
LEVELLING UP PARTNERSHIP PROCESS UPDATE

1.0 INTRODUCTION

1.1 The Levelling Up Partnership funding for Argyll and Bute was announced by the previous UK Government in the Autumn Statement. The council received an update in on the Levelling Up process in April 2024 and since this date council officers have worked with UK civil servants to inform the selection of possible projects including identifying possible projects that could be council led. This all changed when the UK Government announced a general election to be held on the 4th of July. At that point civil servants stopped engaging with the council and this remains the case at the date of writing this report. The new UK Government has dropped the term Levelling Up with the Department dealing with this agenda renamed Housing, Communities and Local Government.

1.2 In the interim period council officers have been reaching out to other Scottish Council's that have been awarded Partnership funding and also looking at manifesto priorities of the new UK Government. This has resulted in a number of proposed changes to projects which are now included in **Table 1** of this report. It should be noted that these projects can only be regarded as suggestions by the council as it is assumed that the UK Government will still choose the projects they want to see delivered following a public engagement process that they carry out as part of the Partnership process. The council will also submit to the UK Government previously agreed projects, as listed in paragraph 3.5. As currently understood, the UK Government will undertake the full business case work supported by the council as they consider appropriate.

2.0 RECOMMENDATIONS

2.1 Council are asked to:

- a) Note the update within this report and approve the updated list of projects included in **Table 1** (para. 3.3) of this report to be discussed with new UK Government officials.
- b) Agree to request that officers seek confirmation from the UK Government that the Levelling Up Partnership monies previously announced are still available to Argyll and Bute.

3.0 DETAIL

3.1 Following the change in the UK Government the Levelling Up Partnership process is being revised to reflect UK Government priorities. The term Levelling Up will no longer be used but there has been no indication from the new UK Government that this previously committed funding will be withdrawn. In the interim period council officers have been reaching out to other Scottish Councils who received Partnership funding such as Dundee City Council. It was notable that the capital amounts awarded were under the £5m mark and that elements of revenue funding could also be awarded to support business innovation, or business growth, for example. It should be noted that keeping individual project asks under the £5m capital threshold eases the path through Treasury approval. It was also notable that projects were led by different bodies other than the council and that whilst provisional lists of projects had been agreed with two other councils this was all still subject to a full business case agreement carried out by the UK Government.

3.2 Looking at the original long list of projects previously approved by the council for consideration by the UK Government, it is considered prudent to reengage with the UK Government with a revised list of possible asks. This has been informed by discussions with other councils and looking at the new UK Government manifesto/Kings Speech where there is a commitment to grow Scotland’s economy and accelerate the delivery of affordable housing for example. These projects are also considered to be deliverable within a relatively short timetable and have clear demonstrable outcomes which is also a key requirement of this process. The availability of match funding is also a key factor.

3.3 Table 1. - List of Potential Projects

Project Title	What is it?	Likely Ask?	Status	Link to Labour Manifesto
Helensburgh Colgrain Business Park	Contribution to the building out of this new business park linked to HMNB Clyde and engineering innovation at Colgrain. Contribution would relate to purchase of site, utilities and access works plus dedicated workshop spaces. This proposal supports the expansion of HMNB Clyde at a critical time to help address MOD and private sector capacity problems behind the wire.	£3m matched by £7m commitment through the RGD (Outline business case prepared and under consideration by Governments)	Masterplan has been approved and Outline Planning Consent granted.	Supporting Scotland’s Economic Growth

<p>Former Royal Hotel Rothesay, Bute</p>	<p>To restore a valuable heritage building in a prominent position in Rothesay town centre on the island of Bute; To create through a public/private sector partnership new homes including key worker housing; tourist accommodation and commercial space.</p>	<p>£4m matched by £1m from Strategic Housing Fund/Private funds and Historic Environment Scotland.</p>	<p>New Non Profit Trust created;</p>	<p>Supporting Scotland's Economic Growth; Housing delivery and supporting communities</p>
<p>Oban Airport Aviation Business Park</p>	<p>To contribute to the construction of 2 key buildings that form part of phase 2 of the Oban Airport Business Park. Two private sector businesses have signed Heads of Terms to occupy the buildings and the project also complements the proposed UAV hub funded through RGD.</p>	<p>£5m matching TIF funding; prudential borrowing and RGD UAV Hub £4m.</p>	<p>Land in control; business case work partly completed and detailed planning consent for two buildings including UAV Hub.</p>	<p>Supporting Scotland's Economic Growth through innovation</p>
<p>European Marine Science Site Phase 2</p>	<p>This is a key strategic priority project for HIE. The strategic vision for the development is here: 240117-emsp-the-vision.pdf (europeanmarinesciencepark.co.uk)</p> <p>The development of Camas House, the second business office/laboratory development on the site specifically developed to support business growth in the marine economy. This will directly support boosting productivity, local pay, jobs and living standards by growing the private sector. This project complements SAMs with the building acting as an incubator for blue economy businesses.</p>	<p>£1.6m to fit out floor of EMSP matched by £8m from HIE</p>	<p>Full Planning consent granted with building expected on site in August 24; proposal relates to fitting out of one floor which has not been included in tender.</p>	<p>Supporting Scotland's Economic Growth through innovation</p>
<p>Graduate Placement Programme</p>	<p>Graduate Placement Programme providing graduate placement grants covering staff, training and travel costs.</p>	<p>£250k adding to existing scheme administered by HIE of £180k</p>	<p>Expands a current scheme administered by HIE helping employ graduate posts to boost</p>	<p>Supporting Scotland's Economic Growth through improving productivity and innovation</p>

			business productivity	
SME Business Development Package	Business Development Package for local SMEs, providing enhanced start-up, recovery and growth support comprising small business development grants, specialist advice and intensive support programmes delivered by Business Gateway, Economic Growth. It is anticipated that businesses supported by the small business development grants will enable a 26% uplift in the number of jobs created.	£250k adding to a £480k UKSPF package	SMEs make a substantial portion of Argyll and Bute's business base; Building on a successful programme of work delivered through UKSPF this fund can expand activity with a focus on business productivity and innovation	Supporting Scotland's Economic Growth through improving productivity and innovation
Community Digital Hubs	Creating inclusive digital hubs in rural communities with restricted access to digital technology.	£400k expanding existing network of 4 hubs established on island communities (located within existing community run assets) helping people to access private and public services	Successful pilot has established a need to roll out these facilities to enable local communities equal access to superfast broadband facilities	Supporting Scotland's Economic Growth through innovation
Derelict Building Repurposing Fund	A grant fund to assist private building owners to undertake improvements to commercial properties to bring back into productive use.	£500k match funded through £150k per annum fund linked to NDR recovery now applied to derelict buildings	Fund protocols established through the approval of a new initiative to tackle derelict and underutilised	Supporting Scotland's Economic Growth by bringing derelict buildings back into productive use.

			buildings and bring them back into use by the community, for housing or commercial activity.	
Affordable Housing For Key Workers	Adding scale to our work associated with the Housing Emergency to build affordable housing for key workers on a number of sites across Argyll and Bute. Argyll and Bute was the first council in Scotland to declare a housing emergency with a lack of key worker housing a critical issue for the future of our area.	£5m adds to £3.7m RGD/Island Infrastructure fund and other works we are taking forward on our islands including Islay and Mull.	Scaling up impact of RGD Key Worker Housing Initiative	Supporting Scotland's Economic Growth through provision of key worker housing

3.4 The above projects will be used as a basis of a new discussion with the UK Government when they decide to reengage with the council. A letter has already been drafted by the Leader of the Council to highlight the need for further investment in Argyll and Bute to grow our economy and address identified infrastructure needs. It is not clear at the time of writing this report that if the funding remains in place, whether the same process of engagement would continue. Discussions will also continue for possible policy interventions which was also a feature of the original fund.

3.5 It should be noted that the council will also submit the previously agreed council backed projects with the UK Government. Given advice received these will be considered as stand-alone projects. Additional external funding opportunities will also be pursued. These projects include the following:-

- **Rothesay Pavilion** where the council is continuing to pursue funding with both Governments and key partners linked to the delivery of the Rural Growth Deal.
- **The Dunbeg Corridor** where detailed planning permissions have recently been submitted with the council looking at a number of strategic housing funds and also TIF funding working with the Scottish Government and housing providers.
- **The Marine Training school and Seaweed Academy** is being pursued through the RGD and the timescales of delivery does not coincide with this particular funding opportunity. That said, we are pursuing the fitting out of a new building shortly to go on site at the

European Marine Science park at Dunbeg working with HIE who are the project sponsors.

- **Dunoon Regeneration** is also being pursued looking at various options to prioritise investment. The level of funding required here as previously identified exceeds the capital limits applied to this particular funding opportunity however the council remains open to further dialogue with both Governments.
- **Campbeltown Pier expansion** remains a possible commercial opportunity for the council however it remains at an early stage of development and it is linked to private sector feasibility studies linked to renewables and the whisky industry that are ongoing.
- **Islay and Jura** we have modified the ask via a competitive funding request to Scottish Government as part of the Islands Infrastructure fund to cover feasibility work in connection with the replacement ferry given delivery timescales associated with this potential project. In terms of the possible roads investment on Islay linked to industry growth this remains a council aspiration linked to possible policy interventions from the UK Government harvesting an element of income generated on the island.

It should also be noted that any project ideas submitted by the council to the UK Government have no guarantee of being selected and are all subject to detailed business case development by the UK Government with council inputs as appropriate. Other projects may also emerge at the discretion of the UK Government and public consultation if this remains a part of the fund going forward.”

4.0 CONCLUSION

- 4.1 The original UK Levelling Up Partnership process was proceeding as previously reported to council in April until the UK General Election was called and subsequently held on the 4th of July. The term Levelling Up has now been dropped by the new UK Government with an increased emphasis on Local Government, boosting economic growth across the UK and accelerating the delivery of new housing.
- 4.2 In the interim period council officers have been speaking to other Scottish Councils in receipt of Levelling Up Partnership funding and examining the new UK Government economic priorities as demonstrated in their manifesto and Kings Speech. This has informed an adapted list of possible projects for consideration by Members to form a basis of discussion with the new UK Government. That said the council will continue to bring to the UK Government’s attention previously identified projects listed in paragraph 3.5. It should be noted that there is no guarantee that any of these projects will be supported by the UK Government as they will likely undertake their own public consultation and new projects may emerge from other public agencies and community groups. Council Officers will also continue to pursue external funding sources both for the amended list, and for the previously agreed identified projects.

- 4.3 As further details emerge of the new process to deliver a £20m investment in Argyll and Bute Members will be kept informed via further reports and/or briefings as appropriate. Members are asked to consider and endorse the new list in **Table 1** as they see appropriate to do so.

5.0 IMPLICATIONS

- 5.1 Policy – The Levelling Up Partnership funding has the potential to support a number of council priorities included in the Single Outcome Agreement (SOA) and Economic Development Strategy and Action Plan support the sustainable growth of our economy.
- 5.2 Financial – None arising from this report although it concerns a £20m capital potential investment plus possible policy interventions.
- 5.3 Legal – None arising from this report.
- 5.4 HR – None arising from this report.
- 5.5 Fairer Scotland Duty:
- 5.5.1 Equalities - the report explains a process that can help support the economy of our areas generating employment opportunities.
 - 5.5.2 Socio- Economic Duty – the projects identified will enhance outcomes for those experiencing socio-economic disadvantages.
 - 5.5.3 Islands – projects have been identified on our islands for member’s consideration.
- 5.6 Climate Change – Each project will require to have regard to climate change implications.
- 5.7 Risk – Our rural economy is fragile and failing to deliver this external investment would be a considerable concern.
- 5.8 Customer Service – No specific implications, but all projects identified will impact positively on our customers / communities.
- 5.9 Rights of the Child (UNCRC) – No implications arising from this report.

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