Rural Growth Deal

Progress Update August 2026 – (Update No 15)

Welcome to our update

Welcome to the 15th edition of Argyll and Bute Council's Rural Growth Deal (RGD) quarterly update. Our £80 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 2026 – First Annual Conversation between Argyll and Bute Council, UK Government and Scottish Government to discuss progress on the RGD.

April 2026 – £6m of funding claimed in 2025/26.

July 2026 – Total funding of £4,855,681.00 confirmed for 2026/27 financial year.

Programme Management Office Update:

- **Annual Report** – the first Annual Report for the RGD is being finalised following the Annual Conversation in April. This will be published on the RGD website in due course.
- **Q1 2026/27** – The PMO submitted a Q1 financial claim totalling £792,522.01. All of this expenditure was associated with the Rothesay Pavilion project.
- Civil Servants from the UK Government visited Oban in May. This included site visits to Oban Airport and the European Marine Science Park.

Individual project updates

- ***Marine Aquaculture Programme:***
  - Following further discussions with the Scottish and UK Governments, HIE are working with MAP partners on a revised change request and anticipate submitting further drafts to Government in August 2026.
  - The Scottish Association for Marine Science (SAMS) and University of Stirling have updated their project proposals to include further skills elements.
  - The next draft of the change request will focus on the SAMS projects and HIE's emerging Marine Excellence programme. Stirling University require more time to develop their revised proposals given the significant change of focus from an infrastructure based project to a more skills focused investment.

- ***Creating a World Class Visitor Destination***

- **Kintyre Seasports** - The RGD PMO continue to work closely with Kintyre Seasports and the project architect to develop a design that is viable within the available project budget.

- The construction tender is currently live and it is hoped to award contracts by January 2027.
- It is essential that construction contracts are awarded by March 2027 to enable draw down of £800k of RCGF funding.
- Planning and Marine Licence applications have been submitted for the proposed foreshore redevelopment which will deliver enhanced slipway and boat storage facilities.
- The Full Business Case for the project is nearing completion and will be submitted to Government in September 2026. Approval is necessary in order to draw down RGD funding.
- £250k of RGD funding has been allocated to the project in the 2026/27 financial year.
- **Rothesay Pavilion**
- Construction works are progressing with some delays and cost escalation associated with the requirement to replace windows and additional roof canopy works.
- Rothesay Pavilion Charity (RPC) continues to progress actions associated with the agreed Action Plan necessary to secure full endorsement of the project FBC. The RPC have provided updated Stakeholder Mapping and are currently working to revise their operational business plan.
- The RGD PMO will commission further work on the project FBC following completion of the stakeholder mapping and revised business plan.
- The RPC is an anchor organisation as part of the emerging UK Town of Culture bid.
- ***Islay Low Carbon Economy:***
- This project is still at options appraisal stage.
- Options currently being scoped include a potential heat network on Islay however, projects in other locations are also being considered due to grid constraints on Islay which are a significant barrier to further electrification.
- These options include a potential solar farm and associated renewable energy and battery storage technology within the Kilmory Industrial Estate. Options for a local micro-grid are also being investigated by Herriot Watt University and Schnieder Electric.
- It is anticipated that Herriot Watt University will report their initial findings in September.

- ***Rural Skills Accelerator Programme:***

This programme has 4 constituent projects:

- **STEM Hub South** will be based at Dunoon Grammar School. The Business Justification Case was endorsed by Government on 19th June.
- The first phase of works at the STEM Hub South have been completed with the Immersive Classroom being installed in May 2026. This work was funded via grants from the Clyde Mission Fund enabling these works to be accelerated out of the RGD programme.
- A tender for the next phase of works at the STEM Hub South is in the process of being awarded with a preferred contractor now identified.
- **STEM Hub North** will be based at SAMS, Dunstaffnage. SAMS are working on the scope for the next stages of design. SAMS have secured £80k of match funding via the Council's Crown Estate Scotland revenue funding.
- This funding should enable the project to progress through to the RIBA 4 design phase.
- **Business Skills**: The Business Justification Case(BJC) for this project was approved by Central Government in April 2026 and HIE subsequently awarded the programme contract in July. Delivery is expected to commence in September/October 2026.
- **UHI Argyll Estate Enhancements**: this project will focus on redeveloping the college's Construction, Engineering, and Renewables Centre (CERC) in Lochgilphead. UHI Argyll have now completed a Stakeholder Mapping exercise to influence future engagement and are developing a design brief for the facility.

- ***Housing to Attract Economic Growth:***
- **Isle of Mull Worker Accommodation** –
- A Business Plan for the operation of the proposed worker accommodation has been agreed between Argyll and Bute Council and Mull and Iona Community Trust. This work was supported by Macdonald and Cameron Ltd.
- This will enable further work to be progressed on a Heads of Terms Agreement between MICT and the Council.
- The construction tender for the project is scheduled to be published in September 2026.

- Legal advice has been sought to determine potential implications of the new UK Renters Rights Act. This will ensure that future operating models are lawful.
- **Isle of Islay Housing** – Land negotiations are progressing for the preferred Bowmore Masterplan site. It is proposed that the Council will work in partnership with Argyll Community Housing Association to develop up to 19 housing units on the preferred site.

- ***Clyde Engineering and Innovation Cluster:***
- Property Services continue to work to establish the viability of development on the preferred site at Colgrain.
- Stantec are progressing a revised Flood Risk Assessment and Planning Permission in Principal application.
- The Council's Estates Team continue to engage with the landowner.
- Further engagement with the supply chain at HMNB Clyde will be undertaken as part of the design process.

- ***West Coast Aviation, UAV, Robotics and Compliance Hub:***
- HIE have undertaken research into industry requirements and demand for UAV's in the region. The research will be used by HIE and partners to inform strategic investments and cluster development. This work is on-going and a series of workshops have been held with key partners throughout July.
- Works continue to be progressed at the new Oban Airport Business Park with the Bristow's building progressing in line with the agreed programme.

Priorities for the next quarter

- **Annual Report**
  - Complete and publish the first RGD Annual Report.
- **Submission of Business Cases**
  - Complete FBC's for the KSS and Tobermory Key Worker Housing Projects.
  - Commission further work necessary of the Rothesay Pavilion FBC.
- **2026/27 Funding**
  - work towards Q2 drawdown and issue funding agreements for partner led projects which are due to commence delivery in 2026/27.

For further information, please contact the following:

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