring operating models with a preferred operator. This has included working on a draft Business Plan and undertaking further work lease options.
 - The project team are working on issuing a tender to appoint a Design and Build Contractor to build the worker accommodation.
 - **Isle of Islay Housing** – The OBC is currently under review by the PMO in advance of submitting to the Government for appraisal.
- **Clyde Engineering and Innovation Cluster:**
 - Stantec have now completed further site investigations to ascertain the location of major utility infrastructure and any impact on the preferred design. Further work on flood risk is now required.
- **West Coast Aviation, UAV, Robotics and Compliance Hub:**
 - HIE are undertaking framework research into industry requirements for UAV's in the region. This work is expected to be completed by April 2026 and will inform further stakeholder engagement necessary for the Full Business Case.
 - The Council's Strategic Transportation Team are currently preparing a scope of works for a tender relating to activities which will be delivered using funding secured via the UKG's Regulators Pioneer Fund. It is anticipated that this activity will include drone pilot training for Council staff given the potential for drones to support future service delivery.
 - Works commenced on the Oban Airport Business Park site in December with Bristows temporary hangar under construction.

Priorities for the next quarter

Annual Conversation & Report – officers from UK and Scottish Government will be coming to Argyll and Bute for the first Rural Growth Deal Annual Conversation. This meeting will review the first year of Deal activity. The first Annual Report will be published after this meeting.

Submission of Business Cases – Continue to progress business cases for projects. This includes pre-construction activities such as detailed design work and statutory consents. It is hoped that business cases for projects progressing in FY26/27 will be endorsed by Government.

Procurement of Capital Works – the Tobermory Housing project and Dunoon STEM Hub are nearing the stage of issuing tenders for the next stages of major works.

For further information, please contact the following:

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