

RURAL GROWTH DEAL

Progress Update June 2022 – (Update No 2)

Welcome to our update

Welcome to the second 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.

Our Rural Growth Deal in brief

With input from local communities and partner organisations, and agreement with the Scottish and UK Governments, we have identified, and are developing, projects based on achieving three things:

- **Connecting:** our high value business sectors with national and international business markets; our local economic successes with national strategic priorities
- **Attracting:** additional skills, training and learning opportunities; new residents, visitors and businesses
- **Growing:** doing more of what works; making more of our natural and built resources

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 and Levelling Up Fund Bids

Process and timescales

Stantec have been working with Project Leads to scope and develop Outline Business Cases for RGD projects. OBCs must be in Treasury 5 format. The Treasury 5 process provides a clear framework for thinking about spending proposals and a structured process for appraising, developing and planning to deliver best social value for money: all of which is captured through a well prepared business case. Business cases must be approved by the Scottish and UK Governments to make Rural Growth Deal funding available for use.

It is hoped that in the next quarter, the first OBC can be submitted to Governments for feedback. Feedback from officers from other City and Region Deals has indicated that once a business case is submitted to Government, it may then take 8-12 weeks for feedback to be provided and then a further iteration will need to be submitted to Government for further feedback and approval.

The next key milestone in the deal process will be the signing of the Full Deal which we are working to achieve towards the end of the 2022/23 financial year.

Levelling Up Fund Bids

The Council and key partners have committed to providing at least £20m of match funding for RGD projects and as such, it is vital that we maximise opportunities to secure external grant funding. The Council are currently drafting 2 bids to the UK Government's Levelling Up Fund (LUF) and these

include a number of synergies with our RGD programme. The LUF bids include proposals to enhance and regenerate key marine gateways in the towns of Rothesay and Dunoon. These proposals have synergies with the Tourism / Place theme within the RGD and the work undertaken as part of the LUF bid will directly support the development of the RGD business cases. In addition, the UAV Hub project at Oban Airport is also included as part of a wider transportation focused bid to the LUF and this project has also benefitted from £170k of funding from the UK Government's Community Renewal Fund. To date, the Council and key RGD partners have secured / committed in excess of £1.6m of match funding to support the development of RGD projects. The Council have also committed circa £800k from the Inward Investment Fund to support the RGD programme.

It should be noted that supply chain constraints and rising prices are affecting city region and growth deal projects across Britain. This is particularly challenging given that funding from Central Government is fixed at the signing of Heads of Terms. The Council are currently in the process of drafting Treasury 5 Business Cases for RGD projects however, in light of the continued pressure on budgets, the PMO and Programme Board will continue to review, and where necessary amend our programme to ensure that projects remain viable.

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;
 - Stirling University Machrihanish Innovation Campus.
- Draft Outline Business Case for MITC is nearing completion, hopeful that it can be submitted to Government towards end of next quarter for feedback.
- SAMS is undertaking options appraisal work and recently secured funding via the UK Governments Community Renewal Fund.

- **Creating a World Class Visitor Destination:**
 - Steering Group have held objectives setting session, facilitated by Stantec, to agree objectives and success factors for RGD investment
 - Ongoing work on Levelling Up Fund bids which have clear synergies with potential growth deal place based regeneration projects focusing on the towns of Rothesay and Dunoon.
- **Islay Low Carbon Economy:**
 - Natural Power consultancy have been working on options appraisal for Rural Growth Deal funding and hope to have this work finalised in coming weeks.
 - Key areas of focus are on home energy efficiency, reducing reliance on imported fuel oils and reducing impact of Fuel Poverty.
 - The Scottish Government have announced that Islay is to be one of six Carbon Neutral Islands. Scottish Government state that they will engage with key partners over the summer on plans for individual islands.
- **Rural Skills Accelerator Programme:**
 - The RSAP has three component parts:
 - STEM Hubs (physical, outreach & mobile)
 - Argyll College UHI built environment in Dunoon
 - Business Skills
 - The pilot STEM hub at Hill Street, Dunoon is moving forward, funded by the Clyde Mission Fund, Crown Estate Scotland and Argyll and Bute Council. The appointed Design Team have prepared and agreed the Design Brief and are due to report back with costed options for consideration. Aiming for project to be complete by end of March 2023.
 - Stantec are holding one-to-one discussions with steering group members to develop an understanding of existing skills data and intelligence held at Argyll and Bute level to assist with developing OBCs for the Business Skills element and STEM hubs.
- **Housing to Attract Economic Growth:**
 - Site investigation works have been instructed for sites at Tobermory and Bowmore.
 - Discussions are ongoing with Housing Services, Legal Services and Communities Housing Scotland to develop most appropriate model in order to

deliver housing for sale which will remain as homes for principal occupation in perpetuity.

- Tobermory site will be used to develop Worker Accommodation. Study commissioned by Mull and Iona Community Trust has identified urgent need for key worker accommodation and work is ongoing to establish the best model of delivery. Information on the MICT Study can be found at [MICT Key Worker Accommodation Feasibility Study](#)
- Working with the HSCP to agree a tenancy agreement which will enable HSCP to rent properties for workers.
- **Clyde Engineering and Innovation Cluster:**
 - Stantec have now engaged with the Commodore at HMNB Clyde and Scottish Enterprise to agree engagement with industry partners. Stantec are now proceeding with 1-1 meetings with identified partners prior to a full Workshop on requirements in the next quarter.
 - Preferred site remains at Iona Stables, Colgrain. The site has planning permission in principle for 60,000sft of office/commercial accommodation.
 - Working with key stakeholders including SPT to investigate local public transport enhancements between Helensburgh, HMNB Clyde and surrounding settlements.
- **West Coast Aviation, UAV, Robotics and Compliance Hub:**
 - £170k secured via Community Renewal Fund which has enabled Skyports to progress with detailed design work.
 - Pre-application submitted to Planning for site at Oban Airport.
 - Met with SAMS to establish demand for indoor drone training facilities.
 - UAV Project is part of Transport Bid to Round 2 of Levelling Up Fund.
 - Concept Drone Hub design:



Argyll and Bute Digital Connectivity:

- Work ongoing with stakeholders and government to identify how Digital investment can be best utilised.
- Potential projects include how to use digital technology to help inform delivery of STEM education. Visit to 5G Immersive Classroom in North Lanarkshire undertaken by Digital Project Lead and Education colleagues. Further information - [Immersive Classroom - North Lanarkshire](#)
- Working to establish digital requirements for sites in Oban area and whether there could be any linkages between Oban Airport where the UAV Hub will be based and the European Marine Science Park.

Rural Growth Deal Partners

The Rural Growth Deal brings together local and national organisations, as well as public and private sector agencies, to transform Argyll and Bute's economy for local and national benefit.

Key delivery partners include Highlands and Islands Enterprise, Scottish Enterprise, Skills Development Scotland, Argyll College UHI, SAMS, Stirling University, The Scottish Futures Trust and the Ministry of Defence. Other partners are also likely to emerge as business cases are developed further.

National PMO Networking Group

The Rural Growth Deal PMO attend the national PMO networking group which brings together City and Region Deal Programme Management Office staff from Deals across Scotland, Wales and Northern Ireland. This group allows PMO staff to share best practice, challenges and case studies on Deal progress. This is advantageous to learn from Deals who have been through the Business Case approval process and the challenges that Deals in delivery phase are facing.

There are several subgroups including Decarbonisation, SharePoint, and Inclusive Growth.

The Argyll and Bute PMO are responsible for chairing the Decarbonisation Subgroup which

focuses on discussion around the Scottish Government's Carbon Management Guidance, Green Book requirements, and how to deal with carbon management on projects.

Priorities for the next quarter

In the next quarter, development of OBCs for projects will continue, facilitated by Stantec. This will include work on objective setting, options appraisals and initial design work.

By the end of the next quarter, it is hoped that the first OBCs will be ready to be submitted to Government for feedback.

Work will continue on drafting the full deal documentation including the following:-

- Full Deal Agreement;
- Implementation Plan;
- Governance Plan;
- Financial Plan;
- Communications Plan.

For further information, please contact the following staff:

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