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airson Eaconamaidh agus Gàidhlig
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11 March 2025

Dear Colin

ARGYLL AND BUTE GROWTH DEAL – FULL DEAL SIGNING

I am writing to confirm that I signed the Full Deal agreement for the Argyll and Bute Growth Deal alongside the UK Government and Argyll and Bute Council on 10 March 2025. The Deal will now move into delivery.

We have committed £25 million across the Growth Deal over the next 10 years to deliver inclusive economic growth across the region. The Deal will drive sustainable and inclusive economic growth, benefitting individuals, businesses, and communities across the area.

The projects we are supporting, which have been designed in collaboration with the local authority and other regional partners, will leverage the area's natural marine resources to grow the aquaculture sector, promote sustainable tourism, create new training opportunities, and generate high-value jobs.

I hope this information is helpful and attach a copy of the Full Deal document.

KATE FORBES

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

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Argyll and Bute Rural Growth Deal



UK Government



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Our signing of this document confirms our joint commitment to achieve full implementation of the **Argyll and Bute Rural Growth Deal**.

.....

Kate Forbes

Deputy First Minister and Cabinet
Secretary for Economy and Gaelic

Scottish Government

.....

Rt Hon Ian Murray

Secretary of State for Scotland

UK Government

.....

Cllr Jim Lynch

Leader

Argyll and Bute Council

The Argyll and Bute Rural Growth Deal is a collaboration between the following partners:

The UK Government, Scottish Government; Argyll and Bute Council; Highlands and Islands Enterprise; UHI Argyll; University of Stirling; Scottish Association for Marine Science (SAMS) and various business and community representatives associated with the projects.

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1. Executive Summary

The Rural Growth Deal (RGD) is a partnership approach to rural economic development which will deliver £50 million of investment equally funded by the Scottish and UK Governments where it will best develop Argyll as an inclusive, sustainable, economically successful region and driver for Scotland and the UK. Argyll and Bute Council, along with key stakeholders, will also seek to contribute at least £20 million of match funding throughout the 10 year programme in order to accelerate inclusive economic growth for the region.

The RGD provides a catalyst for a transformative step change for the businesses and communities of Argyll and Bute by increasing productivity, growing the working age population, addressing key infrastructure and skills gaps and delivering a more inclusive economy. Through the projects we aim to deliver at least 300 additional jobs, create 6,500 m² of new business space, deliver training opportunities to over 6,000 students and individuals, support local businesses to thrive, construct new housing and worker accommodation to help address our local housing emergency and generate over 70,000 additional visitor trips to the region per annum.

Argyll brings together much of what is best about Scotland – natural resources that drive national and international business markets, expertise that inspires innovation and people committed to developing the prosperous future the area needs and deserves.

Argyll is also a predominantly rural region including 23 inhabited islands. Residents and businesses experience challenges associated with access to essential services, high cost of delivering services, employment opportunities and an ageing and declining population in certain areas. These challenges have acted as barriers to economic growth and the RGD will help to address these by accelerating the delivery of essential infrastructure and capitalising on some of the key opportunities for growth in the region.





Our RGD proposals are designed to deliver success across Argyll, based on three key drivers:

- **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.

The RGD is an innovative, multi sector partnership which provides a catalyst for change. Further details of key RGD stakeholders can be found in Appendix 2 of the accompanying Governance Plan.

The following seven investment themes underpin the RGD:

1. **Tourism – Creating a World Class Visitor Destination**
2. **Creating a Low Carbon Economy**
3. **Rural Skills Accelerator Programme**
4. **Housing to Attract Economic Growth**
5. **Clyde Engineering and Innovation Cluster**
6. **West Coast UAV Logistics and Training Hub**
7. **Marine Aquaculture Programme**

This document builds on the Argyll and Bute RGD Heads of Terms Agreement, signed on the 11th February 2021, by Iain Stewart MP (Parliamentary Under-Secretary of State (Minister for Scotland), Michael Matheson MSP, Cabinet Secretary for Transport, Infrastructure and Connectivity, and the Leader of Argyll and Bute Council, Cllr Robin Currie. This Deal Agreement is the statement of commitment by all parties to supporting and delivering the Argyll and Bute RGD and it is underpinned by a suite of detailed supporting documents.

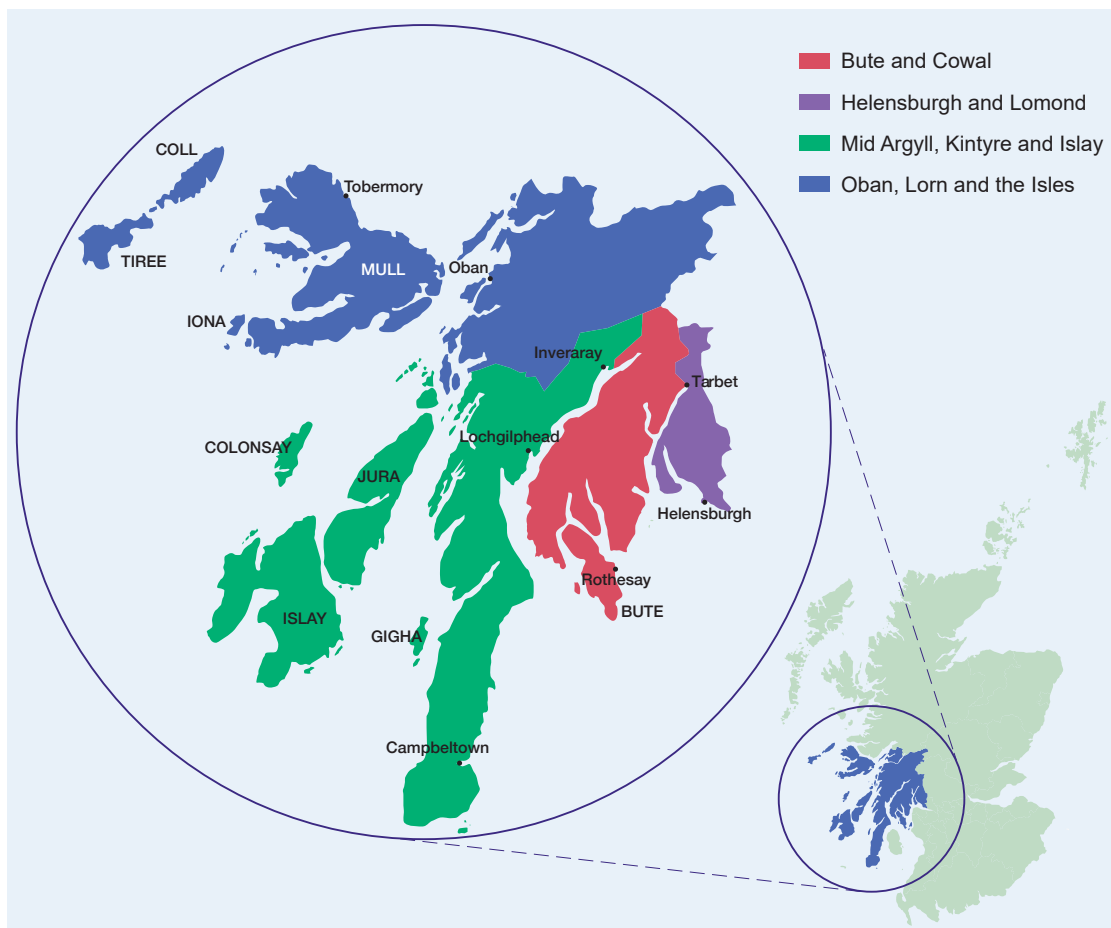


2. Introduction

Our RGD proposals are about placing investment where it will best develop Argyll and Bute as an economically successful region and driver for Scotland and the UK. Argyll and Bute is Scotland's second largest local authority with 9% of Scotland's total land area; however, the region has a population of 86,220 which is the third sparsest in Scotland. Argyll and Bute also has 23 inhabited islands, which is more than any other local authority in Scotland and our island communities account for 17% of our total population.

There are vast disparities in terms of access to essential services, inequality, and socio-economic outcomes, between the region's main population centres, rural hinterland, and island communities owing to the remote and isolated nature of the area. Thirteen out of the Council area's 125 data zones are among the 20% most overall deprived data zones in Scotland. These data zones are located in the towns of Rothesay, Dunoon, Campbeltown, Helensburgh and Oban.

Some of the key strengths, weaknesses, opportunities, and threats facing the local economy of Argyll and Bute are summarised on the following pages.



Argyll and Bute Facts – Our Profile and Place



40,400 People are **ECONOMICALLY ACTIVE**

EMPLOYMENT RATES FOR 2023*

52% | **57%**
Argyll And Bute | Scotland

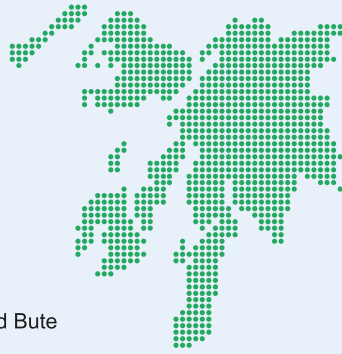
*Sources: SDS, NOMIS and No One Left Behind.



3,895

businesses in Argyll and Bute

The majority of businesses were micro 0-9 employees*



*2022 Stats.

In 2022

£586.30

was the average weekly gross pay for full time workers in Argyll and Bute

GVA £M FOR 2022 WAS

£2,004

1.3% of Scottish output

In 2022

96%

of school leavers were in positive destinations



In 2020/21

19%

of children were living in poverty across Argyll and Bute



Argyll and Bute Facts – Our Local Economy

POPULATION



86,130

people live in Argyll & Bute, giving a population density of approximately 12.5 people per square kilometre, which is the third lowest in Scotland

Islands account for
17%
of the population

Argyll and Bute covers over
2,668
square miles and is the second largest local authority by area in Scotland

There are
23
inhabited islands in Argyll and Bute

9%
of total Scottish land area

2,668 square miles

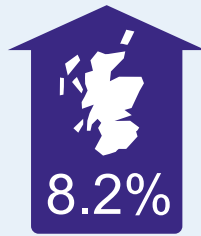
43%
of the population are classed as living in remote rural areas

The largest settlement is **Helensburgh** with a population of
15,160
people

BETWEEN 2001 AND 2022*



Argyll and Bute population has **decreased by 2.4%**



Over the same period, Scotland's population **rose by 8.2%**

*National Records of Scotland

Table 1: SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Argyll and Bute is a gateway from the central belt to the west coast of the Highlands and many island communities. • High-quality and unique natural capital is an anchor for competitiveness, green growth, community benefit, and job creation and retention. • Well placed to make a significant contribution to Scotland's and UK's Net Zero ambitions. • Emerging opportunities such as the Blue Economy, which includes marine and coastal tourism development. • Regional attractiveness is underpinned by strong culture, language and heritage coupled with a high quality built environment. • High levels of educational attainment. • Collaborative partnership approach for service delivery, making effective use of limited resources. • Active base of social enterprise and third sector organisations delivering to communities. • Strong entrepreneurial spirit • Well established business support networks. • Fair Work agenda reducing inequalities. • Delivery of external funding, including funding from the Scottish and UK Governments 	<ul style="list-style-type: none"> • Demographic issues: an ageing population with fewer people of working age. • Weak private sector voice. • Dependency on seasonal tourism/hospitality and the public sector for employment opportunities. • Narrow economic base with labour and skill shortages inhibiting economic growth. • Remoteness and fragile island-based communities make the provision of services more costly and delivery options reduced. • Scattered population and lack of economies of scale. • Limited housing provision and affordability with regard to type and tenure (state of emergency declared). • Transport and digital connectivity and service resilience contribute to regional inequality and inhibit prosperity. • Pockets of deprivation masked. 	<ul style="list-style-type: none"> • Create vibrant, dynamic communities that have a reputation for a high quality of life and that can attract entrepreneurs, investors, and the economically active. • Argyll and Bute's strong entrepreneurial spirit is a catalyst to strengthen supply chains and tackle market failure. • Signs that some areas are repopulating and leveraging their place-based 'draw', business, and person-centred approach. • Further enhance and safeguard the attractiveness of our places. • Growth of the third sector throughout the area, putting profits back into the communities. • Well placed to promote Community Wealth Building and a wellbeing economy – community first approach. • Comparative advantage in emerging sectors such as the Blue Economy and Space and in natural capital. • Key sectors and clusters could drive transformational change. • Increased access to UHI/UHI Argyll vocational courses. • New ways of working post-COVID further strengthen the region's attractiveness and reduce spatial inequality. • RGD has the potential to deliver key infrastructure and socio-economic benefits across Argyll and Bute. • Existing and new partnerships, especially the Regional Economic Partnership, could be optimised to benefit regional projects and voice. 	<ul style="list-style-type: none"> • Ageing population with young people leaving the area and the elderly population growing more quickly than the national average. • Deteriorating road infrastructure (e.g. A83 & A82). • Dependency on one route, road and ferry, to destinations within Argyll and Bute. • Insufficient capacity (skills, housing, transport, utilities) to facilitate transformational change. • Cost of living and cost of doing business crises. • EU Exit challenges impacting supply chains and recruitment. • Climate change creates existential threats and challenges for the region's natural assets and capital. • National Strategy for Economic Transformation does not adequately reflect local/regional characteristics and nuance as a result of high-level data and profiles. • Competition for investment across Scotland remains high, with a west-to-east shift as a result of policy direction. • Short term funding with short delivery timelines. • Lack of resilience (communities and businesses) post-pandemic.

2.1 Impact of the Rural Growth Deal

Our programme of investment will deliver significant economic benefit for our communities and businesses. The RGD will provide a catalyst for inclusive economic growth that will retain and attract working-age people in the area. It will create opportunities that can help to anchor the future prosperity of some of our key employment sectors.

Over the programme lifetime, it is estimated that the RGD will:



Generate in excess of **£5 million per annum** over the 10 year span of the programme.



Directly and indirectly create over **300 additional jobs** associated with the economic benefits accrued from growth RGD projects.



Attract more than **70,000 tourists** to the area.



Assist the transition towards a **net zero economy**.



Deliver skills and training opportunities to **more than 6000** students / workers.



Create an **enhanced culture and leisure offering** for local people to make Argyll and Bute a more attractive place to live and work.



Construct housing and worker accommodation in some of our remote and fragile island communities as part of wider efforts to address our local housing emergency.

The RGD will put in place long term infrastructure for the region to grow and attract new residents and visitors alike. We will take a place-based approach to investment to help create positive impacts for those who live, work, and visit the region. The RGD will do this by investing in our towns and communities, including our islands and peninsulas, to attract people and businesses, leverage inward investment and support the delivery of critical infrastructure such as housing and land for business development. The RGD will also provide opportunities to support growth in key sectors such as aquaculture, renewable energy, and defence by addressing local skills gaps and supporting opportunities for enhanced research and innovation.

The RGD will be a driver for improved well-being by helping to address localised inequalities, providing sustainable employment, leisure, and learning opportunities, and providing places that meet local needs. Community wealth building will be a golden thread for all measures delivered via the RGD, and we will work collaboratively with our RGD partners to maximise social benefits, environmental sustainability, and inclusion. We will do this through progressive procurement of goods and services and more productive use of our local land and assets. We will also work with a range of small enterprises, community organisations, and charities to explore ownership and funding models that support growth in the local economy.

We will use RGD funding to support the development of local housing on Council owned land, helping to address the critical shortage of affordable accommodation in some of our most remote and fragile communities. The West Coast UAV Logistics and Training Hub will look to enhance opportunities for drones to counter some of our accessibility barriers and support the delivery of essential services such as school meals, mail deliveries, and NHS activities to some of our most fragile island communities. We will work with Kintyre Sea Sports, SAMS, Stirling University and UHI Argyll to grow marine skills and training activities, R&D, business incubation space, and opportunities to access marine leisure activities, helping to support growth in the local blue economy. The Islay Low Carbon Economy project will support local communities to address high levels of rural fuel poverty and accelerate the vital transition towards a net zero economy. We will also work closely with academia, businesses, and local supply chains to support the skills and infrastructure necessary to drive growth in key employment sectors, helping to address stagnating wages, lower productivity, and rural depopulation.

This approach is aligned with the ambitions of the Scottish Government's National Strategy for Economic Transformation and its priorities of sustainable growth in Scotland and its external markets to boost competitiveness and tackle inequalities. The RGD also aligns with the UK Government's aim to kickstart economic growth by providing significant investment which will improve productivity, boost economic growth, encourage innovation, create new jobs, enhance educational attainment, preserve and futureproof social and cultural heritage in some of Scotland's most remote and fragile communities.

3. Rural Growth Deal Investment Themes

3.1 Programme Summary

The Argyll and Bute RGD programme comprises seven themes with key interdependencies between many projects. The programme brings together partners from the public, private, and third sectors who are all committed to delivering inclusive economic growth that benefits the whole region. All RGD projects will be underpinned by full business cases developed using established Treasury Green Book methodology and are subject to approval by both UK and Scottish Governments.

3.2 Tourism – Creating a World Class Visitor Destination

The growth of tourism has been a major success in recent years in Argyll and Bute supported by our Economic Growth Team and key partners such as the Argyll and the Isles Tourism Cooperative. This key sector provides circa 25% of all private sector jobs in Argyll and since 2011 there has been a 23.3% increase (to 2022) in visitor numbers (in 2019 this was 43% – pre pandemic) with tourism worth £572.16 million in 2022 to our economy.

The Covid 19 pandemic has, however, had a devastating impact on the tourism industry across Scotland, with many businesses in rural areas particularly vulnerable. The RGD investment can continue to support the tourism sector's recovery by investing in key infrastructure that will help the region compete as a destination, attract new visitors, and support the regeneration of some of Argyll's key coastal towns and villages. The RGD will support the Council and key delivery partners ongoing activities to create attractive and vibrant places to live and work as well as destinations to visit.

There are two projects included in the **Tourism – Creating a World-Class Visitor Destination** theme.



3.2.1 Kintyre Sea Sports (KSS)

This project will invest up to £2 million of RGD funding from the Scottish Government to create a new water sports hub on Campbeltown Loch, an outstanding natural destination for sailing and other watersports.

Kintyre Sea Sports (KSS) is a groundbreaking charity formed after a 2016 community activity identified major potential for a local water sports hub to grow participation, relieve deprivation, and attract tourism to South Kintyre; it has been highly successful in delivering community aspirations.

KSS requires a new and modern facility to meet the growing demand for water sports and training and extend their inclusive Changing Lives programmes. KSS currently operates from Campbeltown Sailing Club; however, this facility no longer meets the required standards to sustain the increasing demand in the wide variety of water sports that exist within the community and the aspirations for growth to form one of eight accredited facilities across Scotland. The proposed development comprises the redevelopment of the existing site to form a two-storey building that will house changing facilities, space for learning, offices, a community café, kitchen, and a range of storage space required for a building of this nature.

Proposals for the KSS facility seek to not only improve the look and feel of the town's waterfront area but also support Campbeltown's ability to attract visitors, investment, residents, and grow the marine tourism sector of the regional economy. The proposals will ensure that KSS can continue to undertake and expand maritime training courses, helping to create new opportunities for members and visitors, including direct access to vocational qualifications, given that KSS has achieved internationally recognised RYA Training Centre status.

Project Objectives:

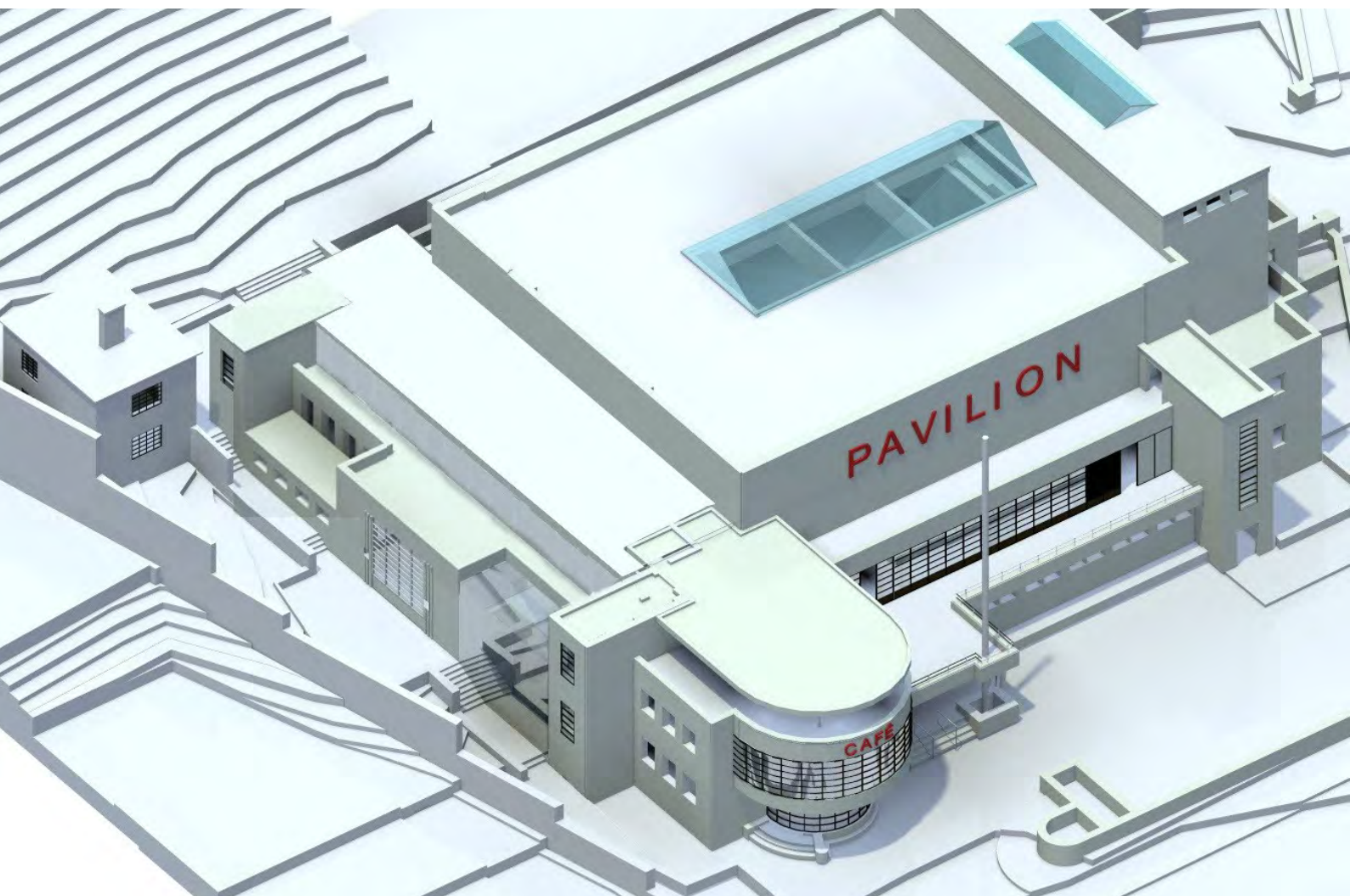
- **Objective 1:** Marine Tourism & Access: Kintyre Seasports will provide excellent access to the marine environment and create more opportunities for visitors from Campbeltown and beyond to engage in water based activities.
- **Objective 2:** Skills Development: Kintyre Seasports will deliver internationally recognised maritime vocational training courses and outreach programs to support skills development and educational outcomes.
- **Objective 3:** Regenerative Growth: Kintyre Seasports will be an asset that contributes to the attractiveness of the waterfront area & marine environment and supports the local economy.

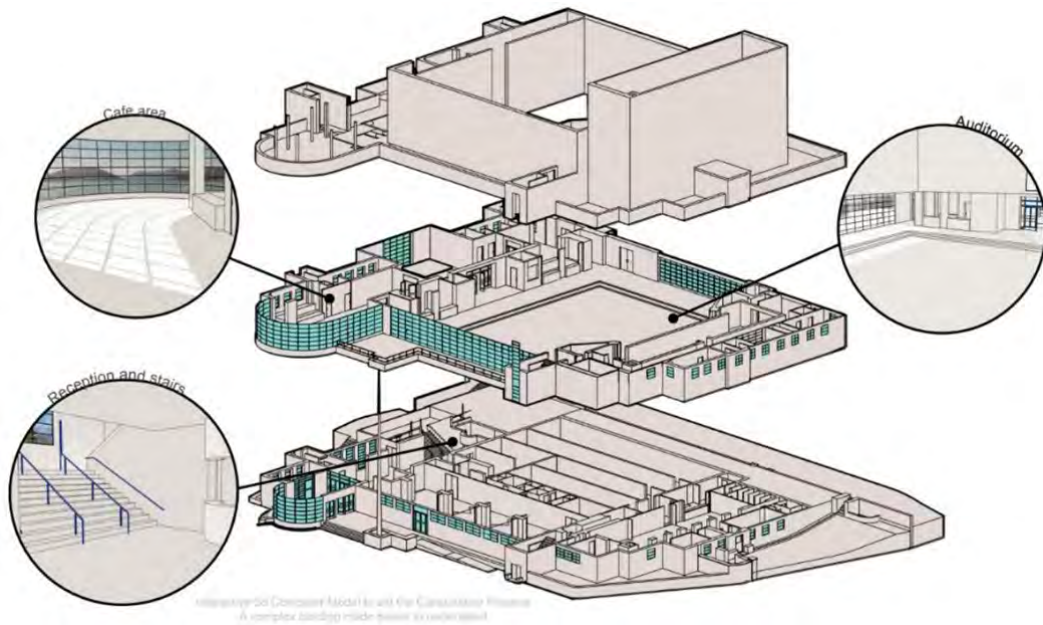
3.2.2 Rothesay Pavilion

This project will invest a total of £9 million, with £4.5 million from both the Scottish Government and UK Government Growth Deal funding to complete the internal structural works and fit-out of the Rothesay Pavilion building on the island of Bute.

The Rothesay Pavilion is a striking, three-storey grade A listed building that stands out on Rothesay's seafront; once renovated, it is capable of providing a range of modern, flexible, and fully accessible space and amenities suitable for just about any size and shape of public gathering, with few limits on the creativity of how they can be used. It is an exceptional example of a unique style of modern architecture, a visitor magnet and thriving community hub offering a combination of inspiring and adaptive spaces for exploration, learning and entertainment.

When completed, the Pavilion will include event space, office facilities, the caretaker's house, flexible exhibition space, craft retail/café space, dressing rooms, a young people's studio, outdoor spaces and corridors. A key focus will be dance, but fine art, design, digital media, literature, music, fashion, and song all have the potential to play a prominent role in the building's future. A key aspect will be how people will interact with the building to help reach their creative potential. This is not only important for the sustainability of the building going forward but also for the local economy, given the vision is to become a top 10 visitor attraction in Scotland.





The vision and ambition for Rothesay Pavilion is to:

- Be a top 10 national cultural tourist destination;
- Stimulate Bute's economic regeneration;
- Provide multi-generational benefits for community health and wellbeing;
- Increase access and equality of opportunity for residents;
- Create next generation learning and career opportunities;
- Champion the local and regional creative economy;
- Become recognised as an Eco Tourism Centre of Excellence;
- Deliver a prestigious business base and events venue;
- Create a focal point for civic pride;
- Reaffirm Bute's place as one of the 'best places to live';
- Achieve economic viability and long-term sustainability.

3.3 Creating a Low Carbon Economy

Argyll and Bute Council is working in partnership with the UK and Scottish Governments, Highlands and Islands Enterprise and local stakeholders to explore opportunities that support Islay's transition to net zero. The Isle of Islay is a protected area that has a significant industrial base supported by the expanding and buoyant local distilling sector and is an international tourism destination driven by the pristine local environment, golf, culture and whisky tourism.

The RGD will invest up to £3 million, with £1.5 million from both the Scottish Government and UK Government to fund the delivery of low carbon infrastructure that will support the island's pathway to net zero. The RGD presents an opportunity for public sector investment that will create an impactful change for the community. The island is also one of six that has been included as part of the Scottish Government's Carbon Neutral Islands (CNI) programme. The CNI programme recognises the huge potential and natural capital of Scotland's islands and the potential this provides to help the country achieve our ambitious net zero and climate resilience ambitions.

The challenges identified on Islay are significant; however, they are also representative of many other island and remote rural communities. This has been exacerbated by rising global energy prices driven by factors such as the Covid-19 pandemic and war in Ukraine. As such, it is anticipated that the RGD aligned to other net zero interventions such as the CNI Programme, has the potential to act as a pilot, which can demonstrate best practise and ultimately be replicated in other rural and island communities.

Project Objectives

- Achieve Whole Life Carbon savings;
- Reduce dependency on imported fuels;
- Support inclusive growth and wellbeing by enhancing opportunities to sustain local green jobs, and jobs linked to the wider supply chain; and
- Enhance skills and training opportunities linked to net-zero/green jobs.

3.4 Rural Skills Accelerator Programme

The Rural Skills Accelerator Programme will be supported by an investment of up to £7 million by the Scottish Government. The programme is a vehicle that will provide the 21st century infrastructure and delivery mechanisms needed for skills, training, education and enterprise to facilitate inclusive growth in the rural economy. The programme consists of the following 3 interdependent projects:

3.4.1 Community STEM Provision

The overarching focus of the creation of new Community STEM Hubs within the RGD is to provide a platform for a transformational step change in STEM engagement opportunities for the population of all ages, businesses, and educational establishments within Argyll and Bute. £2.5 million funding from the Scottish Government will deliver modern, aspirational facilities enabled for both online (remote) and face to face learning (primary, secondary education, post school education and training experiences). Whilst the delivery of STEM related education and facilities is on the rise in Scotland, this is not quite the case in Argyll and Bute where parity of access to some of the country's top facilities is a significant challenge for many members of the community. The delivery of physical, virtual and mobile STEM education across Argyll and Bute is required to ensure parity of accessibility, regardless of location.

The focus of the RGD will be creating 2 physical STEM Hubs located in Dunoon and within the European Marine Science Park near Oban, respectively. It is proposed that STEM education from these physical hubs will be supported by virtual delivery and enhanced face-to-face outreach activities (taking account of the practical nature of science) across more rural mainland and island locations to ensure parity of access for all our communities.

The Scottish Government's STEM strategy is to build Scotland's capacity to deliver excellent STEM learning and to close equity gaps in participation and attainment in STEM. It also aims to inspire young people and adults to study STEM and to provide a better connection between STEM education and training and the needs of the labour market in Scotland.

The focus on STEM skills will strengthen the position of Argyll and Bute's businesses and communities to realise opportunities from growth in key sectors such as the marine economy, renewables, the transition to net zero, robotics, and cybersecurity by having a workforce with the skills necessary to take advantage of such opportunities. This place-based, person-centred vision and approach will ensure that no one is left behind by making education and skills delivery an essential component of strong, resilient businesses and communities.

3.4.2 Business Skills Support

This project will provide £500k of revenue funding from the Scottish Government for a programme of leadership skills training for current and future business and community leaders in Argyll and Bute so that they can benefit from and contribute to the transformational opportunities from Rural Growth Deal Investment. This element of the RSAP is being led by Highlands and Islands Enterprise (HIE) with a focus on leadership interventions that will cover the whole of the Argyll and Bute Council area.

The project will include a procured package of leadership training designed and developed to provide:

- Entrepreneurial leadership training for strategic and emerging leaders focused on key components of success and in line with current economic conditions/ business trends and opportunities.
- Prioritised support to organisations seeking to secure benefits from other RGD investments.
- Targeting sectors, clusters, businesses, social enterprises, and anchor community trusts in fragile and remote communities, enabling them to adapt to challenges and respond to opportunities.
- Equipping smaller supply chain businesses to secure economic growth in emerging sectors.
- Joined up provision across appropriate partners and agencies to deliver a business and/or person-centred approach; and
- This approach will enable a truly collaborative approach to maximising the skills and inclusion outcomes under the RSAP.

3.4.3 UHI Argyll Estate Enhancements

This project will provide £1.5 million of funding from the Scottish Government to support UHI Argyll's campus enhancements at their Construction, Engineering, and Renewables Centre (CERC) in Lochgilphead.

UHI Argyll has been in existence for just over twenty years. It operates a network of ten Learning Centres across the remote, rural, and island geography of the area it serves. It has pioneered the use of video conferencing technology and blended learning techniques to provide networked courses in Further Education (FE) and Higher Education (HE). Improving the built environment is crucial to its overall mission and will support the delivery of a 21st-century curriculum aligned to business requirements.

Student numbers are currently limited by the capacity to accommodate any more students at CERC. The proposal seeks to expand the scope of UHI Argyll's STEM curriculum and significantly increase student volumes at the organisation's construction and engineering hub in Lochgilphead to meet regional and national skills needs, maximise job opportunities aligned with emerging technologies, tackle the Climate Emergency and support the Just Transition to Net Zero. The project will increase the capacity for students at CERC by one third and enable an increase and expansion of curriculum in construction and engineering and the development of new areas such as domestic plumbing and heating and renewable technologies, providing access to skills training for senior phase school pupils, adult learners, apprentices, and those already in the workplace.

Investing in construction, engineering, and renewable energy skills in Argyll and Bute is crucial for the region's sustainable development and economic growth, necessitated by ongoing and planned infrastructure projects, the presence of key employers, and identified skills shortages in these sectors.

Project Objectives

- **Objective 1: Widening Participation** – increase participation across all parts of Argyll and Bute for all ages and stages, including learning for pleasure, school curriculum, access to modern apprenticeships, further and higher education, and workforce training and development.
- **Objective 2: Responding to Change** – Underpin sustainable economic growth and improved public and third sector performance through investment in a fit-for purpose skills and education system, that supports the Just Transition to Net Zero and the digital economy and can swiftly adapt to the constantly changing world of work.
- **Objective 3: Targeting Opportunities & Challenges** – Provide Argyll and Bute’s business base and public and third sector organisations with the skills required to take advantage of economic opportunities and equip companies with the leadership skills required to innovate, provide fair work, and navigate challenges, such as skills shortages and supply chain threat.
- **Objective 4: Supporting the Wider RGD** – Use the Rural Skills Accelerator Programme as the launchpad to realise the full transformational impacts of the RGD Programme by targeting and aligning education and skills provision.







3.5 Housing to Attract Economic Growth

The RGD Housing proposals will be supported with an investment of up to £3 million from the Scottish Government.

Ensuring that local communities have access to suitable, high-quality homes that are affordable is critical to enabling economic growth in the region. However, within Argyll and Bute Council, there has been a rise in homelessness post-pandemic and an increasing lack of housing choice. This has had a direct impact on property prices in the area; a rise in private rental rates and housing availability is decreasing despite an extensive social rent build programme. As such, Argyll and Bute Council has recently declared a housing emergency, and the RGD programme will be used to pilot innovative approaches to address some of our rural housing challenges.

The focus of the RGD investment will be the islands of Mull and Islay. Both islands have experienced pressure in the local housing market due to above average construction costs, lack of private housing construction at scale, and competing demand from high levels of second home ownership and holiday accommodation. These islands have also seen growth in local employment sectors such as tourism, aquaculture, and distilling; however, local workers and residents find it difficult to access accommodation, creating local recruitment challenges.

The Council will work with key stakeholders, developers, and community groups to explore innovative housing pilots aimed at providing local workers with access to affordable, high-quality homes within vibrant, sustainable, and connected locations. We will investigate appropriate models to deliver housing for principal residences to help address unmet demand in the local housing market and boost employment and growth in some of our most remote communities.

It is anticipated that the RGD can act as a pilot to demonstrate how collaborative approaches are necessary to address the region's housing emergency.

Project Objectives:

- **Objective 1:** Improved access to suitable high-quality homes for workers.
- **Objective 2:** Enable economic growth by giving employees access to suitable accommodation.



3.6 Clyde Engineering and Innovation Cluster

The Clyde Engineering and Innovation Cluster (CEIC) project will be supported with an investment of up to £7 million from the UK Government.

The expansion of HM Naval Base (HMNB) Clyde through the Maritime Change Programme (MCP) provides the impetus for this project. The MCP will consolidate the UK's submarine fleet and all its support services to HMNB Clyde. The RGD provides a unique opportunity to support this transformational programme of change and maximise the local economic benefits. This project will deliver new, modern commercial business space and will represent Phase 1 of a potential business and engineering cluster at the Colgrain business park site near Helensburgh.

Project Objectives

- Maximise the economic opportunity from the £1.3 billion investment into HMNB Clyde.
- Anchor the economic opportunity to Helensburgh and Lomond and the wider Argyll and Bute area by addressing the existing lack of available commercial accommodation.
- Address the needs of some supply chain businesses servicing HMNB Clyde by providing (potentially up to) 3,000 sqm of modern commercial accommodation proximate to the Base.
- Enable the development of an engineering cluster in Helensburgh & Lomond through the provision of modern commercial accommodation.
- Stimulate and facilitate innovation and enhance company interaction, co-operation and collaboration by co-locating part of HMNB Clyde's supply chain in appropriate space.

In developing the CEIC proposals, the Council has been working closely with key partners, including the MOD, Royal Navy, Scottish Enterprise, and key industrial partners currently delivering services at HMNB Clyde.



3.7 West Coast UAV Logistics and Training Hub

The West Coast UAV Logistics and Training Hub project will be supported with an investment of up to £4 million from the UK Government.

This intervention will involve investing in new business park infrastructure at Oban Airport to allow it to become a leading innovative research and development centre for UAV technologies, building on the success of recent pioneering trials using drone technology to provide essential services to some of Scotland's most fragile rural and island communities.

The investment will deliver Scotland's first specialised drone training and research centre, providing enhanced R&D capabilities, space for UAV pilot training, laboratories, and lecture suites, which will enable direct access between the facility and the airfield. The UAV Hub will also provide state of the art hangars with maintenance facilities for UAVs and general aviation aircraft. Oban Airport's position on the West Coast of Scotland, with access to clear airspace, will provide enhanced capability to trial Beyond Visual Line of Site (BVLOS) flights. This controlled airspace will also support the safe integration of UAVs and general aviation traffic across the UK, future-proofing our airspace for all users.

The RGD will build on investment of £420k to date by the UK Government through the Community Renewal Fund and UK Regulators Pioneer Programme.



Project Objectives

- **Objective 1:** To increase inclusive employment levels in high-growth and high-tech sectors.
- **Objective 2:** To help address / reverse the net migratory outflow in Argyll and Bute in the 20 - 44 age group.
- **Objective 3:** To improve the attractiveness of Oban Airport Business Park to operators and maintain the services required for the sustainability of local communities in the area, particularly the island communities of Coll, Colonsay, Islay and Tiree.
- **Objective 4:** To improve connectivity between settlements in terms of supporting the provision of key services such as health and education.
- **Objective 5:** To ensure solutions are in line with net zero commitments and reduce carbon emissions relative to the current position.

3.8 Marine Aquaculture Programme

This programme will be supported with an investment totalling £15 million, with £6 million from the Scottish Government and £9 million from the UK Government. The Marine Aquaculture Programme is being led by Highlands and Islands Enterprise and a number of key industry partners. It will deliver 3 interdependent projects that will help anchor Argyll and Bute as a leading region for innovation in Marine Aquaculture in Scotland, UK and globally, through investment in world-class marine science and technology.



3.8.1 Argyll College UHI Marine Industry Training Centre (MITC)

This project will be delivered by UHI Argyll with £6 million of funding from the Scottish Government and £1.83 million from the UK Government. The MITC will be a state of the art education and training facility providing an inspiring and engaging environment for students, staff, and business customers.

The MITC will seek to address identified training needs for marine-based sectors in Argyll, provide workforce development pathways for the aquaculture, boatbuilding and repair, marinas and harbours, offshore wind support services, and the wider marine tourism sector. It will expand on UHI Argyll's comprehensive maritime curriculum by offering well-researched, evolving and relevant education and training programmes.

This investment will create a dedicated, new, purpose built facility that will support the growing aquaculture industry (currently worth £3.6billion) and will directly and indirectly address the population decline issues within the region by supporting local and regional employment opportunities through the creation of relevant qualified workers trained in the skills Argyll-based employers need.

MITC will also provide resilience and sustainability for key marine sectors in Argyll and Bute, supporting national strategies and growth targets for marine tourism, aquaculture, fishing fleets and offshore wind renewable supply chains.

The new facility will directly support activities at the European Marine Science Park near Oban, which is a vibrant marine science cluster with an established community of innovative businesses and world-class research organisations set within a pristine natural environment that supports shared learning and collaboration, which in turn supports growth in Scotland's blue economy.

Project Objectives

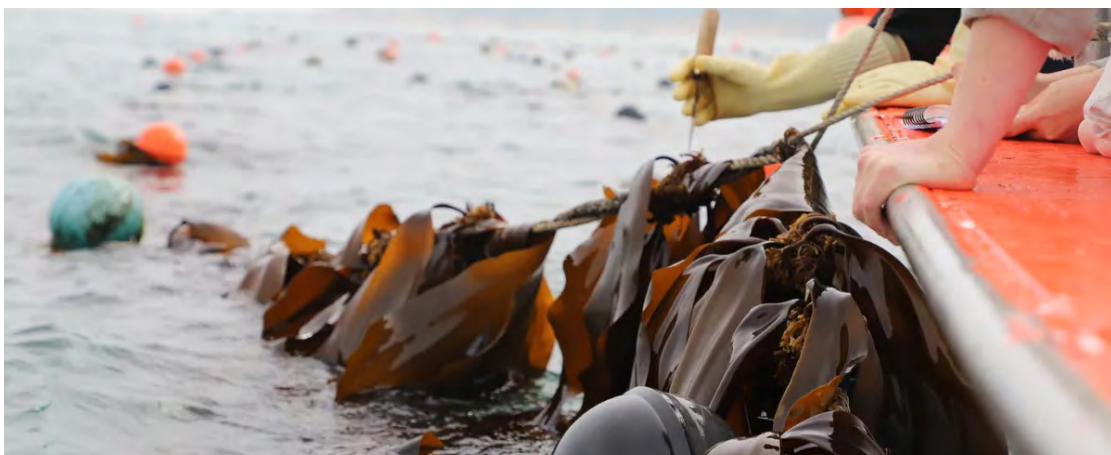
- **Objective 1:** Develop and build the Marine Industry Training Centre to support regional skills development, and the growth of marine based sectors.
- **Objective 2:** Develop and deliver current and relevant curriculum to support marine and maritime sectors.
- **Objective 3:** Raise awareness of the broad range of job roles and employment opportunities in maritime industries and related sectors
- **Objective 4:** Ensure that the anticipated growth in these sectors delivers a broad range of benefits and employment opportunities at different skills levels to Argyll and Bute residents
- **Objective 5:** Support the competitiveness of Argyll and Bute as a region for marine and related sectors by developing a skilled workforce at all levels.



3.8.2 Centre for Seaweed and Shellfish Innovation and Development (C-SSIDe)

The Centre for Seaweed and Shellfish Innovation and Development (C-SSIDe) will be led by the Scottish Association for Marine Science (SAMS) supported by a RGD investment totalling £3.33 million, with £1 million from the Scottish Government and £2.33 million from the UK Government.

This project will create a platform for industrial innovation that will allow a direct commercialisation of the world leading research expertise at SAMS to catalyze growth in the region's high value seaweed and shellfish industries, underpinning a diversified aquaculture system development. The new facility will be located within the European Marine Science Park and will provide the necessary capability to enable scale up of Scotland's seaweed and shellfish industries, particularly higher value species, at the same time as enabling the development of industry through access to state of the art R&D facilities, which will build on the success of the current Seaweed Academy at SAMS.



Project Objectives

- **Objective 1:** Promote nature-based net zero solutions that will help protect biodiversity and contribute to healthier seas.
- **Objective 2:** Catalyse and incentivise enhanced levels of innovation activity in the aquaculture sector by enabling the industry to access the world-leading research capabilities at SAMS.
- **Objective 3:** Support the commercialisation of research across the disciplines of seaweed and shellfish biology and production.
- **Objective 4:** Grow the scale and value of the aquaculture sector in Argyll and Bute.
- **Objective 5:** Support rural and remote communities across the region by ensuring that there are a range of sustainable employment opportunities.



3.8.3 University of Stirling Machrihanish Innovation Campus (MIC)

This project will be delivered by Stirling University and supported by an investment of £3.8 million from the UK Government.

The Scottish aquaculture industry has ambitious plans to double output by 2030. The University of Stirling has been working with industry for over 40 years at the forefront of marine food production. The University is preparing to support the planned industry growth for the next 40 years, by continuing and expanding its research education and business innovation capabilities. This strategy involves development at 4 sites in Scotland, of which Machrihanish would become the leading marine aquaculture research centre in the UK with a focus on fish health and genetic resistance.

This centre of expertise will keep Argyll-located research and business development at the forefront of global aquaculture. This will support high-value employment and the sustainable economic growth that innovation and business enterprise in fish farming bring to a rural location such as Argyll.

The RGD investment will enable an upgrade of research and development facilities at MIC to improve water quality, tank capacity, power and fresh water supplies, provision of a controlled laboratory environment, and disease challenge facilities. This will provide the facilities required to extend R&D opportunities for visiting researchers, students, and other site users. MIC will continue to support growth in the blue economy by increasing high value jobs both directly through the additional research & support staff required and also by enabling the expansion of existing companies and the creation of new businesses through start-ups.

Project Objectives

- **Objective 1:** Increase investment in marine aquaculture R&D creating jobs within the region.
- **Objective 2:** Increase R&D capacity by providing environmentally controllable, experimental aquatic facilities for the marine aquaculture environment.
- **Objective 3:** Support organisations and entrepreneurs to translate and adopt findings of applied research into new markets, products, services, or improved business outcomes.



4. Delivering the Rural Growth Deal

4.1 Financial Summary

The initial financial summary of the RGD is outlined in Table 2 below. The project investment is subject to the full business case approvals for each project by the Programme Board and UK and/or Scottish Government. Business case information must satisfy the relevant government(s) that the proposed activities are feasible, sustainable, value for money, and will deliver suitable returns on investment. The governments must also be satisfied that business cases comply with the UK Government's subsidy control regime. The RGD Agreement does not form a legally binding contract.

Table 2 – RGD Financial Summary

Project Name	Funding Committed	UK Government	Scottish Government	Match Funding
Tourism – Creating a World Class Visitor Destination:				
Rothesay Pavilion	£9m	£4.5m	£4.5m	£14.95m
Kintyre Seaports	£2m	–	£2m	£0.3m
Creating a low carbon economy:				
Islay	£3m	£1.5m	£1.5m	£0.05m
Rural Skills Accelerator Programme:				
South STEM Hub (Dunoon)	£2.5m	–	£2.5m	£0.81m
North STEM Hub (Oban)	£2.5m	–	£2.5m	£0.16m
UHI Argyll College Built Environment	£1.5m	–	£1.5m	£0.27m
Business Skills	£0.5m	–	£0.5m	–
Housing to Attract Economic Growth:				
Tobermory, Isle of Mull	£1.5m	–	£1.5m	£1.14m
Bowmore, Isle of Islay	£1.5m	–	£1.5m	£0.03m
Clyde Engineering and Innovation Cluster:				
	£7m	£7m	–	£0.3m
West Coast Aviation, UAV, Robotics and Compliance Hub:				
	£4m	£4m	–	£3.44m
Marine Aquaculture Programme:				
Machrihanish Innovation Campus	£3.84m	£3.84m	–	
Centre for Seaweed and Shellfish Innovation and Development	£3.33m	£2.33m	£1m	
Marine Industry Training Centre	£7.83m	£1.83m	£6m	
				£1.1m
Total Funding	£50m	£25m	£25m	£22.55m

The long-term funding profile of capital projects is difficult to estimate, and local partners will work with both governments to keep them updated on profile changes on a regular basis and to ensure any changes to projects are acceptable in line with the agreed protocols for managing change on RGD projects. A Tripartite Agreement will cover the underpinning detail associated with the Argyll and Bute Rural Growth Deal and its financial management

4.2 Governance Plan

Argyll and Bute Council has agreed to a Governance Plan for the RGD, which will enable sound decisions to be taken in an open, inclusive, and transparent way. The governance arrangements for the RGD seek to ensure that there is a strategic and operational framework in place that ensures accountability, probity, transparency, robust internal control and strong financial management, compliance, and value for money.

The approach to governance will promote:

- Open decision-making focused on clearly defined outcomes to achieve sustainable economic and inclusive growth;
- Management of risks and performance.
- Robust internal control and strong financial management; and
- Transparent reporting.

The governance structure for the RGD includes a Policy and Resources Committee, Full Programme Board, Internal Programme Board, Programme Management Office, Communications Group, and 7 Project Stakeholder Groups. The remit and membership of the various groups which form part of the growth deal governance structure will be agreed with both governments.



4.3 Accountable Body

Argyll and Bute Council has the role of accountable body for the RGD and will be responsible for:

- Entering into legal agreements with the UK Government and Scottish Government in respect of the RGD.
- Reporting to the UK Government and Scottish Government in accordance with the requirements of the legal agreements.
- Receiving and managing RGD funding relating to RGD projects.
- Entering into legal grant funding agreements with project lead organisations.
- Making grant payments to project lead organisations in accordance with the terms and conditions of the grant funding agreements.
- Managing the funding in accordance with the requirements of the legal agreements with the UK Government and Scottish Government.
- Making the ultimate decision on the payment of funds to project lead organisations to ensure that RGD funding is used for the agreed purposes and in accordance with terms and conditions.



4.4 P&R Committee

The Council's Policy and Resources (P&R) Committee will:

- Meet bi-monthly and be the Council's decision-making body for any decision relating to the Council's funding and resources necessary to deliver the Programme;
- The Committee will consider any requirement to commit funding and resources required to deliver the projects;
- The Committee will receive regular updates (at least every 6 months) on the delivery of the programme from the Programme Board / Programme Management Office,
- Any funding required in excess of £150k from the Inward Investment Fund to deliver RGD projects will require approval of the P&R Committee.

4.5 Programme Board

The RGD Programme Board is the governing authority for the RGD with the remit to provide strategic direction and exercise high-level oversight and overall control, serving as the forum for joint decision making at the highest level within the governance framework. This is chaired by the Leader of Argyll and Bute Council and attended by the Council's Executive Leadership Team, Head of Development and Economic Growth, the RGD PMO, UK and Scottish Government and representatives from Highlands and Islands Enterprise, Scottish Enterprise, UHI Argyll, Scottish Futures Trust, and RGD Project Leads. The Programme Board reports into the Council's P&R Committee and the Scottish Government and UK Government in line with the agreed monitoring and reporting protocols.

4.6 Internal Programme Board

The Internal Programme Board will meet 2 weeks prior to the Full Programme Board to ensure scrutiny of all project work being submitted to the Programme Board for approval.

The membership of the Internal Programme Board is as follows:

- Councils Chief Executive;
- 2 Executive Directors including Section 95 Officer for Accountable body;
- Support from the Head of Development and Economic Growth and the RGD PMO / Project Leads where specific project / programme updates are required.

The Internal Programme Board includes all of the Executive Leadership Team of the Accountable Body including the Section 95 Officer. This will ensure strategic oversight of the projects and investments funded through the RGD. The remit of the Internal Programme Board is to support the Programme Board in overseeing the delivery of the RGD and to provide oversight and scrutiny of the work of the Programme Management Office (PMO) and Project Leads. .

4.7 The Programme Management Office (PMO)

The PMO for the RGD is hosted by Argyll and Bute Council and reports to the Head of Development and Economic Growth. The PMO will oversee the development, delivery and day-to-day management of the RGD. This will include the delivery of project business cases and procuring specialist support necessary to support the delivery of RGD projects. The following posts sit within the PMO: Programme Manager, Project Officer, Admin Officer. The PMO reports quarterly to the Internal Programme Board and Programme Board and to the Council's P&R Committee as required.

The PMO will be supported by a number of Argyll and Bute Council Departments including the following:

- Financial Services
 - CCAB Qualified Accountants
 - Capital & Revenue budget monitoring
 - providing other corporate finance services, including tax management issues, financial accounting, including year end accounts
 - access to external advice on issues such as VAT compliance
- Procurement, Commercial & Contract Management Team
- Programme & Project Management Services
- Legal Services
- Estates & Property Development Team

4.8 Industry Advisory Forum

This Forum provides an interface between Argyll and Bute Council and the local business community and has been established as part of the governance arrangements for the refresh of the Council's Economic Strategy. The Partnership will provide oversight and alignment across the developing Argyll and Bute Economic Strategy, the Argyll and Bute RGD, the Shared Prosperity Fund and the Levelling Up agenda by exploiting collective knowledge, experience, understanding, and influence to develop solutions and deliver actions. The Industry Advisory Forum will not have any decision-making power for the RGD however, some members of the Forum may be represented on the RGD Programme Board to ensure links between the RGD and the business community. This will be supplemented by project steering groups, which will include private sector stakeholders.



4.9 Monitoring and Reporting

Proposals for monitoring and reporting have been informed by the requirements set for the RGD by the Scottish and UK Government and these are set out in Table 3 below:-

Table 3 – RGD Reporting Requirements

Annually	Bi-Annually	Quarterly	Monthly
Implementation Plan	(By 31st August and 29th February)	Grant Claim	Financial Forecast
Statement of Compliance with conditions of grant	RGD Term Financial Forecast		
Annual Performance Report		Quarterly Report	
Annual Conversation		Quarterly Meeting	

The Scottish and UK Government will continue to have regular interaction with the PMO to monitor progress on the RGD. The approval of both Governments is required to enable progression to full business case, and endorsement of full business cases is required for the release of project funding.

Programme Progress Reporting

In-line with the Grant Offer Letter from the Scottish Government, the RGD PMO will provide the following to support financial monitoring:

- a monthly financial forecast;
- a quarterly performance report to go alongside a quarterly financial performance meeting;
- a financial forecast for the remainder of the RGD term, submitted biannually in August and February each year;
- an annual statement of compliance with conditions of grant;
- grant claim forms detailing evidence of expenditure for the project outlining what the expenditure has actually been used to fund and signed off by the relevant signing authority.

Project Reporting

Each project will report to the Programme Board with monthly progress reports. The projects will report against their individual milestones and implementation plans. These reports will be completed in advance by Project Managers and be reviewed by the Programme Board. Where risks/issues are identified, these will be considered and resolved.



Annual Performance Report

An Annual Performance Report will be produced by the Programme Manager based on the previous year's activity across the RGD. The Annual Performance report will include a review of the following:

- Benefits Realisation Plan;
- RGD Implementation Plan;
- Performance Report and Financial Forecasts.

The Annual Performance Report will be signed off by the Programme Board and will form the basis for the Annual Conversation with the Scottish and UK Governments to formally review progress in implementing the RGD. A draft of the Annual Performance Report will be circulated to Central Government a minimum of 2 months prior to the Annual Conversation to enable sufficient time for distribution to the relevant policy areas.

4.10 Benefits Realisation

The RGD partners will work with both Governments to agree on Benefits Realisation Plan for the RGD. The Benefits Realisation Plan will set out the overall vision, aims, and targets for the RGD, how the outputs, outcomes, and impacts of individual programmes and projects within the RGD are anticipated to contribute towards the achievement of this vision, and provide a monitoring and evaluation framework to measure progress towards the strategic objectives of the RGD, aligned with the requirements from the Government. At regular intervals, to be agreed upon with both Governments, the Programme Board will carry out a thorough review and evaluation of the RGD.

4.11 Risk and Audit

Each project will have its own risk register, which will be subject to regular review and update by Project Managers. A programme risk register will also be maintained by the PMO and will be reported on at each Programme Board meeting.

All partners to the RGD are responsible for responding to any requests from or recommendations set out by Audit Scotland or the National Audit Office in relation to any audit undertaken on the RGD. The partners will also take account (where appropriate) of recommendations in relation to audits of the wider City Region and RGD programme. The Accountable Body will also be responsible for allocating Internal Audit resources for RGD Programme activities. The results of internal audits will be submitted to the Scottish and UK Governments upon completion or request. All RGD Internal Audit work undertaken by the Accountable Body will be carried out in line with the Public Sector Internal Audit Standards (PSIAS).





**Argyll and Bute
Rural Growth Deal**