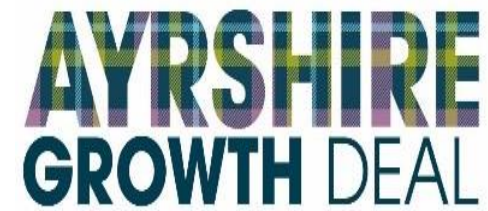


AYRSHIRE GROWTH DEAL

DEAL DOCUMENT



Signing of this document reaffirms our joint commitment to achieve full implementation of the Ayrshire Growth Deal together over the next 15 years.



.....
Rt Hon Alister Jack MP
Secretary of State for Scotland
UK Government



.....
Mr Michael Matheson MSP
Cabinet Secretary for Transport,
Infrastructure and Connectivity
Scottish Government



.....
Cllr Douglas Reid
Leader of East Ayrshire Council



.....
Cllr Joe Cullinane
Leader of North Ayrshire Council



.....
Cllr Peter Henderson
Leader of South Ayrshire Council

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1. **AYRSHIRE GROWTH DEAL – AN OVERVIEW**

- 1.1 This document sets out the detail of how the Ayrshire Economic Joint Committee (EJC) and the Ayrshire Regional Economic Partnership (REP) will implement and manage the Ayrshire Growth Deal. This forms part of a suite of documentation designed to provide assurance to funders, stakeholders and communities that partners are committed to ensuring investment is coordinated across the region; that processes and procedures are in place to support delivery; and that the benefits to be derived from the Ayrshire Growth Deal are maximised.
- 1.2 This document specifically relates to the Growth Deal projects contained within the Heads of Terms, signed by both the UK and Scottish Governments and Ayrshire’s Councils on 8 March 2019 and which are being taken forward by the partners in Ayrshire.
- 1.3 The signing off of the Ayrshire Growth Deal is an important step in the region’s recovery from the economic shock associated with Covid-19 which has seen major swathes of the regional economy closed down for many weeks and has impacted negatively on jobs and planned investment across the business base. While time lags in data means it will be some time before the impact is fully understood, early indications are that Ayrshire as a region is particularly vulnerable and long term there may be challenges that are more acute than those that occur elsewhere.¹
- 1.4 The themes identified by the Ayrshire Regional Economic Strategy, and supported by the Ayrshire Regional Spatial Strategy, as having the greatest potential to support inclusive growth through the Inclusive Growth Diagnostic for Ayrshire, remain critical to the fortunes of the Ayrshire economy. Evidence emerging since the beginning of the Covid-19 pandemic suggests that many of the themes and sectors are critical to supporting the rescue and recovery economic phases, as well as being best positioned to support the renewal phase in the longer term. The key themes identified in the strategy as being critical to economic recovery and renewal phases are: Advanced Manufacturing; Aerospace/Space; Clean Growth; Community Wealth Building; Food and Drink; Life Sciences; Visitor Economy; Business; Connectivity; Digital; Innovation; and Skills.
- 1.5 The development of detailed actions and subsequent delivery of themes will be framed through a Community Wealth Building approach that seeks to harness assets, resources, community strength and relationships within Ayrshire to deliver improved outcomes for our communities.
- 1.6 As part of the Ayrshire Regional Economic Strategy, the Ayrshire Growth Deal is a key element of Ayrshire’s recovery and reaffirms the public sector’s commitment to the region and the collective desire to support ambitious plans for renewal and long term sustainable growth. The scale of this Deal will galvanise efforts to develop key strategic sites and key sectors in Ayrshire and aims to facilitate

¹ Skills Development Scotland, Ayrshire Regional Skills Assessment, July 2020 – Forecasts by Oxford Economics

private sector investment of more than £300m into the region and to support up to 7,000 new jobs.

- 1.7 The Ayrshire Regional Economic Strategy will inform the subsequent development of a Regional Skills Investment Plan for Ayrshire which will take account of the long term aspirations of the Ayrshire Growth Deal.
- 1.8 The partners involved in the Ayrshire Growth Deal are the Scottish Government, the UK Government and East, North and South Ayrshire Councils. East Ayrshire Council will be the Accountable Body for the Deal. East Ayrshire Council, as Accountable Body, will provide the link for all other regional partners involved in the Deal and detailed governance arrangements are set out in the Growth Deal Governance Document.
- 1.9 Other regional partners include Scottish Enterprise, Skills Development Scotland, Ayrshire College, University of Strathclyde, University of Glasgow, University of the West of Scotland, Glasgow Prestwick Airport, Peel Holdings, Halo Kilmarnock Ltd, NPL Estates Ltd, VisitScotland and Transport Scotland together with the third sector and Ayrshire's business and resident communities.
- 1.10 The UK Government's financial contribution to the Ayrshire Growth Deal will be up to £103m and similarly the Scottish Government's financial contribution will be up to £103m. This is the maximum available government funding to support Ayrshire Growth Deal projects over the 10 to 15 year timeline and will not increase relative to the cost of inflation.
- 1.11 The Ayrshire Councils will contribute a further £45.5m to the Deal. The financial profile and delivery plan for each individual project within the Deal is contained in the Financial Plan and the Implementation Plan respectively.
- 1.12 The Partnership is confident that the Growth Deal proposals represent a once in a lifetime opportunity to improve the well-being of communities and the economy and signing this Deal will allow partners to progress plans to support recovery and renewal post Covid-19 and to transform Ayrshire into a 21st century powerhouse for growth. Growth with community wealth building and inclusion at its heart; growth which will benefit all Ayrshire's communities and where no one will be left behind.

2. **AYRSHIRE GROWTH DEAL - STRATEGIC OBJECTIVES**

- 2.1 Ayrshire's Councils all recognise the importance of a regional approach to growing the economy and have been working together and with partners and stakeholders to develop this Ayrshire Growth Deal, anchored in a commitment to creating a growing, innovative, more productive and inclusive economy, developing Ayrshire's core strengths and ensuring that communities benefit from economic growth.
- 2.2 Collectively, the partnership has identified the regional priorities which will create the best environment for people and business. This has been a robust process reflecting good practice methodologies, including analysis to understand the best interventions and projects which will facilitate a step-change for the Ayrshire and Scottish economies, while creating greater opportunity for all communities.
- 2.3 The vision is for Ayrshire to be ***'a vibrant, outward looking, confident region, attractive to investors and visitors, making a major contribution to Scotland's growth and local well-being, and leading the implementation of digital technologies and the next generation of manufacturing.'***
- 2.4 Targeted investment, coordinated throughout Ayrshire, will act as a powerful catalyst stimulating growth and resulting in increased prosperity for local people, for Scotland and for the UK as a whole.
- 2.5 While proposals reflect the strengths and opportunities which exist in Ayrshire, economic baseline analysis shows that the regional economy has been underperforming and recent job losses point to a loss of confidence and investment being diverted to other areas. The strategic objectives underpinning the Growth Deal projects are to:
- Attract and develop more innovative and internationally focused companies that are more likely to have higher levels of productivity through developing key infrastructure and targeted business support programmes;
 - Position Ayrshire as the 'go-to' region for smart manufacturing and digital skills;
 - Improve key elements of strategic transport and digital infrastructure to help businesses get goods to market and people to work (physically and virtually);
 - Work with communities to raise aspiration and ambition, provide employment and skills support, and improve access to jobs through innovative community empowerment and employability programmes.

- 2.6 The partnership firmly believes that Ayrshire will be recognised for leading the successful implementation of key technologies in manufacturing sectors that are important to Scotland, for its world class digital and physical infrastructure and the quality of life it can provide.
- 2.7 This Deal will help drive inclusive economic growth across the region. The economy of Ayrshire has under-performed over a substantial period of time, leading to Ayrshire having one of the highest unemployment rates in Scotland and the UK, particularly among younger people. This will be exacerbated by the impact of the Covid-19 pandemic. This Deal will enable the creation of new high quality jobs and opportunities across Ayrshire, which will help secure the future prosperity of its many communities.
- 2.8 Building on the Heads of Terms signed off in March 2019, the Implementation Plan sets out how the individual projects within the Deal will be delivered and how they will contribute to a step change on our regional economy.
- 2.9 Project proposals and associated Outline Business Cases have been prepared, reviewed, assessed and refined following feedback received from policy leads within each government and these now form the overall programme business case.

3. AYRSHIRE – A REGIONAL CONTEXT

- 3.1 Ayrshire comprises the three local authority areas of East Ayrshire, North Ayrshire and South Ayrshire, with a total land area of 3,369 square km and a population of some 369,670. Ayrshire has a range of assets that make it an attractive place to live, work and do business.
- 3.2 The region's industrial heritage is a blend of modern and traditional businesses; Ayrshire is home to around 10,000 businesses across a diverse range of industries and we have considerable scope for expansion.
- 3.3 A diverse business base combines internationally renowned major employers such as Glaxo Smith Kline and Spirit Aerosystems with smaller family run businesses. Prestwick is home to the largest aerospace cluster in Scotland.
- 3.4 Ayrshire companies are involved in refurbishing the majority of the UK's rail rolling stock; producing the majority of UK fire-engines; exporting a diverse range of high quality goods across the world and our agricultural sector makes a major contribution to the UK's dairy supply.
- 3.5 The region is home to resilient communities with a working age population of more than 224,000 and a highly skilled, motivated and flexible workforce.
- 3.6 The region benefits from a strong network of training and educational establishments and high quality and affordable housing in town and village settings.
- 3.7 The cultural and built heritage include Robert Burns and Alexander Fleming, Culzean Castle, Kilwinning Abbey and Dumfries House, country parks, dark skies and protected wildlife habitats.
- 3.8 Three Ayrshire golf courses being world acclaimed have, in recent years, played host to The Open Championship, The Senior Open, The Women's British Open, and The Scottish Open (both Men's and Women's). It is also widely recognised that Ayrshire has some of the best sailing waters in the world.
- 3.9 Well connected by road and rail to Glasgow, the North of England and beyond. Access to two international airports and port facilities offer direct routes to international markets.
- 3.10 The region is however not without its challenges and Covid-19 threatens to exacerbate these.

Inclusive Growth Challenges

Weak Productivity and Low Levels of Growth

- 3.11 Ayrshire has experienced low levels of economic growth and productivity in recent years, diverging significantly from Scotland, and recovery from the 2008/09 recession has been slower than in other parts of the country.
- 3.12 The business base largely comprises SMEs and micro businesses with only 35 companies across Ayrshire employing more than 250 staff².
- 3.13 The impact of Covid-19 is not yet entirely understood but businesses and jobs have been lost; investment has been delayed or abandoned and the resilience of the business base is being tested in a way that no one has ever experienced or indeed had envisaged. Recovery will require greater collaboration; more targeted resource; and a focus on innovation and leadership.
- 3.14 The population of the region is forecast to decline over the coming decades. The forecast decline in the working age population and accompanying increase in people over retirement age will bring challenges to the Ayrshire economy and labour market over the coming decade³.

Skills, Health Outcomes and Earnings

- 3.15 There is variations in skills levels, earnings and health outcomes across the region.
- 3.16 Future growth in economic activity and employment risks being constrained by skills shortages in the area. 9.3% of Ayrshire's resident population aged between 16 and 64 years have no skills compared to 9.8% for Scotland as a whole. However, a lower level of 16-64 year olds living in Ayrshire have advanced qualifications (HNC/HND, degree level and above) at 40.8% compared with 45.3% for Scotland⁴.
- 3.17 The average wage remains below the Scottish average in some areas and on average, men across Ayrshire earn more than women, and female participation and employment rates tend to be lower.
- 3.18 Long-term disabilities and low life expectancy limit quality of life in some areas.

² Office for National Statistics, UK Business Counts 2019

³ Skills Development Scotland, Ayrshire Regional Skills Assessment, July 2020 – Forecasts by Oxford Economics

⁴ Office for National Statistics, Annual Population Survey 2019

- 3.19 Some of the highest levels of deprivation in Scotland can be found in Ayrshire, with 27% of children living in poverty (after housing costs deducted from their income) compared to 23% in Scotland as a whole⁵. 30% of Ayrshire's data zones are in the 20% most deprived in Scotland⁶. Fuel poverty is an issue in some areas.
- 3.20 Job postings data highlights that employers within the region are seeking softer skills as well as technical skills. Skills such as customer services and teamwork/collaboration feature, as do job specific skills such as teaching and health care related skills e.g. mental health and care planning⁷.
- 3.21 Covid-19 has highlighted the importance of digital skills and this could potentially benefit the Ayrshire region. The increase in the uptake of homeworking could enable more opportunities for those who live in rural areas if connectivity is strengthened. As this is an area of opportunity that could extend beyond Covid-19, this could bring a number of societal and economic benefits to the region and reduce the carbon footprint as commuting activity decreases. 'Green jobs' to support Scotland's aspirations on carbon reduction is another area of opportunity⁷.
- 3.22 Over the mid and long term the greatest requirement is forecast to be for skilled workers with higher education level (SCQF7+) qualifications. However provision at lower SCQF levels will be needed for some occupations⁷.

Employment/Unemployment

- 3.23 There is a high reliance on sectors such as healthcare, retail, manufacturing, hospitality and food services in the area.
- 3.24 54% of Scotland's workforce employed in the manufacture or repair of spacecraft or aircraft are based in Ayrshire (2,810 people)⁸.
- 3.25 The shortage of local and high value job opportunities in the area is a challenge.
- 3.26 In the year to March 2020, the Ayrshire region had the second highest unemployment rate (16+) in Scotland before the start of the Covid pandemic⁹.

⁵ End Child Poverty, September 2017

⁶ Scottish Index of Multiple Deprivation 2020

⁷ Skills Development Scotland, Ayrshire Regional Skills Assessment, July 2020 – Forecasts by Oxford Economics

⁸ Business Register and Employment Survey 2018

⁹ Skills Development Scotland, Labour Market Insights, see [here](#)

- 3.27 Covid-19 has led to increased unemployment in Scotland. There were 127,000 people unemployed in Scotland over the period February to April 2020, 30,000 more than the previous three-month period. Comparable regional data is not available yet. However, data for Pre-Covid-19 data showed that the unemployment rate for the 16-64 population in Ayrshire was 4.8% (8,100 people) compared with 3.5% in Scotland as a whole.
- 3.28 In addition, pre-Covid-19 data also showed that the unemployment rate for the 16-24 population in Ayrshire was 12.8% (3,200 people) compared with 8.3% nationally.
- 3.29 During the period from March 2020 to July 2020, some 6,000 additional people registered for benefits while 39,800 people have been furloughed. This percentage increase in the regional claimant count is slightly higher than the Scottish average¹⁰.
- 3.30 This disproportionate impact on younger people is not surprising. The service sector/economy (e.g. retail and food and drink) represents c. 25% of all jobs and is a big employer of younger people. The data shows that it is one of the sectors that has been most severely impacted e.g. fall in sales, proportion of furloughed staff, etc (especially during the lockdown period).
- 3.31 It should be noted that during this reporting period (May - August 2020), the UK Government had implemented various measures to help safeguard employment, including the Job Retention Scheme and Self-Employment Income Support Scheme. As we move out of lockdown and these schemes are adjusted (e.g. the Flexible Furlough Scheme started in June 2020 and is scheduled to end in October 2020), the full “shake out” and impact on unemployment will not likely be known until the end of 2020 / start of 2021. Early indications suggest that, in the short term at least, unemployment is anticipated to rise sharply¹¹.

GROWTH DEAL PROJECTS

- 3.32 The Ayrshire Growth Deal is based on the achievement of economic growth and inclusive growth with a clear focus on addressing the issues of innovation and productivity, and inequality across the regional economy. This Deal will tackle inequality through growing local talent, creating new connections with the world and providing new opportunities and routes into employment for people across the region.
- 3.33 The Deal will support innovative technologies, enhance productivity, develop skills and create jobs.

¹⁰ Skills Development Scotland, Ayrshire Regional Skills Assessment, July 2020 – Forecasts by Oxford Economics

¹¹ The Impacts of COVID-19: An Overview of the Research to Date, Improvement Service, see [here](#)

3.34 The table below provides a summary of the projects contained within the Ayrshire Growth Deal and specifically designed to develop key strategic sites and strategic sectors and to address the economic frailties identified above. How the projects these relate to national and regional priorities is set out in more detail in section 4 and how projects will be funded and delivered is detailed in the Financial Plan and Implementation plans that accompany this document.

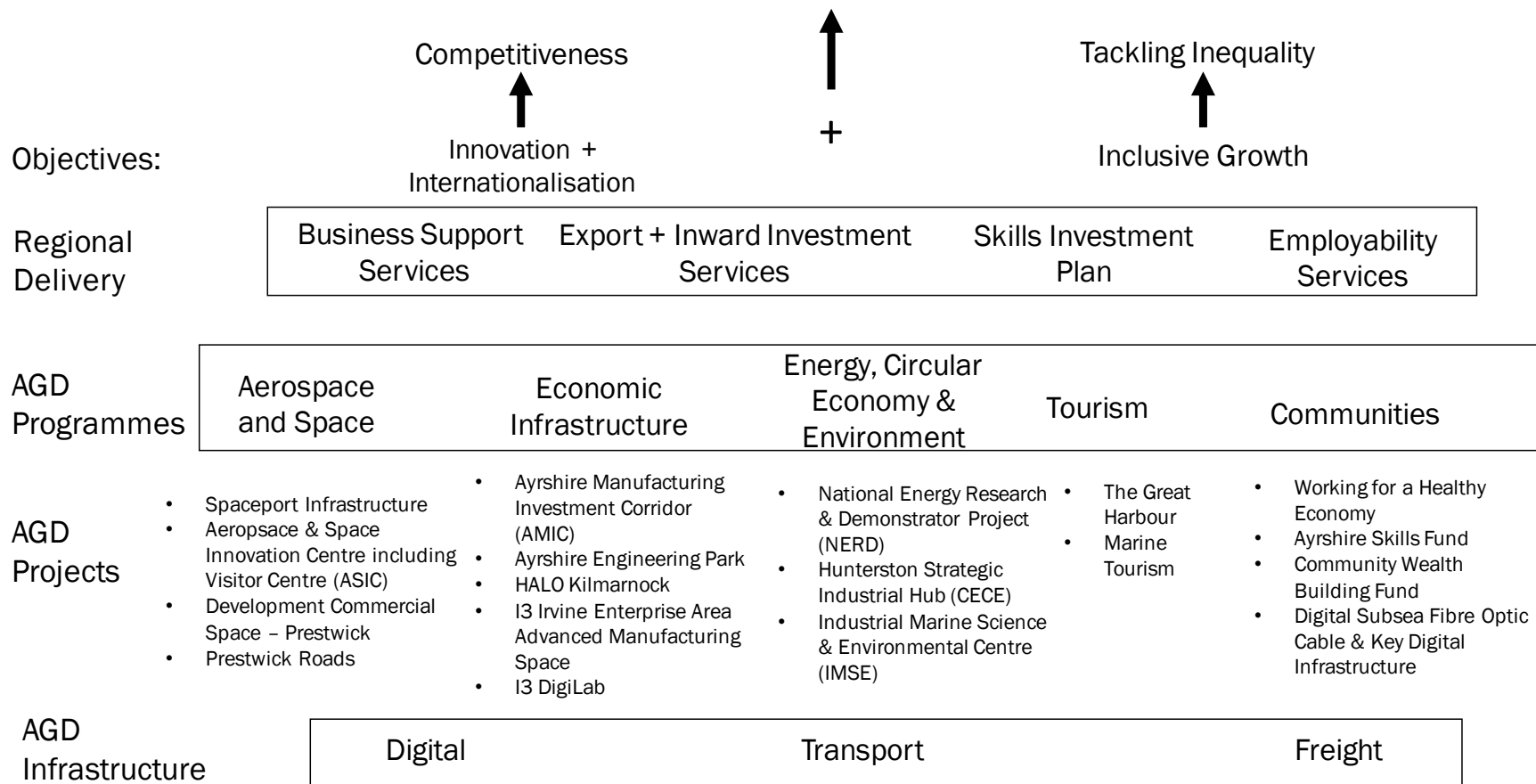
Programme	AGD Project	Total Government Support £'000	Percentage of AGD Programme	UK & Scottish Governments £'000	Regional Partners £'000
CAPITAL					
Aerospace & Space	Spaceport Infrastructure	23,000	9.15%	23,000	0
	ASIC and Visitor Centre	11,000	4.37%	5,000	6,000
	Commercial Space - Prestwick - Industrial & Hangar	29,000	11.53%	22,000	7,000
	Prestwick Infrastructure - Roads	17,000	6.76%	12,000	5,000
Economic Infrastructure	HALO Kilmarnock	9,000	3.58%	7,000	2,000
	Ayrshire Engineering Park (Moorfield)	16,000	6.36%	12,000	4,000
	Ayrshire Manufacturing Investment Corridor	23,500	9.34%	23,500	0
	i3 Flexible Business Space	15,000	5.96%	11,000	4,000
	i3 Digital Automation & Testing Centre (DigiLab)	6,000	2.39%	5,000	1,000
Energy, Circular Economy & Environment	National Energy Research Demonstrator (NERD)	24,500	9.74%	17,000	7,500
	Hunterston Port & Resource Centre (CECE)	18,000	7.16%	18,000	0
	International Marine Science & Environmental Centre (IMSE), Ardrossan	10,500	4.17%	6,500	4,000
Tourism	Irvine Harbourside - Ardeer (The Great Harbour)	14,000	5.57%	9,000	5,000
	Marine Tourism	9,500	3.78%	9,500	0
Digital	Digital Subsea Cable	11,000	4.37%	11,000	0
	Digital Infrastructure	3,000	1.19%	3,000	0
REVENUE					
Regional Skills & Inclusion Programme	Working for a Healthy Economy	5,000	1.99%	5,000	0
	Ayrshire Skills Investment Fund	3,500	1.39%	3,500	0
Community Wealth Building	Community Wealth Building Fund	3,000	1.19%	3,000	0
TOTAL FUNDING		251,500	100.00%	206,000	45,500
Percentage of funding by contributor			100.00%	82%	18%

4. AYRSHIRE GROWTH DEAL THEMES

- 4.1 Figure 1 on page 14 illustrates how the Ayrshire Growth Deal programme links to Governments' objectives of increased growth and prosperity.
- 4.2 The programme is based on the achievement of economic growth and inclusive growth with a clear focus on addressing the issues of innovation and productivity, and inequality across the regional economy.
- 4.3 Linking to the Regional Vision (see 2.3 above) assessed projects are grouped into programmes that focus on the high growth, high value sectors that Ayrshire has real opportunities in, linking to Ayrshire's general manufacturing strength, distinctive coastal opportunities and to communities.
- 4.4 The Ayrshire Growth Deal aim is to marry business growth opportunities to employment progression, developing the future workforce and community development, ensuring all communities benefit from economic growth.
- 4.5 The Ayrshire Growth Deal themes reflect the strengths and opportunities of the Ayrshire economy.

AGD Strategic Framework

UK's Industrial Strategy and Scotland's Economic Strategy



Scottish Government's Economic Strategy and Inclusive Growth Agenda

- 4.6 Scotland's Economic Strategy has the purpose of creating a more successful country with opportunities for all to flourish, through increasing economic growth whilst ensuring that everyone has the opportunity to fulfil their potential.
- 4.7 The Scottish Government is committed to exploring the potential for Community Wealth Building as an approach to delivering inclusive growth across Scotland. Community Wealth Building is a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people.
- 4.8 While interdependency mapping allows an understanding of the relationships between proposals, Inclusive Growth is a key cross-cutting priority of the Ayrshire Growth Deal; and as such needs to be reflected in all of the proposals. Successful economies are inclusive economies and tackling inequality will help ensure that the region is competitive in the global market and resilient to emerging trends and technologies. To ensure explicit commitment to how the projects will achieve inclusive growth and reduce inequality, a consistent approach is being developed by the PMO and project leads to ensure that inclusive growth, equalities and Community Wealth Building outcomes are embedded in each business case.
- 4.9 Critical to Ayrshire's future prosperity is a virtuous circle of growth: growth in business, leading to growth in employment and growth in individual and household prosperity. For this reason, Inclusive Growth was included within assessment criteria for identifying the package of Ayrshire Growth Deal proposals. In addition, each proposal has reflected on how their activity can be enhanced to ensure it is inclusive and what support may be required to maximise that impact. The Ayrshire Growth Deal projects aim to have an impact across the inclusive growth drivers which were identified as part of the Ayrshire Inclusive Growth diagnostic work.

UK Government's Industrial Strategy

- 4.10 The UK Government's Industrial Strategy aims to create an economy that boosts productivity and earning power throughout the UK. The strategy is built on five foundations and four grand challenges.
- 4.11 The approach outlined refers to developing a stronger economy, building on our existing strengths to enable all regions to prosper. It aims to develop a highly skilled, competitive economy that benefits all people.
- 4.12 This approach together with Scotland's Economic Strategy reflects the desire to put Inclusive Growth at the heart of the Ayrshire Growth Deal.

4.13 The table below highlights the relationship between each project the UK Industrial Strategy and the Scottish Government’s Economic Strategy.

Project	UK's INDUSTRIAL STRATEGY								SCOTLAND'S ECONOMIC STRATEGY				
	Five Foundations of Productivity					Grand Challenges				Increasing Competitiveness			
	Ideas	People	Infrastructure	Business Environment	Places	AI & Data Economy	Clean Growth	Future of Mobility	Ageing Society	Tackling Inequality			
	The world's innovative economy	good jobs & greater earning power for all	A major upgrade to UK's infrastructure	The best places to start and grow a business	Prosperous communities across UK (inc Local Ind. Strategies)	Put UK at forefront of AI & data revolution	Maximise advantages for UK industry from the global shift to clean growth	Become world leader in way people, goods and services move	Harness power of innovation to help meet needs of ageing society	Investment	Innovation	Inclusive Growth	Internationalisation
Spaceport Infrastructure													
Aerospace & Space Innovation Centre (ASIC) inc Visitor Centre													
Development Commercial Space - Prestwick													
Prestwick Infrastructure - Roads													
i3 Advanced Manufacturing Space													
i3 Digilab													
HALO Kilmarnock													
Ayrshire Engineering Park (Moorfield)													
Ayrshire Manufacturing Investment Corridor (AMIC)													
National Energy Research & Demonstrator Project (NERD)													
Centre for Research into Low Carbon Energy & Circular Economy (CECE)													
Marine Tourism													
Industrial Marine Science and Environmental Centre (IMSE)													
The Great Harbour, Irvine Harbourside & Ardeer													
Ayrshire Skills Fund													
Working for a Healthy Economy													
Community Wealth Building													
Digital - Subsea Cable													
Digital - Infrastructure													
Regional Transport Appraisal													

5. **AYRSHIRE GROWTH DEAL - INVESTMENT AREAS**

- 5.1 Taking account of the impact of Covid-19 and its exposure of inherent weaknesses in the regional economy and to deliver the anticipated outputs and outcomes, the Ayrshire Growth Deal comprises five programmes. These programmes focus on key sectors and strategic sites across the region as well as digital infrastructure, skills, community wealth building and transport all of which will combine to facilitate sustained recovery and renewal of the regional economy. These programmes are as follows:

Aerospace and Space Programme

- 5.2 The Deal will position Ayrshire as one of the UK's leading centres of Aerospace and Space activity through an ambitious and transformational Aerospace and Space Programme. This will be supported by both the Scottish and UK Governments, with total funding for the programme of £80 million. £32 million will be invested by the UK Government and £30 million by the Scottish Government, with a further £18 million from South Ayrshire Council.

The Programme consists of four distinct interconnected elements:

- 5.3 Investment secured through the Deal will deliver **Spaceport** infrastructure to support the ambition of establishing a horizontal launch facility at Glasgow Prestwick Airport. The investment will be a catalyst to establishing GPA as the leading horizontal launch Spaceport in Europe, providing a range of services including micro gravity flights, air launch of satellites, human space flight and hypersonic flight services. This builds on Prestwick's unique combination of attributes: latitude, over sea take off, metrological condition plus the strong cluster of innovative aerospace companies located adjacent to GPA.
- 5.4 An **Aerospace and Space Innovation Centre (ASIC) incorporating a Visitor Centre** will be created to drive new technologies and skills in order to position Ayrshire and Scotland as a hub of aerospace and space technology. The ASIC will be a purpose built multi-occupancy building providing a central hub for the growing aerospace cluster, as well as key facilities and services to encourage growth, supporting aerospace and space businesses in Scotland and the UK. The facilities will focus on business development, skills development and training needs of the Aerospace and Space sector in partnership with local and national higher and further education establishments, including University of Glasgow, University of Strathclyde, University of the West of Scotland and Ayrshire College. The ASIC will work alongside existing research and innovation at Prestwick and across Scotland to provide the focus, coordination and support required to improve advanced manufacturing techniques and productivity, and sustain and grow the sector's businesses. Further value is added through the incorporation of a visitor/STEM hub which will provide opportunities for school and college students to understand potential career options in the aerospace and space sectors, alongside a dynamic innovation and training facility for the

local labour pool and educators. The facilities will also provide a unique visitor attraction for Ayrshire.

- 5.5 Developing **Prestwick's Commercial Space** will create substantial and additional high quality industrial/commercial accommodation. The project will also see the creation of airside hangar space to meet projected future growth in the aerospace, maintenance, repair and overhaul (MRO), aircraft decommissioning and new space markets. The Development of the Commercial Space project has been formulated to address market failure in the provision of commercial premises at Prestwick. The project is vital in order to capture the economic growth opportunity from the Space and Aerospace sector.
- 5.6 Funding for **Prestwick Transport Infrastructure** to create an effective network of internal roads to enable the creation of high specification industrial and office spaces to meet the needs of the growing aerospace sector, advanced manufacturing units, spaceport and launch operator infrastructure.
- 5.7 These ambitious strategic projects will build on the established business base and transform the local economy through local, high-value job creation and strong regional supply chains, tackle weak productivity, low job density, deliver skills required by the space and aerospace industries, and attract and retain talented people.

Economic Infrastructure Programme

- 5.8 This Economic Infrastructure programme will be supported by both the UK and Scottish Governments, with total funding for the programme of £69.5 million. £18.5 million will be invested by UK Government and £40 million by the Scottish Government, with a further £6 million from East Ayrshire Council and £5 million from North Ayrshire Council.
- 5.9 Both Governments will support the transformational regeneration project, **HALO Kilmarnock**, with each contributing £3.5 million of investment. East Ayrshire Council will contribute £2 million, alongside Diageo's donation of land and project development funding of £2 million towards re- establishing the 23 acre former Johnnie Walker whisky bottling site as a key centre of employment in Kilmarnock, and Ayrshire. The HALO project will look to create a green energy Hub which will stimulate entrepreneurship and support collaboration between new and existing businesses to drive the Ayrshire economy.
- 5.10 The **Ayrshire Engineering Park** will provide expansion and development of Moorfield Industrial Park in Kilmarnock, creating serviced and high quality business space, with a range of units to support the advanced manufacturing and light engineering sectors in Ayrshire. This project will be supported with £12 million of investment from the Scottish Government and £4 million from East Ayrshire Council.

- 5.11 Both Governments will offer investment to support the delivery of the **Ayrshire Manufacturing Investment Corridor (AMIC)**, with Scottish Government investment of up to £13.5 million and UK Government investment of £10 million. This will establish a new national asset in East Ayrshire which will build on Ayrshire's proud history of manufacturing.
- 5.12 This project will establish a Centre of Excellence with on-site support and start up units to support the creation of new businesses and growth of existing businesses in the Food and Drink sector, as well as the Advanced Manufacturing sector. It will also address market failure with investment in commercial space and will deliver on the need for high quality premises to support business growth and internationalisation opportunities.
- 5.13 The Centre of Excellence will be the focus within the AMIC area and will establish Ayrshire as the go-to region for smart manufacturing and digital skills. The innovation centre will be delivered in partnership with Strathclyde University and will focus on Food and Drink innovation from concept to launch.
- 5.14 Both Governments and North Ayrshire Council, will support new developments at the i3 Irvine Enterprise Area Advanced Manufacturing Space in Irvine, which will create a National Digital Processing Industry Hub and advanced manufacturing flexible space. This will serve digital processing industries, building on current Life Science Clustering at the site, and facilitate R&D activity, start up, spin out, and growth of Life Science businesses and other advanced manufacturing opportunities. This will see investment of up to £11 million from the Scottish Government, £5 million from the UK Government, and £5 million from North Ayrshire Council. The National Digital Processing Industry Hub will be developed at i3 with links to the National Manufacturing Institute for Scotland in partnership with Strathclyde University and industry. The project also includes construction of flexible business space capable of meeting the requirements of Chemical and Life Sciences manufacturing, Digital Automation and other advanced manufacturing opportunities. The combined offer at i3, centred round the National Digital Processing Industry Hub, will attract a range of supply chain and digital technology SMEs and start-up and offer strategic capacity to secure major digital process sector investment at i3.
- 5.15 These projects will create conditions for growth providing local jobs, strong regional supply chains and skills development across a number of sectors in Ayrshire.

Tourism Programme

- 5.16 Tourism is a key sector in Ayrshire and this programme will build on and strengthen the existing tourism offer to make the region a highly desirable place to visit and live, work and invest in. The programme will be supported by Scottish Government, with total funding for the programme of £23.5 million. £18.5 million will be invested by Scottish Government, with a further £5 million from North Ayrshire Council.

- 5.17 The Scottish Government will provide investment of up to £9 million for the development of The Great Harbour, at Irvine Harbourside and Ardeer, alongside an additional £5 million from North Ayrshire Council, to create a unique coastal destination comprising a number of key assets to attract new visitors to the area and create jobs. The initial investment will deliver the 'Maritime Mile', which will be the catalyst and driver for the Great Harbour transformation. The Maritime Mile will build on the unique qualities of place creating a national waterfront destination focussed on a series of dynamic event spaces linked by a floating boardwalk offering marine access and animated by boats, people, events and activities to achieve a regional waterfront destination that will transform the tourism and the visitor potential of Ayrshire and the Clyde Coast. The Maritime Mile is a critical first strategic investment to unlock a series of secondary development opportunities, which can capitalise on the coastal and community assets in the Great Harbour, to create a strong, resilient place based and a premium regional coastal destination that delivers Community Wealth Building opportunities.
- 5.18 The Scottish Government will invest up to £9.5 million in Marine Tourism, delivering critical infrastructure to enable investment to secure the development of the Marine Tourism industry in North Ayrshire. This investment will focus on securing infrastructure that supports key components such as sailing and boating, marine leisure, and recreation. Marine tourism investment at Ardrossan, Arran and Cumbrae will showcase the potential of the Clyde coast region as an inclusive and accessible place for active leisure, through the expansion of Ardrossan marina to be one of the largest marinas in Scotland, and the development of transit marinas at Arran and Cumbrae.

Energy, Circular Economy and Environment Programme

- 5.19 The Energy programme will be supported by UK Government, with total funding of £53 million into innovation in Energy products and development. £41.5 million will be invested by UK Government, with a further £7.5 million from East Ayrshire Council and £4 million from North Ayrshire Council.
- 5.20 The **National Energy Research Demonstrator Project (NERD)** will aim to overcome, through research and design, a range of technical challenges that currently prevents the harnessing of local but intermittent energy generation, and its storage and subsequent transmission onto the grid during periods of high demand. It will be supported with investment of £17 million from the UK Government, alongside £7.5 million of investment from East Ayrshire Council.
- 5.21 This project will provide solutions to energy supply and storage challenges in non-urban locations, with Cumnock providing a unique location to investigate a wide mix of solutions due to its unique geography, landscape and the way the land has been exploited in the past for mining. The NERD will design, develop and construct a local electricity distribution network within the Cumnock area whilst utilising existing grid infrastructure, so that the area becomes effectively energy "self-sufficient" with the integration of a range of

energy generating systems and the development of new, locally sited energy storage facilities that fully link with and support the national and regional electricity grid network.

- 5.22 The NERD project will reduce energy bills for local businesses and communities leading to a regional reduction in the number of people living in fuel poverty. The project will create new jobs, apprenticeships, and space for new economic activities allowing enterprises to be created in a deprived area.
- 5.23 Partners in the project include East Ayrshire Council, Strathclyde University, British Geological Survey and Scottish Power Energy Networks.
- 5.24 The UK Government will offer up to £18 million for the **Centre for Research into Low Carbon Energy and Circular Economy (CECE)** at the Hunterston Strategic West Scotland Industrial Hub.
- 5.25 Hunterston is a national strategic site as set out in the National Planning Framework. As Scotland’s largest strategic deep-water port with direct rail and grid connections, the site has a critical role in Scotland’s Energy, Blue Economy, Offshore Wind and the Circular Economy futures.

Partners in the project include Peel Ports, Scottish Enterprise, Crown Estates, Nuclear Decommissioning Authority.

- 5.26 The UK Government will offer investment of up to £6.5 million for a new **International Marine Science and Environmental Centre (IMSE)** based at Ardrossan, alongside £4 million invested by North Ayrshire Council. The International Marine Sciences and Environmental Centre (IMSE) is a Centre of Innovation developed between industry and academia to develop and capture innovation in marine sciences; marine spatial planning; marine technology; and marine education and training and ensure that the Firth of Clyde is recognised as an exemplar in the Blue Economy and marine sustainability. IMSE will be an applied sciences centre and will bring together leading academics.
- 5.27 A key element of IMSE will be providing start-up companies within the maritime sector with access to opportunities, support from industry specialists, experts and mentors, in order to develop collaborations.
- 5.28 Partners in the project include North Ayrshire Council, Field Studies Council, and the Clyde Marine Planning Partnership.

Digital Programme

- 5.29 The digital programme will be supported by UK Government, with total funding of £14 million ensure that Ayrshire has the digital infrastructure, skills and ambition which is critical to future growth and participation in the economy. This investment will put in place

a key piece of the connectivity infrastructure to help attract global businesses, enabling the potential creation of a datacentre cluster of national significance leading to the creation of high value jobs. The digital projects will make Ayrshire a world-class digitally connected region that is attractive to investors across many elements of the digital economy.

- 5.30 The UK Government will offer investment of up to £11 million for a **subsea fibre optic cable** to have its landing point in Irvine.
- 5.31 The Scottish Government will offer investment of up to £3 million for **key digital infrastructure**, regional digital hubs and 4G infill, which will ensure the economic benefits of the Ayrshire Growth Deal impacts all citizens of Ayrshire and help to create inclusive growth across the region.

Skills and Inclusion

- 5.32 Inclusive growth lies at the heart of Growth Deals. This Deal will tackle inequality through growing local talent, creating new connections with the world and providing new opportunities and routes into employment for people across the region.
- 5.33 The Scottish Government will provide up to £8.5 million for a new **Regional Skills and Inclusion Programme** which will ensure that businesses and communities throughout the entire region are given the opportunity to engage with and benefit from the opportunities arising from the investments delivered through this Deal.
- 5.34 The programme will include the establishment of a responsive skills fund to drive Inclusive Growth to support skills interventions.
- 5.35 In addition, the Working for a Healthy Economy project will target large-scale investment in occupational health services to ensure that Ayrshire has the requisite workforce to drive economic growth in the future.
- 5.36 Key to this will be an all-Ayrshire model of delivery which offers community engagement, pre-employability support, recruitment, in-work interventions and employability services; with links to employers to tailor investments to demand, and priority given to those struggling to maintain secure and meaningful work.

Community Wealth Building

- 5.37 The Scottish Government will provide up to £3 million for a regional Community Wealth Building Fund. Community Wealth Building is an alternative approach to traditional economic development, which seeks to develop resilient, inclusive local economies, with more local employment and a larger and more diverse business base.

- 5.38 Community Wealth Building seeks to use the economic levers available to local authorities and other 'Anchor Institutions' by focusing on five pillars for harnessing existing resource to support the local economy: procurement; employment; land and assets; financial power; and plural ownership of the economy. The aim of this Fund will be: 'to develop an Ayrshire approach to Community Wealth Building that enhances wealth, ensures fair and meaningful work, and creates successful places throughout the region.' It will achieve this by:
- Community Wealth Building Business Locality Officers - place-based approach to CWB, working in localities alongside Anchor Institutions to facilitate CWB activities across public, private, and social economy on procurement, employment, assets and ownership, linking with existing local service delivery;
 - Community Wealth Building Fund - support place-based CWB activity, and the work of CWB locality officers, including but not limited to social enterprise support, employee ownership transition, workplace innovation, supplier development and capacity building, supporting locality entrepreneurship;
 - Fair Work Ayrshire: A dedicated Ayrshire 'Fair Work' resource to engage key employers (including Anchor Institutions) to ensure they recruit inclusively and provide quality and meaningful work and to develop practical steps with employers to position Ayrshire as a Fair Work region.

Transport

- 5.39 Transport Scotland is progressing work on the National Transport Strategy (NTS) review and the second Strategic Transport Projects Review (STPR2). This work will set the vision, policies and projects for Scotland's Strategic Transport network for the coming 20 years. As part of this work Transport Scotland has established regional Transport Working Groups, and is taking forward discussions with the Ayrshire partners on appropriate working arrangements. Transport Scotland and the recently appointed STPR consultant team will work with the regional group to develop the evidence base around problems and opportunities, define transport planning objectives and undertake regional transport appraisal work. In particular, Ayrshire Growth Deal Partners will, in consultation with Transport Scotland, undertake a transport appraisal to determine what potential transport mitigation is required to support East Ayrshire Local Development Plan allocations and the Ayrshire Manufacturing Investment Corridor (AMIC) site, alongside developing the costs of any potential mitigation, who will deliver this and an associated developer contribution strategy. Should any mitigation be identified to support development as part of this exercise, funding for this should be found from within the agreed Deal funding envelope or from developers. This work will inform the review of emerging NTS policies and the work on STPR2 and ensure that appropriate consideration is given to Ayrshire's transport infrastructure and the Growth Deal projects when setting the regional and national policy and intervention priorities.

6. AYRSHIRE GROWTH DEAL - MONITORING AND EVALUATION

- 6.1 The partnership is committed to ensuring that appropriate processes and procedures are in place to support the implementation of the Ayrshire Growth Deal and to maximise the benefit of this significant investment package. A comprehensive Governance document which sets out the roles and responsibilities of partners; the processes for financial management, audit and change are contained therein.
- 6.2 The partnership will work with both Governments to agree a Monitoring and Evaluation Framework for the Deal.
- 6.3 Partners will work together with both Governments to develop an approved Benefits Realisation Plan which will detail the realisation of benefits across the Programme, to bring focus and alignment to wider regional cohesion and economic development benefits achieved by utilising partner resources.

THE PROGRAMME MANAGEMENT OFFICE (PMO)

- 6.4 A permanent staffing structure is being put in place within the Programme Management Office for the Ayrshire Growth Deal and the team is tasked to:
- monitor, review and update the Ayrshire Growth Deal Programme Business Case;
 - scrutinise proposed business cases and make recommendations to the REP and EJC. Where necessary expertise does not exist within the team to fulfil this responsibility, external support will be commissioned and managed by the PMO;
 - provide a full toolkit of documentation to partners delivering projects including business case templates and guidance on their completion; reporting templates; risk register templates, and such as other documentation as is required from time to time;
 - analyse and report on the impact of the delivery of Ayrshire Growth Deal projects and the overall Ayrshire Growth Deal, as well as reporting on the delivery of wider economic benefits agreed in business cases and grant awards, in accordance with commitments made to the UK and Scottish Governments. This reporting will be on a monthly, quarterly and annual basis and will require input from project leads;
 - monitor the programme risk register and escalate any issues as they arise, reporting on risk to each EJC and REP meeting;

- prepare regular consolidated monitoring statements for consideration by the REP and EJC and will prepare the annual reports for the Growth Deal.

6.5 This role will include but not be limited to:

- Provision of such administrative and technical support services as may be required;
- Preparation and circulation of meeting minutes and agenda;
- Publishing of procedures and outcomes;
- Facilitating engagement by stakeholders; and
- Managing communications.

RISK MANAGEMENT

- 6.6 Each project will have its own risk register which will be subject to regular review and update. A programme risk register will also be maintained by the PMO and will be reported on to each EJC and REP meeting.
- 6.7 All partners to the Deal are responsible for responding to any recommendations set out by Audit Scotland or the National Audit Office in relation to any audit undertaken on the Deal. The partners will also take account (where appropriate) of recommendations in relation to audits of the wider City Deals programme.

BUSINESS CASE APPROVAL PROCESSES

- 6.8 Once government is satisfied that a given project's OBC is sufficiently well developed they will inform the regional Programme Management Office that OBC has been approved and that government is content for regional partners to proceed to full business case (FBC).
- 6.9 Government will require to see all FBCs to ensure that they continue to meet their requirements and to confirm that any outstanding issues highlighted at OBC stage have been addressed. Final Equality Impact, Fairer Scotland, and Environmental Impact Assessments should also be made available.
- 6.10 The final approval of FBCs will rest with the region's principal decision making body, the Ayrshire Economic Joint Committee. This ensures that regional partners have full ownership of the Deal and that ultimate decision making authority rests with the body that will be responsible for delivering associated outputs, outcomes, and impacts.

BENEFITS REALISATION

- 6.11 The central tenet of the Ayrshire Growth Deal is inclusive economic growth and the requirement to evidence that economic impact must be captured in project and programme evaluations.
- 6.12 The realisation and evaluation of the impact of the Ayrshire Growth Deal is a fundamental requirement of all partners and performance monitoring will focus on measuring that:
- project and programme outputs are delivered on time, on budget and to scope; and
 - anticipated outcomes are achieved for Ayrshire.
 - project and programme benefits are identified in individual and programme business cases which clearly articulate the relationship between inputs, activities, outputs and outcomes.
 - every output and outcome must be monitored or evaluated if the benefits of individual projects are to be demonstrated.
- 6.13 While it has been the responsibility of the PMO to ensure a consistency across project in relation to how benefits are identified, it will be the responsibility of each partner and project lead to manage, monitor and maximise all benefits identified in business cases.
- 6.14 Partners and project leads will be expected to take action to optimise project benefits through each stage of project delivery and monitoring data will be provided to the PMO in accordance with an agreed reporting schedule to demonstrate the progress of each individual project.
- 6.15 Monitoring will initially relate to the delivery of project activities and outputs such as amount of land remediated or sqm of industrial space created. As projects advance the focus of monitoring information will shift to cover outcomes as they become more evident and measurable.
- 6.16 Each partner and project lead will be required to collate project data on a quarterly basis (over financial years). This information will be reported to the CEOs/Directors Group with summary information being provided to the Ayrshire Regional Economic Partnership Board.
- 6.17 Scrutinising and reviewing the delivery of benefits will be the responsibility of the PMO and monitoring data provided by project leads will be scrutinised against the content of approved business cases. The PMO will be responsible for escalating any issues of non-performance to the CEOs/Directors Group and the Ayrshire Regional Economic Partnership Board as appropriate.
- 6.18 Evaluation will also be required to demonstrate that projects have delivered on the specific equalities and sustainability benefits outlined in the associated and approved business cases.

EVALUATION FRAMEWORK

- 6.19 The partnership will consider with Government the need to conduct check-point reviews at appropriate intervals throughout the Deal at project or thematic level. These reviews will enable progress towards prescribed milestones as set out in the Deal Implementation Plan to be reviewed and evaluated.
- 6.20 At regular intervals, to be agreed with governments, the partners will carry out a thorough review and evaluation of the Deal to capture progress and identify priorities for the next phase of delivery.
- 6.21 Both Governments will work with the Regional Economic Partnership and Joint Committee to set the terms of the evaluation and consider its recommendations. Both Governments reserve the right to request changes or halt funding in the event that outcomes and targets are not being met.