
NORTH AYRSHIRE COUNCIL

25 January 2022

Cabinet

Title: North Ayrshire Blue Economy

Purpose: This report outlines progress in developing a strategic proposition for North Ayrshire's Blue Economy, encompassing Ayrshire Growth Deal investment at Hunterston and Ardrossan (International Marine Science and Environment Centre)

Recommendation: It is recommended that Cabinet approves: -

- i) the strategic direction of development for the blue economy
- ii) the establishment of a Memorandum of Understanding between the Council and University of Stirling to develop related project activity
- iii) the expansion of the existing Hunterston MOU between the Council, Peel Ports and Scottish Enterprise to also include Crown Estate Scotland.

1. Executive Summary

- 1.1 This report sets out progress in developing a national scale, blue economy opportunity for North Ayrshire.
- 1.2 Through project development related to Ayrshire Growth Deal and work related to support the transition of the decommissioning of Hunterston B nuclear station to capture opportunities and mitigate adverse impacts on jobs, a clear gap in the national blue economy is apparent, which North Ayrshire assets, infrastructure and strategic investment plans related to the Ayrshire Growth Deal can capitalise on. The blue economy opportunity has strong alignment with the Local Development Plan and the Council's Climate Change Strategy and will provide skills employment and business growth opportunities.
- 1.3 This report sets out the nature of the blue economy opportunity and seeks approval to develop a strategic programme of work to unlock this opportunity. This includes seeking early stage partnership with University of Stirling to strengthen academic partnership and collaboration in North Ayrshire and advance the blue economy innovation components. The report also seeks approval to expand the existing MOU partnership agreement at Hunterston between the Council, Peel Ports and Scottish Enterprise to include Crown Estate Scotland.

2. Background

- 2.1 The Ayrshire Growth Deal, which was signed in November 2020, committed £250m to the Ayrshire region co-funded by UK and Scottish Governments and the three Ayrshire Councils. North Ayrshire's portfolio of growth deal projects includes an £18m investment towards Hunterston and a £10.5m marine science centre at Ardrossan. Since the deal signing, blue economy sector analysis has been developed to provide a concise and coherent blue economy strategy that provides a context for developing Ayrshire Growth Deal project activity for Hunterston and IMSE.
- 2.2 In developing the Blue Economy offer and strategic proposition for Hunterston, an extensive amount of research, analysis and partner engagement has taken place to understand how the assets at Hunterston can deliver wider strategic economic benefit locally, regionally, and nationally. In particular the following activities have been completed: -
- Ekosgen Blue Economy Research
 - University of Stirling Research: Developing an International Marine Science and Environment Centre
 - Completion of Memorandum of Understanding partnership between North Ayrshire Council, Peel Ports Group, Scottish Enterprise
 - Academic, industry and landowner engagement

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- 2.3 In relation to the wider blue economy sector development work, it has been identified that there is a clear growth potential in the sector within the Firth of Clyde, and which has local, regional, national and potentially global opportunities and will play a critical role in meeting net zero targets. The blue economy strategic analysis identifies that there is a unique identity to the nature of the blue economy with significant growth and development capacity for North Ayrshire in the following sub-sectors: -
- Marine Engineering, Service Capacity, Infrastructure
 - Marine Data and Environmental Monitoring: Clyde Living Laboratory
 - Marine Aquaculture, Seaweed & Biotech
 - Marine and Coastal Energy (Offshore Wind & Hydrogen)
 - Marine Tourism
- 2.4 The ability to capture growth within these blue economy sub sectors is based on the geography of the coast and marine environment, islands, proximity to markets, land assets and infrastructure; with Hunterston providing a nationally significant cluster of blue economy assets.
- 2.5 Through research and analysis, barriers were identified that are preventing, or would continue to prevent, capacity to capture growth. It is notable that at present, North Ayrshire has an estimated 1% share of the national blue economy. This highlights that despite having a strong cluster of assets, the benefits are not being captured in North Ayrshire in terms of economic activity, and particularly business base, jobs, and skills. Barriers identified include lack of academic presence (identified as a primary barrier), industry and market, land and assets ownership and property/commercial innovation space.

2.6 While unlocking the wider opportunity will require extensive collaboration and action by a range of stakeholders, it has been identified that there are 5 strategic interventions to be unlocked to be able to respond to barriers and capture the wider blue economy opportunity, as follows: -

- **Development of an Innovation Programme:** This intervention will be critical to establishing formal links to academic partners and providing innovation and R&D support for sustainable business growth, productivity gains and sustainable business practices. It is identified that development of an innovation programme will be essential to providing a viable scope for the IMSE facility and provides a platform to explore key concepts identified in analysis, including marine environmental monitoring capacity as well as innovation skills and technology to support nuclear decommissioning.
- **Land assets:** To unlock strategic land assets – particularly within the Hunterston Strategic Development Area – continued engagement with landowners will be required.
- **Hydrogen:** It is identified that the assets at Hunterston offer national capacity to deliver hydrogen production solutions, although at present, there appears to be no market capacity to unlock this opportunity. Given that hydrogen is part of all future net zero energy scenarios, it is proposed that the potential role for Hunterston is explored with key partners.
- **Commercial Innovation Space:** All aspects of research and engagement have identified the need for commercial space to support innovation activities. This will be essential to provide R&D and innovation space, space for start-up companies linked to sector development and supply chain activities. This will be critical to capturing the benefit of sector growth within North Ayrshire.
- **Market Enabling:** Partly reflecting the blue economy development work and Ayrshire Growth Deal, there has been a significant upturn in market inquiries at Hunterston in terms of volume of interest, credibility, and alignment to blue economy. The scale of impact of landing investment from inquiries is significant in terms of capital investment and jobs benefit in blue economy sectors that provide a range of skilled jobs. It is considered critical to support and maximise the benefit of inquiries that provide capacity to boost industry baseline and locate key companies in North Ayrshire.

Hunterston Strategic Proposition

2.7 In August 2020, EDF announced the accelerated decommissioning of the Hunterston B station, which will commence in January 2022. As a result, the Council sought the establishment of a ministerial taskforce to support the alignment of the accelerated decommissioning with Ayrshire Growth Deal investment. While, a taskforce was not established, the Council formed a Strategic Working Group with a range of senior public and private sector partners to steer the strategic direction of activity within the Hunterston Strategic Development Area, as identified in the Local Development Plan. The immediate priority established by the Strategic Working Group was developing a strategic proposition for Hunterston that clearly articulated how its strategic assets offered a competitive advantage locally, regionally, and nationally and that maximised the wider economic benefit of the Strategic Development Area.

2.8 Through research, analysis and engagement, the Hunterston Strategic Proposition emerged as a key asset within the wider blue economy opportunity, confirming its links with the Ayrshire Growth Deal funded International Marine Science and Environment Centre and other regional assets.

2.9 The Hunterston Strategic Proposition identifies key ‘value add’ themes where the assets at Hunterston have an apparent clear role in supporting national objectives around net zero and the blue economy. There is a wide range of blue economy activities can be supported at Hunterston recognising the range of infrastructure assets present and, therefore, the versatility of Hunterston to be able to support a wide range of high value activities. The Hunterston Strategic Proposition themes are identified as follows: -

Port Freight & Logistics	Hunterston is a strategically important deep-water port and the only deep-water port on the Scottish Mainland with capacity for import/export allowing access for large deep draft vessels supported by extensive industrially zoned hinterland with excellent utilities infrastructure
High Value Manufacturing	Next generation (Industry 4.0) technologies are frequently specialist and/or large-scale requiring market ready flexible sites providing for international/global company investment with high capacity on site utilities (energy/digital/rail/road) and access to international airports
Offshore Renewables	Scotland’s commitment to Net Zero and the ScotWind Licensing Round will drive major new investment in Off-shore Renewables requiring major investment in renewable energy manufacturing, along with port and related marine accessible marshalling, assembly, and deployment space
Hydrogen	Hydrogen technology and specifically blue/green hydrogen is fast emerging as a potential part of our energy mix. Scottish Enterprise have identified strategic site requirements for H2 manufacturing with Hunterston meeting all key requirements – Energy/Water Supply/ Site Scale/ Co-Location / Export Capacity.
Aquaculture Biotech	Aquaculture and biotechnology are witnessing major growth across Europe with large scale deployment of new land-based technologies complementing marine based Development of a ‘Living Lab’ for the Clyde would mirror wider initiatives and ensure our marine assets were sustainably managed.
Circular Economy	Development within the circular economy offers opportunity to be at the forefront of Zero Waste and securing significant investment in key sectors with net zero gains.
Clyde Living Laboratory	Living Laboratory is the establishment of a Clyde Array of environmental monitoring offering major environmental management/ climate change and cross sector commercial benefits using SMART technologies for sustainable resource management.

2.10 In addition to the strategic proposition, it should be noted that a cutting-edge natural capital accounting process is underway at Hunterston to identify the capital value of environment assets and is a novel approach to harnessing the environmental capacity of the area. This approach is being co-developed with support from NatureScot and Scottish Enterprise.

Next Steps

- 2.11 It is considered that the blue economy opportunity identified is of a national scale in that it is likely to add to the national offer around blue economy activities; while offering capacity to create a step change in the local and regional economy, by securing high value sector growth, securing key academic and industry presence in North Ayrshire, and providing the lens to harness marine environment assets as a driver of a net zero region.
- 2.12 Approval of this paper will provide a platform to continue development of key stakeholder collaboration to unlock the opportunity identified and will enable engagement with Governments to provide a coherent strategic platform to develop Ayrshire Growth Deal project activity. Partnership with University of Stirling will provide a formal basis for collaborating with academic expertise to guide and shape this process; while inclusion of Crown Estate Scotland in the Hunterston Parc MOU will provide additional capacity to unlock the potential of the port at Hunterston, including working towards identifying property and commercial space interventions. The MOU to be established with University of Stirling is expected to be for an initial period of 24 months and split into 2 key phases; firstly, a co-production of the terms and scope of the innovation programme (circa 6 months) and the remainder developing innovation research and analysis to identify key market opportunities and galvanise partner and market demand. In a wider sense, capitalising on the blue economy offer will not be achievable through Council efforts alone, and reaching a clear strategic approach will enable wider academic, industry and community engagement to identify a broad range of partners to support the delivery of this vision.
- 2.13 It is important to note that the conclusions reached to this point are based on a rich platform of research, analysis, and industry/academic engagement; however, at this stage, this provides a coherent basis for further development of interventions - it does not propose fixed, developed projects. Subject to approval of this report, it is critical to further involve the local community through a community engagement plan.

3. Proposals

- 3.1 It is recommended that Cabinet approves: -
- i) the strategic direction of development for the blue economy
 - ii) the establishment of a Memorandum of Understanding between the Council and University of Stirling to develop related project activity
 - iii) the expansion of the existing Hunterston MOU between the Council, Peel Ports and Scottish Enterprise to also include Crown Estate Scotland.

4. Implications/Socio-economic Duty

Financial

- 4.1 There are no direct financial implications. The strategic approach to the blue economy will assist to shape proposals to emerge under the Ayrshire Growth Deal. Project development activity related to the proposals may require advance funding through Ayrshire Growth Deal, as allocated within approved capital budgets.

Human Resources

4.2 No direct implication.

Legal

4.3 The recommendations include the establishment of an MOU partnership with University of Stirling, which will be developed with support from Legal Services, to provide a framework for collaboration. An expansion of the existing Hunterston Parc MOU between the Council, Scottish Enterprise and Peel Ports is proposed to include Crown Estate Scotland.

Equality/Socio-economic

4.4 All project and programme work will be subject to equality impact assessment.

Environmental and Sustainability

4.5 Any statutory requirement related to environmental impact will be undertaken; however, in addition, a natural capital accounting process is being undertaken for Hunterston (detailed in paragraph 2.10) and will ensure impact on natural capital assets are fully considered.

Key Priorities

4.6 The blue economy programme will be a critical enabler of investment in place and people, targeting key inclusive growth barriers identified in the inclusive growth diagnostic prepared to support Ayrshire Growth Deal interventions.

Community Wealth Building

4.7 It is anticipated that the impact of the paper will support development of interventions that will support the Community Wealth Building strategy by supporting job creation and skills and employability opportunities, supporting investment in North Ayrshire, supporting a just transition to net zero and securing anchor institutions within North Ayrshire – all of which are likely to have positive equality impacts.

5. Consultation

5.1 The content of the report has been developed and informed by engagement with sector leads from and academic, private, and public sector perspective. Elected ward members have also been engaged through Hunterston update meetings. It is recommended that subject to the approval of this report, an ongoing programme of action is developed, which includes engagement with communities to shape and influence the wider programme development

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