
NORTH AYRSHIRE COUNCIL

23 March 2021

Cabinet

Title:	i3 Advanced Manufacturing Space Project, Irvine
Purpose:	To note progress with the i3 Advanced Manufacturing Space programme at i3, Irvine Enterprise Area and to seek support from Cabinet for the delivery of the first phase of the programme.
Recommendation:	<p>That Cabinet agrees to:</p> <ul style="list-style-type: none">a) Note progress with the i3 Advanced Manufacturing Space programme at i3, Irvine Enterprise Area;b) Support the delivery of the first phase of the programme; andc) Approve an allocation of £200,000 towards the development of the first phase in advance of approval of the Outline Business Case.

1. Executive Summary

- 1.1 i3 Irvine Enterprise Area is one of North Ayrshire's key strategic sites where investment is being targetted as part of the Ayrshire Growth Deal. The Ayrshire Growth Deal documents were signed in November last year and included £21M of investment for i3. This will support two major projects which will help to create employment, raise the profile of i3 and attract new inward investment; i) construction of new advanced manufacturing business space (or flexible space); and ii) the development of a Digital Processing Manufacturing Centre (DPMC).
- 1.2 The £21M allocation comprises of £15M towards new commercial or employment space at i3, with £11M from the Scottish Government and £4M from North Ayrshire Council. The project is part of a wider programme of new employment space across Ayrshire with East and South Ayrshire Councils' developing similar projects funded from the Growth Deal. The overall aim is to meet an identified demand for modern business space where there has been a longstanding issue of market failure, to help grow local businesses and to attract inward investment.
- 1.3 Current estimates suggest the i3 AGD investment can fund approximately 9,000 metres squared (97,000 sq. ft) of new advanced manufacturing space in a variety of formats and over several phases, allowing for regular assessments of market demand. Estimated timescales are between 8 to 10 years for the delivery of the overall project.

- 1.4 It is proposed that most of the new space will be developed in a central part of i3, off Riverside Way and alongside the location of the proposed DPMC project. Within this area, a first phase is proposed for a 20,000 sq. ft unit that will be designed and tendered during 2021/22 and constructed during 2022/23.

2. Background

- 2.1 The i3 area was originally developed in the early 1970s as part of Irvine New Town and is of a significant scale, covering around 132 hectares. It is Scotland's largest Enterprise Area, designated in 2012, and one of two focussed on attracting Life Science companies. Life science companies and related industries can currently access business rates relief and accelerated capital allowances of up to 100% are also available, though it is worth noting both these incentives are under review. There is also a special planning protocol to ensure planning applications are dealt with expediently.
- 2.2 i3 is home to around 30 businesses with some 1,000 employees and significant companies such as GSK, have an established presence. However, many parts of i3 remain undeveloped and are in private ownerships.
- 2.3 The Ayrshire Growth Deal was officially signed on 19th November 2020, allowing progress with over £250m of investment in Ayrshire over the next 10 to 15 years, by UK and Scottish Governments and the three Ayrshire Councils. This includes £21M for i3, comprising of £15M towards the delivery of advanced manufacturing floorspace (flexible space) and £6M towards a Digital Processing Manufacturing Centre (DPMC).
- 2.4 Current estimates suggest the flexible space project can fund approximately 9,000 metres squared (97,000 sq ft) of new advanced manufacturing space in a variety of formats including small terraces of units for business start-ups or for research and development, larger modular units in a range of sizes that are capable of sub-division (similar to the existing Gateway Building in Riverside Avenue at i3) and Class 4 offices. These will be delivered over a number of phases allowing for regular assessments of market demand. Estimated timescales are between 8 to 10 years for the delivery of the overall project. The project will complement the DPMC project and may attract spin off opportunities for businesses to locate to new space around DPMC.
- 2.5 The DPMC project will provide services for businesses within process manufacturing sectors that are seeking to improve their productivity and modernise their processes through digital automation. Sectors include Pharmaceutical Products, Oil & Gas, Chemicals and Chemical Products, Agrichemicals (under life sciences), Food & Drink, Fast moving consumer goods (FMCG) and Water (collection, treatment, supply). Services will include practical demonstrations, training and the opportunity for businesses to prepare their own digital strategies moving forward within an era of Industry 4.0. The project will be delivered in a series of phases and is being led by the National Manufacturing Institute Scotland (NMIS) who are assisting the Council with the preparation of an Outline Business Case for the Ayrshire Growth Deal.
- 2.6 Both i3 projects are part of a £69.5M Growth Deal allocation across Ayrshire towards supporting economic infrastructure and engineering and manufacturing sectors. Research commissioned by the Council has identified the following issues that demonstrate the requirement for investment in new business space:
 - High demand for industrial and office space;

- The need to grow the local economy through adapting to modern industrial processes linked to Life Science, Advanced Manufacturing and other sectors;
- Low vacancy rates for industrial space of 4% for Irvine, 6% for North Ayrshire and 4% for West Central Scotland);
- Insufficient rental values to support financially viable, new-build speculative development;
- Very limited funding sources available for the public sector to intervene;
- Constraints on indigenous companies seeking to grow and expand within North Ayrshire;
- Constraints on attracting inward investment through lack of modern premises;
- Ageing stock (avg. 36 years) of existing industrial premises that is facing obsolescence; and
- Growing pressure through changes in legislation and customer demand, to create better configured, more energy efficient building stock and eliminate hazardous building materials.

- 2.7 Any impacts arising from the current COVID pandemic on the project will continue to be monitored across the life of the project. Those impacts may include construction cost inflation in the short term and changing employment patterns in the longer term. On the latter, there continues to be inward investment interest and continued interest from local businesses in new space, and at this stage it is not anticipated that industrial or manufacturing formats will be impacted upon to the same extent as office formats.
- 2.8 As part of the project development process, the Council commissioned a masterplan to guide the form of the i3 Growth Deal investment, focused on a central area with buildings fronting the main routes of Riverside Way and Long Drive and also some space at the large Strategic Investment Campus. The location of flexible space and a statement DPMC building (see Appendix 1) within the central area will help to provide a sense of consolidation, focus and provide services and networking and collaboration opportunities for businesses.
- 2.9 The masterplan process has identified particular areas for development. A first phase is proposed for a 20,000 sq. ft unit that will be designed and tendered during 2021/22 and constructed during 2022/23 (see Appendix 2). It is anticipated that this will be a light industrial unit like the Gateway building on Riverside Avenue at i3 and will be located at Riverside Way in a highly visible area. The unit will be capable of subdivision, depending on tenant interest and its specification has been informed by commentary from the Council's property agents.
- 2.10 While the focus to date has been on the scale, specification and phasing of commercial space, it is also intended that the masterplan will consider digital and energy/low carbon requirements.
- 2.11 Expenditure of up to £200,000 is proposed in advance of formal approval of the project's outline business case. This will enable the detailed design and development of a tender for the works to be accelerated. The delivery of the project will be subject to the outcome of ground investigation works, site purchase from Scottish Enterprise, planning permission and testing of the estimated costs through a tender process. Award of the tender for the construction of the first phase will be subject to Full Business Case approval for the overall flexible space project through the Ayrshire Growth Deal.

2.12 In summary, good progress has been made with the i3 flexible space project and support is sought from Cabinet to progress the first phase to detailed design and tender stage. Next steps will involve a marketing campaign and new signage to promote the new business space and to help attract inward investment.

3. Proposals

3.1 It is proposed that Cabinet:

- a) Note progress with the i3 Advanced Manufacturing Space programme at i3, Irvine Enterprise Area;
- b) Support the delivery of the first phase of the programme; and
- c) Approve an allocation of £200,000 towards the development of the first phase in advance of approval of the Outline Business Case.

4. Implications/Socio-economic Duty

Financial

4.1 The overall project will be resourced through the Ayrshire Growth Deal Funds from Scottish Government and North Ayrshire Council allocations. Expenditure of up to £200,000 is proposed in advance of formal approval of the project's outline business case to progress the development of a detailed design for the first phase. This will cover professional fees and the commission of any further studies that are required for the submission of a planning application. In addition, site investigations are currently being procured, the outcome of which may have financial implications for the project.

Human Resources

4.2 None. The overall project will be managed by the Council's Growth and Investment Team with input when required from professional advisors, supported by the Ayrshire Growth Deal budget. The Council's PMI Team have agreed to develop the detailed design and tender package for the first phase of the project.

Legal

4.3 There are no legal implications at this stage. The first phase of the project will require site purchase from Scottish Enterprise and terms of the purchase from SE have been agreed in principle. This process is progressing at the moment.

Equality/Socio-economic

4.4 The project will provide much needed modern business space to help grow local businesses and attract inward investment to an area of above average unemployment and low business investment.

Environmental and Sustainability

4.5 Any environmental implications of the project will be addressed as the project develops and as part of any statutory planning and building warrant applications. Discussions are taking place with the Council's Energy and Sustainability Team and the University of

Strathclyde to consider how the Ayrshire Growth Deal proposals for i3 can have a lower carbon footprint, including the identification of potential areas for renewable energy generation. The development of the first phase will consider energy efficiency as part of the design development and will consider for example the provision of electric vehicle charging points within the car parking area.

Key Priorities

- 4.6 The flexible space project will strongly support the priority outcome contained in the new Council Plan 2019-2024, for North Ayrshire to have an inclusive, growing and enterprising economy.

Community Wealth Building

- 4.7 I3 project proposals are supported by wider Ayrshire programme of skills and inclusive growth. The projects maximise the use of the Council's land and assets using available funding and delivering in partnership with other organisations. The projects will support the Council's Recovery and Renewal Plan and Community Wealth Building Strategy, providing much needed space for businesses, whilst ensuring they contribute towards the Council's low carbon targets.

5. Consultation

- 5.1 Significant stakeholder consultation has been undertaken on the AGD i3 proposals generally. The development of the flexible space outline business case involved a local survey of businesses to establish the demand for business space. The masterplan has been subject to consultation with partners including those involved in the DPMC project (NMIS, University of Strathclyde, CPI, Ayrshire College, Scottish Enterprise and Skills Development Scotland), property agents and internal colleagues. A further stage of consultation will involve seeking comments on the overall draft masterplan from the Irvine Locality Planning Partnership.

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For further information please contact **Marnie Ritchie, Manager, Growth and Investment**, on **07342 713 349**

Background Papers

None.

Digital Processing Manufacturing Centre (DPMC) i3, masterplan image



Appendix 2

Proposed Phase 1 of Advanced Manufacturing Space, i3 - initial sketches

