



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

Ayrshire Economic Joint Committee

A meeting of the **Ayrshire Economic Joint Committee** of North Ayrshire Council will be held remotely on **Monday, 24 May 2021** at **14:00** to consider the undernoted business.

Arrangements in Terms of COVID-19

In light of the current COVID-19 pandemic, this meeting will be held remotely in accordance with the provisions of the Local Government (Scotland) Act 2003. Where possible, the meeting will be live-streamed and available to view at <https://north-ayrshire-public-i.tv/core/portal/home>. In the event that live-streaming is not possible, a recording of the meeting will instead be available to view at this location.

1 Minutes

The accuracy of the Minutes of meeting of the Joint Committee held on 22 February 2021 will be confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973 (copy enclosed).

2 Ayrshire Growth Deal Programme Update

Submit report by David McDowall, Interim Head of Planning and Economic Development East Ayrshire Council on the Ayrshire Growth Deal (copy enclosed).

3 i3 Advanced Manufacturing Space Project, Irvine

Submit report by Craig Hatton, Chief Executive North Ayrshire Council on the i3 Advanced Manufacturing Space programme at i3, Irvine Enterprise Area and the delivery of the first phase of the programme (copy enclosed).

- 4 Great Harbour, Irvine**
Submit report by Craig Hatton, Chief Executive North Ayrshire Council on the development of proposals for Ayrshire Growth Deal investment in the Great Harbour, Irvine (copy enclosed).
- 5 Ayrshire Economic Partnership Board Minutes**
Submit, for information, the minutes of the meeting of the Ayrshire Economic Partnership Board held on 29 April 2021 (copy enclosed).
- 6 Urgent Items**
Any other items which the Chair considers to be urgent.

Ayrshire Economic Joint Committee Sederunt

South Ayrshire Council

Peter Henderson (Chair)
Siobhian Brown
Brian Connolly
Eileen Howat
Donald Gilles
Theo Leijser

North Ayrshire Council

Joe Cullinane
Marie Burns
Alex Gallagher
Craig Hatton
Karen Yeomans

East Ayrshire Council

Tom Cook
John McGhee
Douglas Reid
Eddie Fraser
David McDowall
Katie Kelly
Allison Craig
Euan Baird Scottish Government
Morag Goodfellow Highlands and Islands
Enterprise
Alastair Dobson Taste of Arran
Simon Foster Spirit AeroSystems
Adrian Gillespie University of Strathclyde
Craig Hume Utopia Computers
Katie Hutton Skills Development
Scotland
Alison Irvine Transport Scotland
Hisashi Kuboyama Federation of Small
Businesses
Alan McGregor University of Glasgow
Craig Mahoney University of West of
Scotland
Johnny Mone University of West
of Scotland
Milan Radosavljevic University of West of
Scotland
Malcolm Roughead Visit Scotland
Val Russell Ayrshire Chamber of
Commerce
Carol Turnbull Ayrshire College

Chair:

Apologies:

Attending:

At a Meeting of the Ayrshire Economic Partnership Board at 2.00 p.m. involving participation by remote electronic means.

Present

Councillors Joe Cullinane, Marie Burns and Alex Gallagher (North Ayrshire Council); Peter Henderson and Brian Connolly (South Ayrshire Council); Tom Cook, John McGhee and Douglas Reid (East Ayrshire Council).

In Attendance

C. Hatton and C. McAuley (North Ayrshire Council); E. Fraser, D. McDowall and A. Craig (East Ayrshire Council); E. Howat and D. Gillies (South Ayrshire Council); S. Foster (Spirit AeroSystems); A. Glass (Skills Development Scotland); C. Turnbull (Ayrshire College); J. Martin (Scottish Enterprise) and H. Clancy (North Ayrshire Council).

Also in Attendance

J. McLachlan and G. Robson (North Ayrshire Council).

Apologies

Katie Hutton and Karen Yeomans

Chair

Councillor Joe Cullinane in the Chair.

1. Minutes

The Minutes of the meeting of the Joint Committee held on 14 September 2020 were confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

2. Ayrshire Growth Deal Programme Update

Submitted report by David McDowall, Interim Head of Planning and Economic Development East Ayrshire Council on the Ayrshire Growth Deal. The Ayrshire Growth Deal and development of its component projects as at 11 January 2021 were set out at Appendix 1 to the report, the final version of the suite of deal documents set out at Appendices 2 – 8 and the finalised agreement set out at Appendix 9 to the report.

It was highlighted that the HALO project was due to complete mid-April 2021, the Ayrshire Growth Deal website would launch at the end of February 2021, the Outline Business Case for Working for a Healthy Economy project was approved by Scottish Government on 19 February 2021 and the Outline Business Case for the Community Wealth Building project was approved by Scottish Government on 12 February 2021.

The Joint Committee asked questions and were provided with further information in relation to: -

- Covid-19 as the reason for the majority of amber updates on the Ayrshire Growth Deal dashboard and the delay in response from the Scottish Government; and
- the link to the Ayrshire Growth Deal website which would be provided on the 3 Ayrshire's own websites.

Noted.

3 Working for a Healthy Economy Project – Final Business Case

Submitted report by Craig Hatton, Chief Executive, North Ayrshire Council on the Final Business Case for the Ayrshire Growth Deal, Working for a Healthy Economy Project. The Final Business Case was set out at Appendix 1 to the report, the Local Authority Ayrshire Growth Deal Agreement set out at Appendix 2 and Ayrshire Growth Deal Governance Document set out at Appendix 3 to the report.

The Joint Committee asked questions and were provided with further information in relation to: -

- engagement of rural communities being a key factor; and
- alignment with Locality Partnership priorities to help support communities.

The Joint Committee agreed to (a) approve the Final Business Case for the Working for a Healthy Economy project set out at Appendix 1 to the report; (b) note the position regarding Scottish Government approval of the Outline Business Case; and (c) approve the use of Ayrshire Growth Deal funding for the project and implementation of its activities.

4. Community Wealth Building Project

Submitted report by Craig Hatton, Chief Executive, North Ayrshire Council on the Final Business Case for the Ayrshire Growth Deal Community Wealth Building Fund Project. The Final Business Case was set out at Appendix 1 to the report, the Local Authority Ayrshire Growth Deal Agreement set out at Appendix 2 and Ayrshire Growth Deal Governance Document set out at Appendix 3 to the report.

The Joint Committee agreed to (a) approve the Final Business Case for the Community Wealth Building Fund project set out at Appendix 1 to the report; (b) note the position regarding Scottish Government approval of the Outline Business Case; and (c) approve the use of Ayrshire Growth Deal funding for the project and implementation of its activities.

5. Ayrshire Economic Partnership Board Minutes

Submitted, for information, the Minutes of the meeting of the Ayrshire Economic Partnership Board held on 29 January 2021.

Noted.

6. Ayrshire Economic Partnership Board

The Joint Committee received a verbal update by David McDowall, Interim Head of Planning and Economic Development East Ayrshire Council on the meeting of the Ayrshire Economic Partnership Board held on 29 January 2021.

The Joint Committee was advised of an update in relation to agenda item 10 (Strategic Transport Projects Review Update (STPR2), namely that (i) a meeting had now been arranged with the Transport Minister, the three Ayrshire Chief Executives and three Ayrshire Leaders and (ii) an update from this meeting would be provided in due course.

Noted.

The meeting ended at 2.35 p.m.

MEETING – 24 MAY 2021

**REPORT BY INTERIM HEAD OF PLANNING AND ECONOMIC DEVELOPMENT:
EAST AYRSHIRE COUNCIL**

SUBJECT: AYRSHIRE GROWTH DEAL - PROGRAMME UPDATE

PURPOSE OF REPORT

1. To advise the Economic Joint Committee Members of the progress of the Ayrshire Growth Deal and the development of its component projects as at 21 April 2021 (Appendix 1).
2. To set out the draft spend profile for the Deal over 10 years (Appendix 2). This is an estimate based on compression of UK Government's funding from 15 years to 10 years and takes into account current activities and implementation plans. The profile will be subject to review as Outline Business Cases (OBCs) are finalised. This profile is subject to discussion with both the UK and Scottish Governments and will form part of the suite of Deal documents which have been revised to reflect these changes.
3. To set out the revised principal Ayrshire Growth Deal suite of documents for agreement by the Joint Committee. The UK and Scottish Governments will also require to formally approve these documents (Appendices 3-5).

RECOMMENDATIONS

4. It is recommended that Members:
 - (i) Note the updates provided in the attached report;
 - (ii) Note the progress across the Ayrshire Growth Deal Programme;
 - (iii) Note UKG funding for the Ayrshire Growth Deal will be accelerated from 15 years to 10 years;
 - (iv) Of the Joint Committee agree the draft Deal documents which take account of the compressed funding, the change management process, and the business case approval process;
 - (v) Of the Joint Committee recommend to government the proposed drawdown of £5.85 million government funding;
 - (vi) Note additional revenue funding of £135,000 from Scottish Government's Regional Recovery Funding for 2020/21;
 - (vii) Note the target dates for Ayrshire Growth Deal business case approvals by the Joint Committee;
 - (viii) Note the risks included in the current risk register.

INTRODUCTION

5. The UK Government's March budget confirmed that the UKG funding profile for the Ayrshire Growth Deal (AGD) will be compressed to 10 years. Re-profiling work over this shorter timescale has been carried out and the draft spend profile for the Deal over 10 years has been approved by Finance Directors and will be subject to sign off by UK and Scottish Governments and the Joint Committee (Appendix 2).
6. The Deal documents – Financial Plan, Implementation Plan, Governance Document and Communications Protocol are subject to annual review to take account of project variances. Given the changes to the funding profile and the proposed introduction of a change management process, it has been necessary to review these earlier than expected.
7. Partner Authorities and Project Leads have reviewed the Implementation Plan, including risks, milestones and targets and re-aligned these with the draft 10-year financial profile where necessary (Appendix 3).
8. The revised Governance Document takes account of the proposed change management process reflecting guidance and approval received from government. Major change decisions, for example a project is no longer considered viable since business case approval, will be escalated from project level via the Programme Management Office (PMO) to the Regional Partnership for consideration before seeking government and Joint Committee approval (Appendix 4).
9. The business case approvals process has also been updated within the Governance Document to take account of internal processes prior to business cases being presented to the Regional Partnership and Joint Committee for approval (Appendix 4).
10. The revised Communications Protocol has also been updated and agreed with the AGD Communications Group. Members of the group include Communications Leads from the three Councils, UK and Scottish Governments. The update takes account of social media activity and general principles for issuing project specific media releases (Appendix 5).
11. These latest draft Deal documents have been shared with UK and Scottish Government colleagues for comment and approval. The documents will also be subject to Joint Committee approval.
12. As AGD projects move into the implementation stage, progress reports require to take account of not only project milestones but also project scope and budget. The format of the report follows a Red/Amber/Green (RAG) exception reporting approach. The guidance has been revised by the PMO and covers the project stages, as well as the criteria associated with the RAG status against milestone timeline, scope, budget and overall, and the necessary action required. Tables 1 and 2 below show the guidelines that Project Leads and the PMO use to agree the RAG status and action required.

Table 1: Programme Updates – Guidance

RAG Status	Programme Milestone Timeline Status (T)	Overall	Action Required
Red	Delay to delivery timeline of key milestone having a negative impact on programme	One or more milestones are RED	Immediate action required by senior management and relevant Boards as appropriate to address issues
Amber	Milestone slipping against planned date but not expected to impact delivery of the programme	No milestones are highlighted RED but at least one is AMBER	Management action is in place by PMO and/or senior management to address issues
Green	On track to deliver milestone on time or early	All milestones are GREEN	No management action required
Complete	Milestone delivered	n/a	No management action required

Table 2: Project Updates - Guidance

RAG Status	Project Milestone Timeline Status (T)	Project Scope Status (S)	Project Budget Status (B)	Overall	Action Required
Red	Delay to delivery timeline of key milestone having a negative impact on project completion date	Significant change in scope expected, with no change request in process	There are projected or actual adverse variances with recovery plan to be established	One or more time, scope or budget indicators are RED	Immediate action required by senior management and relevant Boards as appropriate to address issues
Amber	Key milestone missed or projected to miss against planned date but not expected to negatively impact the original project completion date	Likely to be minor changes in scope within agreed business case OR scope is still developing OR significant change request not yet approved	There are projected or actual adverse variances, however a recovery plan is in place	No time, scope or budget indicators are RED but at least one is AMBER	Management action is in place by PMO and/or senior management to address issues
Green	On track to deliver milestone on time or early	Scope has been set and on plan with agreed business case AND/OR formal change request approved	There are no actual or projected variances	All time, scope and budget indicators are GREEN	No management action required
Complete	Milestone delivered	Project complete and all items in scope delivered	Financial transactions relating to project have been settled	If all the time, cost, scope and benefits realisation indicators are complete	No management action required
Future	N/A	N/A	Business Case more than one year away from submission	N/A	No management action required

13. A summary of the current status of programme priorities and the development work associated with individual projects is contained within the summary document attached to this covering report. In this update, the overall status for the programme is assigned at 'amber'. The overall status for all projects, with the exception of the Great Harbour, is also 'amber'. There are no actions required from the Joint Committee at present. Some issues may be significantly impacted by Covid-19 and/or Brexit which cannot be fully quantified at present. A failure to address issues and meet next key milestones could negatively impact on the Growth Deal Programme if not mitigated against (Appendix 1).

KEY POINTS

14. The HALO, Enterprise and Innovation Hub was handed over to the client by the contractor on 1 May 2021. The contractor has issued a Practical Completion Certificate, with certain exclusions in respect of external works and some minor internal works. East Ayrshire Council, Building Standards under the Building (Scotland) Act 2003 have issued a Temporary Occupation Certificate under the above act given that all works have not been completed. Agents are marketing the property and there are a number of positive enquiries. However, it is anticipated that formal agreements will only be possible once lockdown eases, and thereby a revised target date for completion and opening of the building is September 2021.

15. In terms of those projects being implemented following Full Business Case (FBC) approval, the governance for the Community Wealth Building fund is currently being developed with regional partners and the PMO. Due to delays in receiving government approval of the business case, recruitment has been later to commence which has had a subsequent impact on project launch. The target date for staff inductions is 31 May 2021 and formal launch 30 June 2021.
16. The contract for the Working for a Healthy Economy project was awarded to Salus in March by North Ayrshire Council as lead authority for the project. This has allowed Salus to press forward with implementation plans, which will see referrals of unemployed residents commence across Ayrshire from 1 May 2021. The project board has met once to agree on implementation plans and are finalising governance arrangements. Preparations for project implementation will continue, although the launch of services to the business community will be delayed until the autumn when it is hoped that business will be more receptive to the service offer, as the economy re-opens and businesses re-stabilise and recover.
17. As regards all other AGD projects, partners and government are working towards business case approval timelines, as set out in this report and summarised in Table 3 below. This matches with the timeline for drawing down funds from government over the 10 years of the AGD, as set out in the draft Financial Plan attached (Appendix 2). The dates are subject to business cases being approved by government prior to Joint Committee approval.
18. The forward plan for FBC approvals that partners are currently working towards is shown in Table 3. The target date for FBC approval for the Ayrshire Skills Fund project is at the 13 September 2021 Joint Committee meeting. No other FBCs are planned for approval this calendar year. However, seven FBCs are scheduled for presentation to the Joint Committee between the end of January and end of February 2022. The RAG status set against each target date for OBC approval reflects that reported within the update attached to this report. Joint Committee meeting dates have still to be determined for 2022.

Table 3: Target dates for OBC and FBC approvals

AGD Project	OBC passed to Government for feedback/approval	Target date for OBC approval by Government	Target date for FBC approval by Joint Committee	Joint Committee Date
Ayrshire Skills Fund	n/a	30-Jun-21	13-Sep-21	13-Sep-21
NERD	n/a	22-Aug-21	30-Jan-22	tbc
Prestwick Commercial Build	n/a	30-Aug-21	30-Jan-22	tbc
Digital Subsea Cable	n/a	01-Oct-21	01-Feb-22	tbc
Digital Infrastructure	n/a	01-Oct-21	01-Feb-22	tbc
i3 Flexible Space	19-Mar-21	01-May-21	28-Feb-22	tbc
Prestwick Roads - Phase 1	n/a	30-Aug-21	28-Feb-22	tbc
Marine Tourism	n/a	30-Sep-21	28-Feb-22	tbc
Spaceport Infrastructure	n/a	30-Oct-21	31-Mar-22	tbc
ASIC	n/a	30-Oct-21	30-Jun-22	tbc
Moorfield	n/a	31-Jan-22	30-Jun-22	tbc
Great Harbour	05-Mar-21	30-May-21	30-Sep-22	tbc
AMIC	n/a	31-May-22	30-Apr-23	tbc
i3 DPMC	n/a	tbc	tbc	tbc
Hunterston	n/a	tbc	tbc	tbc
IMSE	n/a	tbc	tbc	tbc

19. Scottish Government approval of the OBCs for the Great Harbour and i3 Flexible Space is awaited, with the target date for OBC approval of 1 May 2021 for i3 Flexible Space now missed. The target date for OBC approval for the Great Harbour is 30 May 2021.
20. Progress is being made in terms of revising OBCs for the other early delivery projects listed in Table 3 above. Although, the target date for OBC approval of some projects is anticipated to miss against the planned date, any slippage is not expected to negatively impact on the project completion date at this stage. Further information is available within the summary document attached to this report (Appendix 1).
21. It should be noted that any delays to finalising business cases and governments approving the same for early implementation projects will affect the ambitious spend profiles we are currently working with and will impact on drawdown of funding from government. Monitoring of performance is therefore an essential component of the work of partners.
22. Although Covid-19 has introduced uncertainty around how projects will fit with the new economic realities, there is no proposal at this stage in relation to project substitution. It seems likely, however, that some projects may have to be adjusted going forward.

PROGRAMME RISKS

23. Strategic and operational risk registers continue to be developed, reviewed and updated for the Ayrshire Growth Deal Programme (Appendix 6). It is recognised that in pursuit of the Partnership's commitment to achieving positive outcomes from the Ayrshire Growth Deal, it may choose to accept an increased degree of risk. The risk registers will be a key element of that decision making process, ensuring that potential benefits and risks are fully understood before actions are authorised and that sensible measures to mitigate risk are established.
24. The main strategic risks associated with the Deal at present relate to the impact of Covid-19 and the potential consequences of Brexit. Operationally, delays to the development and submission of business cases and/or any associated delays to governments approving would adversely impact on the ambitious plans for implementation.

LEGAL IMPLICATIONS

25. The legal implications arising from this report are covered through the Agreement between Ayrshire's Councils detailed in Appendix 7 and the Governance Document detailed within Appendix 4.

HUMAN RESOURCES IMPLICATIONS

26. There are no human resource implications arising from this report.

FINANCIAL IMPLICATIONS

27. The financial implications arising from this report are covered through the Financial Plan detailed within Appendix 2.
28. Once approval of the 10-year financial profile is received from both UK and Scottish Governments, the Tripartite Agreement will be signed by both governments and the Section 95 Officer on behalf of East Ayrshire Council as the Accountable Body.
29. The projected draw down for 2021/22 has been calculated and passed to Scottish Government. Once agreed, the Grant Offer Letter for this financial year (2021/22) will be issued.
30. The amount projected to be drawn down from government in 2021/22 is £5.85 million. This estimate takes account of projected drawdown for those projects currently being implemented, as well as those projects expecting to receive FBC approval and move to implementation this financial year. Relevant spend incurred to date by projects moving into implementation this year has also been taken into account. Table 4 below summarises the projected Grant claim.

Table 4: Projected Grant Claim/Draw Down from Government 2021/22

PROJECT NAME (FBC expected to be approved in 2021/22)	SPEND INCURRED BY LA'S TO DATE		PROJECTED SPEND	PROJECTED GRANT CLAIM
	2019/20	2020/21	2021/22	2021/22
Spaceport Infrastructure	40,374	827,410	1,200,000	2,067,784
Commercial Space - Prestwick - Industrial & Hangar	39,664	94,424	65,912	200,000
Prestwick Infrastructure - Roads	13,264	100,374	186,362	300,000
i3 Flexible Business Space	33,643	73,941	392,000	499,584
National Energy Research Demonstrator (NERD)	6,840	341,899	600,000	948,739
Marine Tourism	21,308	70,606	0	91,914
Working for a Healthy Economy	0	0	663,000	663,000
Ayrshire Skills Investment Fund	0	0	150,000	150,000
Community Wealth Building Fund	0	0	928,676	928,676
	155,093	1,508,654	4,185,950	5,849,697

31. The amount projected to be draw down from government in 2021/22 has reduced since the report to the Regional Economic Partnership in April, when £7.1 million was projected. The change reflects the FBC for the Great Harbour being scheduled for approval in September 2022 as opposed to 30 January 2022 as reported to the Partnership.
32. We were successful in securing additional grant revenue funding of £135,000 from Scottish Government's Regional Recovery Fund. The funds financed feasibility studies and enabling works across six of the AGD projects, namely NERD, Moorfield, AMIC, the i3 Digital Processing Manufacturing Centre, IMSE, and the Aerospace and Space Innovation Centre. The claim for the total amount has now been submitted to the Scottish Government.

EQUALITY IMPACT ASSESSMENT

33. Project leads will be required to complete an Equality Impact Assessment for their project and append to the associated business case. Project leads have received Equality Impact Assessment training organised by Scottish Government. Project Leads are being encouraged by the PMO to link up as soon as possible with their Equalities Officer within their authority who will be able to assist with this matter.

APPENDICES

Appendix 1: Ayrshire Growth Deal Quarterly Update of Programme and Projects

Appendix 2: Draft Financial Plan

Appendix 3: Draft Implementation Plan

Appendix 4: Draft Governance Document

Appendix 5: Draft Communications Protocol

Appendix 6: Risk Register

Appendix 7: Agreement between East, North and South Ayrshire Councils around governance, finance and reporting arrangements

Background Papers:

[Heads of Terms](#), signed by both the UK and Scottish Governments and Ayrshire's Councils on 8 March 2019

[Deal Document](#), signed by both the UK and Scottish Governments and Ayrshire's Councils on 19 November 2020

Members requiring further information should contact:

Allison Craig, Ayrshire Growth Deal - Strategic Manager
allison.craig@east-ayrshire.gov.uk

Implementation Officer:

Allison Craig, Ayrshire Growth Deal - Strategic Manager
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APPENDIX 1

Ayrshire Growth Deal Quarterly Update of Programme and Projects

Project Stages		Stage Definition			
Define - SBC	Establishing the strategic context for the spending proposal				
Define - OBC	Establishing the preferred option				
Define - FBC	OBC approved by government, securing delivery plans and finalising detailed costing				
Implement	Business case has been approved by Joint Committee, and is being implemented				
Deliver	Project is in place and monitoring and evaluation is in framework to assess if it is achieving its objectives				
Legacy	Project has resulted in mainstreaming or improvements to business as usual (impact) that is generated beyond the funded period				
RAG Status	Project Milestone Timeline Status (T)	Project Scope Status (S)	Project Budget Status (B)	Overall	Action Required
Red	Delay to delivery timeline of key milestone having a negative impact on project completion date	Significant change in scope expected, with no change request in process	There are projected or actual adverse variances with recovery plan to be established	One or more time, scope or budget indicators are RED	Immediate action required by senior management and relevant Boards as appropriate to address issues
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Future	N/A	N/A	Business Case more than one year away from submission	N/A	No management action required

T: Status against milestone timeline set out in Business Case/Implementation Plan
 S: Status against scope set out in Business Case
 B: Status against budget set out in Financial Plan
 Milestones – current financial year and next financial year

PMO = Programme Management Office
 SBC = Strategic Business Case
 OBC = Outline Business Case
 FBC = Full Business Case

RAG Status	Programme Milestone Timeline Status (T)	Overall	Action Required
Red	Delay to delivery timeline of key milestone having a negative impact on programme	One or more milestones are RED	Immediate action required by senior management and relevant Boards as appropriate to address issues
Amber	Milestone slipping against planned date but not expected to impact delivery of the programme	No milestones are highlighted RED but at least one is AMBER	Management action is in place by PMO and/or senior management to address issues
Green	On track to deliver milestone on time or early	All milestones are GREEN	No management action required
Complete	Milestone delivered	n/a	No management action required

T: Status against milestone timeline set out in Implementation Plan
 Milestones – current financial year and next financial year

Overall Status Last Period	Overall Status This Period
Amber	Amber

Programme Update – 21 April 2021

Milestone	Target Date	Programme Milestone Timeline Status (T)	Comments
Signed Tripartite Financial Agreement	30-Sep-20	Amber	Tripartite Agreement will take account of the compressed UKG funding to 10 years. Financial profiling updated and passed to government for approval. Will require Joint Committee approval.
AGD website developed, designed and launched	28-Feb-21	Complete	The AGD website was successfully launched on 26 February 2021 and positive feedback has been received from a range of stakeholders. To help gain prominence: several partners, including UK and Scottish Governments, East, North and South Ayrshire Councils have added the link to their website; and tweets from the AGD Twitter account will continue to be issued regularly promoting the AGD website.
Performance management systems established	31-Mar-21	Complete	Programme and project risks, milestones, outputs and targets uploaded to Pentana. Project milestones, targets and outputs assigned to Project Leads. Pentana reports have been set up and these will be reviewed in the coming weeks to ensure data can be retrieved and fed into the progress reports going forward. The regional community benefits tracker has been developed and passed to EAC IT to web enable. Final testing will be carried out during the next month (mid April to mid May 2021) before going live.
Update and approval of Deal Documents	28-Jun-22	Green	The Financial Plan and the Implementation Plan have been updated to take account of the compressed UKG funding over 10 years and approved business cases. The Governance Document has been updated to take account of the proposed change management process and internal business case approvals process. The Communications Protocol has been updated to take account of social media and general principles for issuing project specific media releases, statements and photo opportunities. These documents have been passed to government for approval. Joint Committee approval will be required.
Develop and agree Monitoring and Evaluation Framework	30-Sep-21	Green	PMO continues to be actively involved in discussions nationally around preparation and agreement of a standard basic Benefits Realisation Plan template. Government colleagues have provided positive feedback around the key principles and outputs, with further work required around measurement and sources.
Develop and agree Benefits Realisation Plan	30-Sep-21	Green	

Project Updates – Space and Aerospace Programme – 21 April 2021

Project	Stage	Milestone	Target Date	Project Milestone Timeline Status (T)	Project Scope Status (S)	Project Budget Status (B)	Overall Status	Project Update
SPACEPORT INFRASTRUCTURE Project Lead: Jim Johnstone	Define - OBC	Consenting and licensing plan sign off	31-Mar-21	Complete	Amber	Green	Amber	An economic impact assessment will report back at the end of April - this has been held up due to delay in consultations with existing businesses around the airport. Project is working with SFT and SE to do due diligence on launch service provider. A preferred bidder for the GPA has been confirmed and due diligence on preferred bidder is underway, sale expected by end of April. RIBA stage 1 feasibility study is nearing completion and the draft report has been received by project. Results from this report will feed into next OBC scheduled for end of May. Gateway for RIBA stage 2 will be early May. Discussions continuing with Scottish Government and UK Space Agency. Environmental Impact Assessment screening delayed and now projected for November. Land acquisition strategy currently being drawn up and should be produced in April and then to Council for approval in June.
		RIBA Stage 1 Feasibility Study completed	30-May-21	Amber				
		Environmental Screening Opinion	30-Aug-21	Amber				
		OBC approved by Government	30-Oct-21	Amber				
		Launch Service Provider secured	31-Mar-22	Amber				
COMMERCIAL SPACE – HANGAR / INDUSTRIAL UNITS Project Lead: Calum McPhail	Define - OBC	Agreement on development strategy	31-May-21	Green	Amber	Green	Amber	The Development Strategy for the project is underway and expected to be completed by early May. Part of this study will include a demand study as well as options on the model to take forward. The project is currently formalising its acquisition strategy and has had discussions with land owners in the area. Following the acquisition strategy, a reworked masterplan will be produced. The acquisition strategy is expected at the end of April and will go to South Ayrshire Council's Leadership Panel for approval. The project has re-advertised its post for a project lead to take the project forward but again unsuccessful, alternative approaches to filling the post are being considered.
		Financial model agreed and approved	31-May-21	Green				
		OBC approved by Government	30-Aug-21	Amber				
AEROSPACE & SPACE INNOVATION CENTRE (ASIC) including Visitor Centre Project Lead: Calum McPhail	Define - OBC	Pilot Aerospace and Space Supply Chain Programme start	31-Mar-21	Complete	Amber	Green	Amber	The feasibility for decommissioning / MRO project has now been received and is being progressed internally. The project is also commissioning support to assist with the development of the business case. MRO training has commenced, which is being funded by National Transition Training Fund. The project's next OBC is scheduled for end May 2021 but working to bring this forward if possible.
		Pilot Aerospace Digital Visualisation Suite Programme start	31-Mar-21	Complete				
		OBC approved by Government	30-Oct-21	Amber				
PRESTWICK INFRASTRUCTURE – ROADS Project Lead: Alison Blair	Define - OBC	OBC approved by Government	30-Aug-21	Amber	Amber	Green	Amber	Meeting held with Transport Scotland to help progress the feedback that the project team has received on the project from TS. Following this meeting, project lead produced a summary document for TS. Comments received back from TS on 29 March. Moving forward this will be developed as two phases with two business cases, first Station Road by-pass and second, east of the second runway. Support from ARA and external expertise is being commissioned to develop the business case for the first phase, Station Road with the aim to have the next iteration of the business case by end of April.

Project Updates – Economic Infrastructure Programme – 21 April 2021

Project	Stage	Milestone	Target Date	Project Milestone Timeline Status (T)	Project Scope Status (S)	Project Budget Status (B)	Overall Status	Project Update
AYRSHIRE ENGINEERING PARK (MOORFIELD) Project Lead: Fiona Paterson	Define - OBC	Developed Design (RIBA Stage 3) Report	1-Dec-21	Green	Green	Amber	Amber	Results from preliminary site investigations were received in February 2021 and additional work required to confirm conditions at the site. Access to the site has been delayed and now likely to take place in September. The approval date for OBC has been updated to reflect this A draft tender has been produced in partnership with ARA for site traffic consultation and will be issued in April / May following approval from EAC procurement. Costings of this are unknown and could lead to budget variance which is why the project budget status is shown as Amber. Project is also progressing an independent valuation of the site.
		Full planning application submitted	12-Dec-21	Green				
		OBC approved by Government	31-Jan-22	Green				
		Land purchase completed	31-Mar-22	Green				
AYRSHIRE MANUFACTURING INVESTMENT CORRIDOR (AMIC) Project Lead: Gillian Morton	Define - OBC	Confirm site location	31-Oct-21	Green	Amber	Amber	Amber	Project is liaising with Transport Scotland to produce a brief for a traffic study for the project. This will look at, among other things, the impact of AMIC site being located near Bellfield interchange. The project is also considering other sites and undertaking a feasibility at Kilmarnock North to understand any constraints for development there and a separate study has been issued for site at Kirklandside. Following the ambition setting workshops, the project is continuing to engage with local businesses and engagement undertaken with the farming community to understand approaches to diversification and how the project could potentially support this. Also considering ways in which to support the sector prior to the AMIC site being developed, which would also build up an appetite for the physical site. Project Scope highlighted as amber due to site appraisal and selection still to be finalised. Project budget shown as amber to highlight that budget may be reviewed due to site selection and costings as a result to develop site.
		OBC approved by Government	31-May-22	Green				
i3 FLEXIBLE SPACE Project Lead: Marnie Ritchie	Define - OBC	OBC approved by Government	1-May-21	Amber	Green	Green	Amber	An updated business case was sent to Scottish Government on 19 March and the project is awaiting feedback. In the meantime, the project will be progressing with detailed design phase for the first unit on the site which will be a 20,000 sqft industrial unit. The project will also be appointing consultants for ground investigations as tender responses were received mid-March. The project team is also looking at ways in which the build can incorporate zero / low carbon practices.
		Procurement for Phase 1 Detailed Design	30-Jun-21	Green				
		Consultation with Planning and Stakeholders on draft masterplan	30-Jun-21	Green				
		Completion of flexible space outline designs through masterplan process	30-Jun-21	Green				
i3 DIGITAL PROCESSING MANUFACTURING CENTRE (DPMC) Project Lead: Marnie Ritchie	Define - SBC	Confirm Operational Model (Phase 1)	30-Sep-21	Green	Green	Amber	Amber	Work is taking place with NMIS who are leading on the development of the OBC with particular focus on the operational model for the Centre. CPI are also providing support. A draft OBC and related economic modelling has been prepared but is likely to be subject to further modifications as the project develops. Various funding sources are being explored to address the capital and revenue funding requirements. The project is being developed in three phases with a virtual launch now planned for June 21. The launch of the Phase 1 pilot in an existing building is proposed for early 2022 and a new permanent facility is scheduled for delivery in 2025.
		OBC for Phase 2 approved by Government (AGD funded)	TBC	Future				
HALO KILMARNOCK LTD Project Lead: Gary Deans	Deliver	Payment of retentions and final drawdown	31-Mar-21	Complete	Amber	Complete	Amber	Delays due to site shutdown between March and May. Works re-commenced on site June 2020. Practical completion is due by the end of April 2021. Revised target date for completion and opening of the building is September 2021. The delay is a consequence of the Covid lockdown and site closure, and subsequent lockdown restrictions. Under current guidance a return to office working is not anticipated prior to June 2021. Agents are marketing the property and there are a number of positive enquiries but it is anticipated that formal agreements will only be possible once lockdown eases. AGD funding has been fully utilised.
		Build Complete (Phase 1)	30-Apr-21	Green				
		Building Open to occupants (Phase 1)	30-Apr-21	Amber				

Project Updates – Energy, Circular Economy & Environment – 21 April 2021

Project	Stage	Milestone	Target Date	Project Milestone Timeline Status (T)	Project Scope Status (S)	Project Budget Status (B)	Overall Status	Project Update
NATIONAL ENERGY RESEARCH DEMONSTRATOR (NERD) Project Lead: Lorna Clark	Define - OBC	Operational Model confirmed	2-Jun-21	Green	Green	Amber	Amber	The Knockroon Estate in Cumnock was confirmed as the site for the NERD project, with coverage in local and national press. Initial public consultation was held on 18th March with Knockroon residents and further community consultation will follow in the coming months. Budget shown as amber as at RIBA Stage 2 the project was shown as over budget however an affordability cap has been set and the Design Team are undertaking a value engineering exercise as part of RIBA Stage 3 to ensure the project comes within budget. Outline operational model has been shared with Strathclyde University which is assisting the project's design team. There has been a delay to the information required to be provided to the design team from Strathclyde University, which will push this phase back 4-6 weeks. The outline operation model is scheduled to be presented to East Ayrshire Cabinet at the beginning of June. An MOU is currently being drafted between Strathclyde University and East Ayrshire Council. The project is also exploring a tripartite agreement with SPEN, Strathclyde University and the Council. Updated economic modelling will take place in April, as the project expects to have updated space, build out and occupancy information.
		Land purchased/secured	1-Aug-21	Green				
		RIBA Stage 3 Developed Design Report	6-Aug-21	Green				
		OBC approved by Government	22-Aug-21	Green				
		Procurement commences	31-Aug-21	Green				
HUNTERSTON STRATEGIC DEVELOPMENT AREA Project Lead: Neale McIlvanney	Define - SBC	OBC approved by Government	TBC	Future	Amber	Green	Amber	A tripartite agreement with Scottish Enterprise, Peel Ports and North Ayrshire Council has been agreed and signed off by NAC Cabinet. Project has requested a meeting with UKG policy advisors to discuss project development route and ensure strategic alignment. The project has commissioned the first piece of work to look at the Innovation Centre as a first stage enabling project for the AGD Hunterston programme. Project lead has written to Minister for Energy, Connectivity and Islands seeking a ministerial Taskforce that will coordinate activity across the Hunterston area, including management of impacts of decommissioning of Hunterston B nuclear station. There is also ongoing discussion with Nuclear Decommissioning Authority to position impact of decommissioning within wider context of Hunterston development proposals. In advance of ministerial engagement in a task force a strategic working group is operational with many of the partners anticipated to be part of the taskforce. The project has recently re-profiled its financial projections. Expected OBC for first phase of delivery during financial year 2021/22, subject to ongoing partner working. Target milestones currently under revision due to accelerated UK Government funding to 10-year programme.
INTERNATIONAL MARINE SCIENCE AND ENVIRONMENTAL CENTRE (IMSE) Project Lead: Neale McIlvanney	Define - SBC	OBC approved by Government	TBC	Future	Amber	Green	Amber	Following decision to re-profile the AGD to ten years, the IMSE project timescales are being considered with a view to bringing the project forward. A link has been created with Stirling University, which is currently working on the strategic fit of IMSE within the national family of science centres and this is expected at the end of July. Stirling University will also be a key partner in the aquaculture sector for the project. Target milestones currently under revision due to accelerated UK Government funding to 10-year programme. Estimated finance profile recently submitted indicates submission of OBC for approval during 2022.

Project Updates – Tourism – 21 April 2021

Project	Stage	Milestone	Target Date	Project Milestone Timeline Status (T)	Project Scope Status (S)	Project Budget Status (B)	Overall Status	Project Update
MARINE TOURISM Project Lead: Neale McIlvanney	Define - OBC	OBC (Ardrossan component) approved by Government	30-Sep-21	Green	Amber	Amber	Amber	The project is currently working through the detail of the outline costs received back from consultants. Project team is working with consultants (Fairhurst and Envirocentre) to help develop the business case and activity for the project. Engagement with project partners is ongoing to manage any issues arising from project cost plan.
THE GREAT HARBOUR, IRVINE Project Lead: Neale McIlvanney	Define - OBC	Establishment of project governance - SBC & RIBA Stage 0: Project Definition	31-Mar-21	Complete	Green	Green	Green	Updated OBC submitted to Scottish Government on 5th March and currently awaiting feedback. Project has passed project Gateway stage sign off (recognising increased risk due to OBC not having been approved by Govt) and is in the process of progressing next steps including working to appoint design team for the first phase of works (technical surveys) at cost of £150k, to mitigate risk of non-approved OBC.
Sign-off concept delivery/objectives - OBC (internal) & RIBA Stage 1-2: Concept Design		31-Mar-21	Complete					
OBC approved by Government		30-May-21	Green					

Project Updates – Digital – 21 April 2021

Project	Stage	Milestone	Target Date	Project Milestone Timeline Status (T)	Project Scope Status (S)	Project Budget Status (B)	Overall Status	Project Update
SUBSEA FIBRE OPTIC CABLE Project Lead: Theo Leijser (interim)	Define - OBC	OBC approved by Government	1-Oct-21	Amber	Amber	Green	Amber	Progress for the project had slowed as the project awaited the Scottish government's release of its data centre strategy. This was released in late March and highlights two potential locations for data centres in Ayrshire. The project is now working with partners to take this forward for Ayrshire and is engaging private sector and commercial providers. Project is working closely with Scottish Futures Trust to develop the offering for Ayrshire. Negotiations with Scottish Government and UKG, Department of Culture, Media and Sport over a new subsea cable into Scotland continue. Recruitment for a new project lead successful and will be in post in late April. The project team is also engaging with Government in case any commercial opportunity requires a change to delivery timescales.
KEY DIGITAL INFRASTRUCTURE Project Lead: Theo Leijser (interim)	Define - OBC	OBC approved by Government	1-Oct-21	Amber	Amber	Green	Amber	Progress for the project has slowed with resource to move the project forward forecast to be in place for late April. Project considering the scope of the 4G and 5G elements of the project as this activity is now being done commercially by private sector. A re-defined scope and change request will be required should there be a change to the scope.

Project Updates – Regional Skills & Inclusion Programme – 21 April 2021

Project	Stage	Milestone	Target Date	Project Milestone Timeline Status (T)	Project Scope Status (S)	Project Budget Status (B)	Overall Status	Project Update
AYRSHIRE SKILLS FUND Project Lead: Greig Robson	Define - OBC	Establishment of project board	31-Mar-21	Complete	Amber	Amber	Amber	The way in which the fund is governed and distributes funding is currently being explored and clarity of this will be required in an updated OBC or draft FBC. Working with procurement and legal teams, a number of options have been developed. External advice may also be sought when identifying a preferred option.
		Confirm project governance model	30-May-21	Amber				
		OBC approved by Government	30-Jun-21	Green				
WORKING FOR A HEALTHY ECONOMY Project Lead: Greig Robson	Implement	OBC approved by Government	19-Feb-21	Complete	Green	Amber	Amber	Contract awarded to Salus in March by NAC as lead authority for project. Salus pressing forward with implementation plans, which will see referrals of unemployed residents commence across Ayrshire from 1 May 2021. Project board has met once to agree on implementation plans and are finalising governance arrangements. Preparations for project implementation will continue, although the launch of services to the business community will be delayed until the autumn when it is hoped that business will be more receptive to the service offer.
		FBC approved by Joint Committee	22-Feb-21	Complete				
		Contract awarded	12-Mar-21	Complete				
		Project preparations for implementation complete	30-Jun-21	Amber				

Project Updates – Community Wealth Building – 21 April 2021

Project	Stage	Milestone	Target Date	Project Milestone Timeline Status (T)	Project Scope Status (S)	Project Budget Status (B)	Overall Status	Project Update
COMMUNITY WEALTH BUILDING Project Lead: Julie McLachlan	Implement	OBC approved by Government	12-Feb-21	Complete	Green	Amber	Amber	Full Business Case has been approved by Scottish Government meaning that the project is now in implementation phase. Due to delays in receiving Government approval, recruitment has been later to commence which has therefore had a subsequent impact on project launch as resource has not been in place to commence delivery across all teams. 3x Locality Officers for EAC, 3x Locality Officers for SAC, 1x Programme Manager and 1x Fair Work Ayrshire Manager (NAC based) will be advertised by the end of April with a focus on having staff in place as soon as possible to drive delivery and Fund spend. Fund design and governance is well underway by the Steering Group. An update on the project and key next steps was provided to the Ayrshire CWB Commission in March 2021.
		FBC approved by Joint Committee	22-Feb-21	Complete				
		Recruitment of staff	30-Apr-21	Amber				
		Finalise documentation for £1 million fund governance	30-Apr-21	Green				
		Staff Inductions	31-May-21	Amber				
		Formal launch	30-Jun-21	Amber				

Project Updates – Strategic Transport Projects Review (STPR2) – 21 April 2021

Project	Milestone	Target Date	Project Milestone Timeline Status (T)	Project Update
STRATEGIC TRANSPORT PROJECTS REVIEW (STPR2) Project Lead: Kevin Braidwood	Ayrshire response to STPR2 Phase 1 Recommendations and Case for Change Ayrshire & Arran Region reports	31-Mar-21	Complete	North Ayrshire Council and Ayrshire Roads Alliance, on behalf of East and South Ayrshire Councils, submitted a response to the Phase 1 recommendations report consultation. The response included concern around: the rationale for local roads being scoped out unless providing direct access to a 'major port' or NPF4 site as this removes any necessary infrastructure investment from AGD sites; the lack of alignment between Phase 1 and Phase 2 and AGD projects moving into delivery 2021/22; and Bellfield Interchange linking the three main arterial routes the A77, A76 and A71 and is a key element of the transport infrastructure for vehicle movement between North, South and East Ayrshire including the A74(M), ports and airports and is reaching its maximum capacity. Transport Scotland have advised that while the upgrade to the Bellfield Interchange is included in Phase 2, they expect the cost of the Transport Appraisal to be funded by East Ayrshire Council.
	Phase 2 - Appraisal completed by Transport Scotland	Spring to Summer 2021	Future	During this stage the sifted options will be combined into packages and appraised against the Transport Planning Objectives and against wider STAG criteria and deliverability. Further assessment will be undertaken to produce final short list of proposed interventions in Phase 2.
	Phase 2 Recommendations Report submitted to Scottish Government by Transport Scotland	Autumn 2021	Future	Two phased approach has been agreed to the development of STPR2 in light of the pandemic restriction with Phase 1 being short term priorities in response to pandemic, whereas Phase 2 will inform investment priorities from 2022 to 2042. Phase 2 will report in Autumn 2021 on investment over the longer term
	Final report published by Transport Scotland providing stakeholders with opportunity to comment.	Winter 2021	Future	

APPENDIX 2

Draft Financial Plan

AYRSHIRE GROWTH DEAL FINANCIAL PLAN



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AYRSHIRE
GROWTH DEAL

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1. FINANCIAL STEWARDSHIP

- 1.1 This document sets out the detail of how the Ayrshire Economic Joint Committee (EJC) and Ayrshire Regional Economic Partnership (REP) will implement and manage financial aspects of the Ayrshire Growth Deal. This forms part a suite of documentation which should all be read together and which is 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 The Ayrshire Growth Deal will be subject to a tripartite agreement between the UK Government, Scottish Government and East Ayrshire Council (on behalf of the three Ayrshire Councils and partners and in the role of Accountable Body).
- 1.3 The Section 95 Officer from each Partner Authority will be tasked with providing assurance of the Ayrshire Growth Deal Programme finances and will ensure that all funding requirements are met.
- 1.4 Any grant agreement entered into by a Partner Authority shall be subject to that Authority's contract standing orders and financial regulations.
- 1.5 East Ayrshire Council, as the Accountable Body has robust financial processes and procedures in place which will be applied to the management of this Deal funding.
- 1.6 The Accountable Body has in place an agreement with each Deal partner to ensure that the utilisation of grant funding for each individual project complies with the purpose of the grant as set out in the terms and conditions of the grant offer between the Scottish Government and the Accountable Body. Further details relating to this agreement are set out in the Deal Governance document.

2. FINANCIAL CONTROLS AND PROCEDURES

- 2.1 The Accountable Body has established and hosts a Programme Management Office and has appointed a Strategic Manager to oversee its budget and duties.
- 2.2 The Accountable Body provides support services as the Strategic Manager may reasonably require to discharge their duties on behalf of the Accountable Body which may include financial, legal, audit and other professional or technical services. Each Partner Authority shall provide the appropriate level of support services to fulfil their obligations to the Accountable Body.
- 2.3 The Accountable Body will analyse and provide reports on progress to the REP and EJC, the UK and Scottish Governments and the Chief Executives' Group or provide any other reports or updates as required by these groups.
- 2.4 The Accountable Body shall allocate and account for distribution of AGD grant income to all partners. It will enter into any grant agreements on behalf of the EJC and REP, hold the AGD grant funding and make disbursements to Partner Authorities, Third Parties and other bodies as appropriate, all in accordance with the approved governance arrangements.
- 2.5 It will account for these funds under a separately identified budget line to ensure transparency and clarity, and will report to the Scottish and UK Governments as required in accordance with the Grant Offer Letter.
- 2.6 The Accountable Body and Partner Authorities will ensure compliance with confidentiality and data protection regulations in relation to the AGD Programme.
- 2.7 The Accountable Body will ensure that grant funds are disbursed legally and appropriately and, with Partner Authorities, will have the appropriate and proportionate control systems in place to prevent relevant employees breaching the Bribery Act 2010 in relation to AGD funds and to prevent fraudulent activity.
- 2.8 Partner Authorities will refund all amounts identified by the Accountable Body and/or funders to be ineligible.
- 2.9 In the event of the Accountable Body becoming aware of, or suspecting any irregular or fraudulent activity that may have any impact on the Project/Programme or the use of the AGD grant, or any part of it, the Accountable Body shall

immediately set out a fact-finding exercise, investigate as required and, in accordance with the conditions of the Grant Offer Letter, notify the Scottish Ministers of any confirmed activity. Partner Authorities must report all cases to the Accountable Body as soon as they become aware of suspected or actual irregular or fraudulent activity and must participate fully in any fact-finding or investigation.

- 2.10 The Accountable Body will ensure that such financial statements or relevant disclosure requirements as are required in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and proper accounting practices (section 12 of the Local Government in Scotland Act 2003) are prepared for the EJC and REP. Where these form part of the wider statutory reporting requirements of the Partner Authorities appropriate summary financial information will be consolidated and reported to the EJC and REP.
- 2.11 All partners will ensure that grant funds are used appropriately and demonstrate Best Value.
- 2.12 The Accountable Body's Chief Auditor will be appointed as Chief Auditor for the AGD to coordinate Internal Audit activity.
- 2.13 Each partner will be responsible for allocating Internal Audit resources as required for local AGD activities. The Accountable Body's Internal Audit section will reserve the right to review programme and project activities as required and request information from all partners regarding these activities.
- 2.14 Each year a consolidated Internal Audit Plan will be presented to the EJC and REP having been prepared following:
 - consultation with relevant senior officers of the AGD PMO;
 - consideration of the risks affecting the AGD at programme and project level;
 - consideration of both internal and external factors affecting the AGD;
 - consideration of previous internal and external audit findings;
 - consideration of all of these elements which will inform Public Sector Internal Audit Standards (PSIAS) based risk assessments carried out locally by the Accountable Body and Partner Authorities; and
 - any relevant items subsequently included in local Internal Audit plans approved by each partner's audit committee in line with PSIAS obligations will be reflected in the consolidated AGD Internal Audit Plan.
- 2.15 All AGD Internal Audit work will be carried out in line with the PSIAS with individual Internal Audit assignment reports presented to the EJC and REP for noting.

- 2.16 The EJC and REP will be advised of the overall outcomes from Internal Audit work in an annual Internal Audit Report the timing of which is anticipated to align with the annual accounts timetable and will be reported to the EJC and REP for noting in line with PSIAS requirements.
- 2.17 The Annual Internal Audit Report will include a summary of AGD internal audit work in year by all partners, an annual opinion for the AGD and for further assurance will also include the authority-wide Annual Internal Audit opinions prepared by each partner.
- 2.18 Actions arising from Internal Audits will be followed up by the relevant Internal Audit team in line with established arrangements in that authority and these follow-up reports will be presented to the EJC and REP for noting.
- 2.19 Further audit, advisory consultancy or investigative work may be requested by the EJC and REP.
- 2.20 The Accountable Body's Chief Auditor will liaise with partner Chief Auditors through established arrangements.
- 2.21 The annual Grant Offer Letter will outline the reporting and governance requirements for the partners.

FINANCIAL REPORTING

- 2.22 As outlined in the annual Grant Offer Letter, on a monthly basis, a Financial Forecast will be completed by the PMO, and submitted to the Scottish and UK Governments. This will include monthly expenditure by the overall Programme and individual Projects, the cumulative spend and profile spend for the remainder of the financial year.
- 2.23 As outlined in the annual Grant Offer Letter, a Quarterly Performance Report will also be completed by the PMO and reported to the Scottish and UK Governments. This report will not only report on financial information but will include a Risk Status of the overall Programme as well as each Project and highlight where underspend or overspend is predicted including narrative as to how this will be managed going forward.
- 2.24 As outlined in the annual Grant Offer Letter, an Annual Report based on the previous year's activity will be prepared. This report will form the basis for the annual conversation with Governments and should follow the Annual Report

Template for City Region Deals. The final report will be approved by the Joint Committee and presented to Governments before being published.

- 2.25 The annual conversation will allow the Scottish City Region and Growth Deal Delivery Board to engage with each City Region Deal at senior officer level, to celebrate success and discuss progress. Annual Conversations, informed by the Annual Performance Report and the Benefits Realisation Plan, also present an opportunity to reflect and work through any concerns that local partners and governments have about the implementation of the Deal and the ambitions of the Deal going forward.

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3. **FUNDING/DRAW DOWN PROFILE**

Table 1 below provides a breakdown of government funding over the 10-year period of the Deal.

Table 1: Funding profile by Partner over 10 years

Funding Provider	Total Government Support (including	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Capital													
UK Government	103,000	0	0	3,500	11,056	11,056	11,056	11,056	11,056	11,056	11,056	11,056	11,056
Scottish Government	91,500	0	3,190	310	2,260	12,420	13,290	12,470	13,740	8,070	11,090	8,430	6,230
Regional Partner Contribution	45,500	755	277	3,277	465	4,845	7,213	7,643	7,777	4,366	4,781	1,211	2,890
Revenue													
Scottish Government	11,500	0	0	0	1,742	2,283	2,675	1,839	1,962	1,000	0	0	0
Total Funding	251,500	755	3,467	7,087	15,522	30,603	34,233	33,008	34,535	24,491	26,927	20,697	20,176

4. **OVERALL GROWTH DEAL PROGRAMME EXPENDITURE PROFILE**

Table 2: Planned Project Delivery/Spend by Partner

Funding Provider	Total Government Support (including Regional Partner contribution)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Capital													
UK Government	103,000	0	0	3,500	2,657	11,545	18,648	26,550	11,278	9,526	11,935	5,017	2,344
Scottish Government	91,500	0	3,194	306	1,452	14,782	15,458	19,726	12,818	6,799	8,728	4,996	3,241
Regional Partner Contribution	45,500	755	277	3,277	465	4,845	7,213	7,643	7,777	4,366	4,781	1,211	2,890
Revenue													
Scottish Government	11,500	0	0	0	1,742	2,283	2,675	1,839	1,962	1,000	0	0	0
Total Funding	251,500	755	3,471	7,083	6,316	33,455	43,994	55,758	33,835	21,691	25,444	11,224	8,475

- 4.1 Note: The profile shown in Table 2 above relates to planned project delivery rather than funding draw down. In particular, UK Government funding for the Growth Deal will be delivered on a flat profile over 10 years at a rate of £10.3 million per year.
- 4.2 Consideration has been given to make sure programme delivery profiles are as realistic as possible. However, it is helpful to note that most figures in the plan are indicative based on the most current available information.
- 4.3 We understand that all forecasts will continue to be refined over the life of the Ayrshire Growth Deal as projects progress and any changes in the economic environment or other influencing factors, including further development of business cases, become clear.
- 4.4 Business cases will be reviewed annually and reported through the REP and EJC.
- 4.5 In addition, all figures shown in the Financial Plan are based on the financial year running from 1 April to 31 March, noting that due to HALO progressing prior to Full Deal, the financial plan begins in 2018/19.

Table 3: AGD Projects by Funding Stream

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 (AMIC)	23,500	9.34%	23,500	0
	i3 Flexible Business Space	15,000	5.96%	11,000	4,000
	i3 Digital Processing Manufacturing Centre (DPMC)	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 Strategic Development Area	18,000	7.16%	18,000	0
	International Marine Science & Environmental Centre (IMSE), Ardrossan	10,500	4.17%	6,500	4,000
Tourism	Great Harbour, Irvine & Ardeer	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%

5. OVERALL GROWTH DEAL PLANNED PROGRAMME DELIVERY BY PROJECT

Table 4: Planned Programme Delivery by Project

Programme	AGD Project	Local Authority	Total Government Support	HALO - EAC Contribution	year 0	year 1	year 2	year 3	year 4	year 5	year 6	year 7	year 8	year 9	year 10		
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
				2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30		
Aerospace & Space	Spaceport Infrastructure	SAC	23,000	0	40	827	1,200	1,000	2,500	15,800	1,632	0	0	0	0		
	ASIC and Visitor Centre	SAC	11,000	0	13	127	60	1,000	1,000	1,000	1,800	1,000	1,500	1,500	2,000		
	Commercial Space - Prestwick - Industrial & Hangar	SAC	29,000	0	40	94	66	1,000	4,000	4,000	4,000	3,000	4,800	4,000	4,000		
	Prestwick Infrastructure - Roads	SAC	17,000	0	13	100	187	3,200	3,400	5,600	4,500	0	0	0	0		
Economic Infrastructure	HALO	EAC	9,000	755	3,194	5,051	0	0	0	0	0	0	0	0	0		
	Ayrshire Engineering Park (Moorfield)	EAC	16,000	0	0	36	314	2,789	2,729	2,899	3,041	2,192	1,000	1,000	0		
	Ayrshire Manufacturing Investment Corridor (AMIC)	EAC	23,500	0	0	21	279	700	5,500	6,800	4,000	3,000	2,700	500	0		
	i3 Flexible Business Space	NAC	15,000	0	34	74	392	2,950	1,000	1,450	2,800	1,800	4,500	0	0		
	i3 Digital Processing Manufacturing Centre (DPMC)	NAC	6,000	0	13	66	0	0	3,020	2,000	900	0	0	0	0		
Energy, Circular Economy & Environment	National Energy Research Demonstrator (NERD)	EAC	24,500	0	7	342	600	4,540	5,170	3,570	2,324	2,324	2,324	2,324	975		
	Hunterston Strategic Development Area	NAC	18,000	0	40	33	400	1,927	2,500	300	400	5,000	7,000	400	0		
	International Marine Science & Environmental Centre (IMSE), Ardrossan	NAC	10,500	0	24	5	75	175	750	3,000	4,976	1,495	0	0	0		
Tourism	Great Harbour, Irvine & Ardeer	NAC	14,000	0	31	219	1,000	3,000	3,250	3,500	1,500	880	620	0	0		
	Marine Tourism	NAC	9,500	0	21	71	0	3,408	1,500	500	0	0	1,000	1,500	1,500		
Digital	Digital Subsea Cable	Pan	11,000	0	0	17	0	3,983	4,000	3,000	0	0	0	0	0		
	Digital Infrastructure	Pan	3,000	0	0	0	0	1,500	1,000	500	0	0	0	0	0		
Regional Skills & Inclusion Programme	Working for a Healthy Economy	Pan	5,000	0	0	0	663	918	1,118	1,139	1,162	0	0	0	0		
	Ayrshire Skills Investment Fund	Pan	3,500	0	0	0	150	350	500	700	800	1,000	0	0	0		
Community Wealth Building	Community Wealth Building Fund	Pan	3,000	0	0	0	929	1,015	1,057	0	0	0	0	0	0		
	Total		251,500	755	3,471	7,083	6,316	33,455	43,994	55,758	33,835	21,691	25,444	11,224	8,475		

A summary of each project is contained with the Ayrshire Growth Deal Implementation Plan which should be read in conjunction with this Financial Plan.

Aerospace and Space Programme

Table 5: Spaceport Infrastructure Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
Spaceport Infrastructure	Governments	23,000	0	0	2,068	1,000	2,500	15,800	1,632	0	0	0	0
	Regional Partners	0	40	827	-868	0	0	0	0	0	0	0	0
Total Funding		23,000	40	827	1,200	1,000	2,500	15,800	1,632	0	0	0	0

Table 6: Aerospace and Space Innovation Centre (ASIC) and Visitor Centre Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
Aerospace & Space Innovation Centre (ASIC) and Visitor Centre	Governments	5,000	0	0	0	700	500	500	500	0	500	1,500	800
	Regional Partners	6,000	13	127	60	300	500	500	1,300	1,000	1,000	0	1,200
Total Funding		11,000	13	127	60	1,000	1,000	1,000	1,800	1,000	1,500	1,500	2,000

Table 7: Prestwick Commercial Space Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
Development Commercial Space - Industrial Units & Hangar	Governments	22,000	0	0	200	500	3,000	3,000	2,500	2,500	3,900	3,500	2,900
	Regional Partners	7,000	40	94	-134	500	1,000	1,000	1,500	500	900	500	1,100
Total Funding		29,000	40	94	66	1,000	4,000	4,000	4,000	3,000	4,800	4,000	4,000

Table 8: Prestwick Roads Infrastructure Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
Prestwick Infrastructure - Roads	Governments	12,000	0	0	300	2,000	3,000	4,000	2,700	0	0	0	0
	Regional Partners	5,000	13	100	-113	1,200	400	1,600	1,800	0	0	0	0
Total Funding		17,000	13	100	187	3,200	3,400	5,600	4,500	0	0	0	0

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Economic Infrastructure Programme

Table 9: HALO Kilmarnock

Project	Source	Capital Expenditure	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
HALO	Governments	7,000	0	3,194	3,806	0	0	0	0	0	0	0	0
	Regional Partners	2,000	755	0	1,245	0	0	0	0	0	0	0	0
Total Funding from Governments & Local Authorities		9,000	755	3,194	5,051	0							
Plus Private Sector Funding Committed		5,458	0	0	5,489	0							
Green Economy Fund grant	SP Energy Networks	221	0	0	221	0	0	0	0	0	0	0	0
Total Investment		14,679											

Table 10: The Ayrshire Engineering Park (Moorfield Phase 3) Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
Ayrshire Engineering Park (Moorfield)	Governments	12,000	0	0	0	1,789	1,729	2,249	2,541	1,692	1,000	1,000	0
	Regional Partners	4,000	0	36	314	1,000	1,000	650	500	500	0	0	0
Total Funding		16,000	0	36	314	2,789	2,729	2,899	3,041	2,192	1,000	1,000	0

Table 11: Ayrshire Manufacturing Investment Corridor (AMIC) Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
Ayrshire Manufacturing Investment Corridor (AMIC)	Governments	23,500	0	0	0	1,000	5,500	6,800	4,000	3,000	2,700	500	0
	Regional Partners	0	0	21	279	-300	0	0	0	0	0	0	0
Total Funding		23,500	0	21	279	700	5,500	6,800	4,000	3,000	2,700	500	0

Table 12: i3 Digital Processing Manufacturing Centre (DPMC) Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
i3 Digital Processing Manufacturing Centre (DPMC)	Governments	5,000	0	0	0	0	2,500	1,750	750	0	0	0	0
	Regional Partners	1,000	13	66	0	0	520	250	150	0	0	0	0
Total Funding		6,000	13	66	0	0	3,020	2,000	900	0	0	0	0

Table 13: i3 Flexible Business Space Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
i3 Flexible Business Space	Governments	11,000	0	0	500	1,700	700	1,150	2,500	1,500	2,950	0	0
	Regional Partners	4,000	34	74	-108	1,250	300	300	300	300	1,550	0	0
Total Funding		15,000	34	74	392	2,950	1,000	1,450	2,800	1,800	4,500	0	0

Tourism Programme

Table 14: The Great Harbour, Irvine Harbourside and Ardeer Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
Great Harbour, Irvine & Ardeer	Governments	9,000	0	0	0	3,180	2,090	2,250	960	520	0	0	0
	Regional Partners	5,000	31	219	1,000	-180	1,160	1,250	540	360	620	0	0
Total Funding		14,000	31	219	1,000	3,000	3,250	3,500	1,500	880	620	0	0

Table 15: Marine Tourism Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
Marine Tourism	Governments	9,500	0	0	92	3,408	1,500	500	0	0	1,000	1,500	1,500
	Regional Partners	0	21	71	-92	0	0	0	0	0	0	0	0
Total Funding from Governments & Local Authorities		9,500	21	71	0	3,408	1,500	500	0	0	1,000	1,500	1,500
Plus Private Sector Funding Committed		5,000					1,500	3,000	500				
Total Investment		14,500											

Energy, Circular Economy and Environment Programme

Table 16: National Energy Research Demonstrator Project (NERD) Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
National Energy Research Demonstrator (NERD)	Governments	17,000	0	0	949	3,150	3,587	2,477	1,613	1,613	1,613	1,613	385
	Regional Partners	7,500	7	342	-349	1,390	1,583	1,093	711	711	711	711	590
Total Funding		24,500	7	342	600	4,540	5,170	3,570	2,324	2,324	2,324	2,324	975

Table 17: Hunterston Strategic Development Area Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
Hunterston Strategic Development Area	Governments	18,000	0	0	0	2,400	2,500	300	400	5,000	7,000	400	0
	Regional Partners	0	40	33	400	-473	0	0	0	0	0	0	0
Total Funding		18,000	40	33	400	1,927	2,500	300	400	5,000	7,000	400	0

Table 18: International Marine Science and Environmental Centre (IMSE), Ardrossan Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
International Marine Science and Environmental Centre (IMSE), Ardrossan	Governments	6,500	0	0	0	0	0	2,000	4,000	500	0	0	0
	Regional Partners	4,000	24	5	75	175	750	1,000	976	995	0	0	0
Total Funding		10,500	24	5	75	175	750	3,000	4,976	1,495	0	0	0

Digital

Table 19: Subsea Fibre Optic Cable Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
Digital -subsea cable	Governments	11,000	0	0	0	4,000	4,000	3,000	0	0	0	0	0
	Regional Partners	0	0	17	0	-17	0	0	0	0	0	0	0
Total Funding		11,000	0	17	0	3,983	4,000	3,000	0	0	0	0	0

Table 20: Key Digital Infrastructure Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital													
Digital - 4G infill and 5G readiness	Governments	3,000	0	0	0	1,500	1,000	500	0	0	0	0	0
	Regional Partners	0	0	0	0	0	0	0	0	0	0	0	0
Total Funding		3,000	0	0	0	1,500	1,000	500	0	0	0	0	0

Regional Skills and Inclusion Programme

Table 21: Working for a Healthy Economy Project Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue													
Working for a Healthy Economy	Governments	5,000	0	0	663	918	1,118	1,139	1,162	0	0	0	0
	Regional Partners	0	0	0	0	0	0	0	0	0	0	0	0
Total Funding		5,000	0	0	663	918	1,118	1,139	1,162	0	0	0	0

Table 22: Ayrshire Skills Investment Fund Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue													
Ayrshire Skills Investment Fund	Governments	3,500	0	0	150	350	500	700	800	1,000	0	0	0
	Regional Partners	0	0	0	0	0	0	0	0	0	0	0	0
Total Funding		3,500	0	0	150	350	500	700	800	1,000	0	0	0

Community Wealth Building

Table 23: Community Wealth Building Fund Planned Delivery

Project	Source	Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue													
Community Wealth Building	Governments	3,000	0	0	929	1,015	1,057	0	0	0	0	0	0
	Regional Partners	0	0	0	0	0	0	0	0	0	0	0	0
Total Funding		3,000	0	0	929	1,015	1,057	0	0	0	0	0	0

APPENDIX 3

Draft Implementation Plan

AYRSHIRE GROWTH DEAL

IMPLEMENTATION PLAN



Scottish Government
Riaghaltas na h-Alba
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AYRSHIRE
GROWTH DEAL

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1. **INTRODUCTION**

This document sets out the detail of how each project within the Ayrshire Growth Deal is expected to be implemented. This information should be read in conjunction with the Ayrshire Growth Deal Financial Agreement, Financial Plan, Governance Plan and Deal Document and will be subject to annual review and updating.

Contained within this implementation plan are the details of the key milestones, outputs and outcomes and risks associated with the development and delivery of each Growth Deal project. Also included are details of the key themes of each project and the inclusive growth barriers it seeks to target. Details of the interdependencies between projects and their links to inclusive growth are set out in the appendices to this document.

Further details relating to each project are contained within project business cases which are subject to detailed discussion with governments.

2. AYRSHIRE GROWTH DEAL PROGRAMME

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.

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.

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.'***

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.

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.

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.

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.

Building on the Heads of Terms signed off in March 2019 and the Full Deal signed off in November 2020, 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.

Project proposals and associated 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.

A RAG status has been set against each programme milestone using the following criteria:

RAG Status	Programme Milestone Timeline Status
Red	Delay to delivery timeline of key milestone having an negative impact on programme
Amber	Milestone slipping against planned date but not expected to impact delivery of the programme
Green	On track to deliver milestone on time or early
Complete	Milestone delivered
Future	

MILESTONES

DELIVERABLE	STATUS	DUE DATE
Signed Tripartite Financial Agreement		30 September 2020
Approval of Deal Documents		30 September 2020
Full Deal Sign-off		30 September 2020
AGD website developed, designed and launched		28 February 2021
Performance management system/s established		31 March 2021
Update and approval of Deal Documents		28 June 2022
Develop and agree Monitoring & Evaluation Framework		30 September 2022
Annual Performance Report		tbc by SG
Annual Conversation		tbc by SG
Develop and agree Benefits Realisation Plan		30 September 2022

OUTCOMES AND TARGETS

OUTCOME	TARGET	DATE
New jobs created (construction, direct, indirect)	7,000 Jobs	31 March 2030
Facilitate private sector investment	£300m	31 March 2045

RISKS AND MITIGATIONS

RISK	MITIGATION
Failure to achieve AGD programme objectives	<ul style="list-style-type: none"> PMO developing monitoring and evaluation processes to ensure overall objectives are captured and any project failing to achieve and contribute to these is flagged and issues addressed as quickly as possible PMO will work with both governments to agree a Monitoring and Evaluation Framework for the Deal AGD Steering Group in place to monitor progress and to address any weaknesses or issues that could impact on overall delivery
Failure to provide accurate projections for programme spend	<ul style="list-style-type: none"> Business cases have been updated as part of the iterative process of negotiations with both governments and spend profiles have been reviewed Project Leads have confirmed accuracy and made adjustment where necessary PMO will regularly review, challenge and agree financial profiling/phasing with Project Leads and Finance Directors and ensure drawdown projections align with delivery timescales Annual review of Financial Plan and Implementation Plan
Failure to drawdown full AGD	<ul style="list-style-type: none"> PMO will regularly review, challenge and agree financial profiling/phasing with Project Leads and

funding	<p>Finance Directors and ensure drawdown projections align with delivery timescales</p> <ul style="list-style-type: none"> • Achieve business case approval in line with Deal Implementation Plan • Annual review of Financial Plan and Implementation Plan • The Scottish Government’s financial reporting requirements will be implemented • Internal procedures, financial controls and audit processes being put in place to mitigate this risk
Delays in development and approval of business cases	<ul style="list-style-type: none"> • PMO working closely with Project Leads and Policy Leads within both governments to support business case development and approval • Project Leads have received Green Book business case training • Project Leads’ toolkit in place • Other partners assisting in developing business cases where capacity is low • PMO will arrange/facilitate workshops with Project Leads to ensure reporting requirements are understood
Failure to capture accurate baseline data	<ul style="list-style-type: none"> • Post Covid-19 data will provide a more accurate baseline. Over the coming weeks and months, the volume of economic and labour market data that captures 2020/21 (and beyond) is likely to increase.
Failure to deliver community benefits from AGD	<ul style="list-style-type: none"> • PMO and procurement managers from three Councils working on a single mechanism to monitor delivery of community benefits so that remedial action can be taken if required • PMO working with Project Leads to develop consistent approach to embedding inclusive growth, equalities and community wealth building within business cases
Failure to deliver individual projects within the AGD programme	<ul style="list-style-type: none"> • Regular dialogue/reporting around progress takes place between PMO and Project Leads where issues are raised in advance and if appropriate escalated to government, Regional Economic Partnership and Regional Economic Joint Committee • AGD Steering Group and Project Boards in place to monitor project development • Regular review of outputs and timelines for delivery of benefits in light of Covid-19 and Brexit uncertainty • PMO will work with both governments to agree a Monitoring and Evaluation Framework for the Deal • Change management process developed with both governments • Partners will work together with both Governments to develop an approved Benefits Realisation Plan
Inadequate recognition of interdependencies and/or knock-on impacts between parts of the programme	<ul style="list-style-type: none"> • Programme meetings/workshop facilitated by the PMO and attended by Project Leads and partners took place early November 2020 to ensure interdependencies are recognised and considered • The PMO continue to work with Project Leads to develop and articulate the interdependencies

leading to issues with delivery and/or lost opportunities	within the project business cases
Lack of resource within partner organisations to deliver projects in line with AGD programme	<ul style="list-style-type: none"> • Each Council has appointed staff and/or consultants to support project development and delivery • Each project currently has a Project Lead in place • Partners including SE are providing additional resource to the majority of projects • Other funding streams will be explored to support ongoing revenue costs • Anticipated revenue streams will be subject to constant review through the monitoring procedures in place for AGD
Lack of resources in PMO	<ul style="list-style-type: none"> • A new permanent PMO structure is in place • The PMO is being supported by colleagues in each of the Councils in a number of work streams • The capacity and skill sets will regularly be re-assessed in line with changing requirements
Inadequate governance arrangements to support AGD delivery	<ul style="list-style-type: none"> • Ayrshire Economic Joint Committee and Ayrshire Regional Economic Partnership has been formed and regular meetings are in place • Scottish Government's financial reporting requirements have been implemented • Partner agreement between EAC, as Accountable Body for the Deal, and North and South Ayrshire Councils has been drawn up and terms agreed • PMO will work with both governments to agree a Monitoring and Evaluation Framework for the Deal • Partners will work together with both governments to develop an approved Benefits Realisation Plan • Change management process developed with both governments • AGD is standing item on CEOs' meeting agenda
Monitoring and Evaluation Framework is not sufficiently defined	<ul style="list-style-type: none"> • Framework will be co-produced with both governments • PMO working with colleagues nationally to develop and agree a consistent approach with both governments • Key principles and standard template have been prepared and shared with both governments • Frameworks developed by other Deals will be considered and utilized where relevant • Framework will be considered/agreed by Regional Economic Joint Committee
Failure to attract commercial interest in AGD	<ul style="list-style-type: none"> • Market campaigns will target potential investors • Wider Ayrshire Economic Strategy will be put in place to ensure wider growth ambitions for Ayrshire are agreed and articulated to stakeholders and investors
Programme not communicated effectively to	<ul style="list-style-type: none"> • Communications Action Plan continues to be developed and updated, including a pipeline of project specific communications plans. AGD website launched at the end of February 2021 and

<p>stakeholders outwith Governance structure</p>	<p>the use of social media has increased.</p> <ul style="list-style-type: none"> • Regular briefings with a range of stakeholders • Communications Protocol revised and in place • Communications, marketing and engagement plan for the REP being developed
<p>Supply phasing within overall programme</p>	<ul style="list-style-type: none"> • Early engagement with the construction sector will be required to: ensure a greater understanding of the AGD programme for project implementation and the nature of projects; industry is able to respond to Invitations to Tender; and that the capacity exists to deliver AGD activities • Market engagement through the Meet the Buyer events • Governance arrangements in place will support the sharing of market intelligence and the phasing of development activity
<p>Potential impact of Brexit on economic prosperity of region</p>	<ul style="list-style-type: none"> • Regular engagement with Project Leads to highlight any risks well in advance, so that the PMO can raise with government, Regional Economic Partnership and Regional Economic Joint Committee as appropriate • Regular review of outputs and timelines for business cases at every stage of development in the light of Brexit uncertainty • Continued monitoring of external environment and government relations • Regional Economic Strategy will be implemented • Regional Economic Partnership will provide voice for Ayrshire to press the case for government intervention investment • Incentives and other forms of assistance to complement the AGD and stimulate greater economic activity • Change management process developed with both governments
<p>Covid-19 impacting on the AGD projects resulting in potential delays and cost increases</p>	<ul style="list-style-type: none"> • Regular dialogue takes place between PMO and Project Leads where issues are raised in advance and if appropriate escalated to government, Regional Economic Partnership and Regional Economic Joint Committee • Regular review of outputs and timelines for delivery of benefits in light of Covid-19 • PMO will work with both governments to agree a Monitoring and Evaluation Framework for the Deal • Change management process developed with both governments

STRATEGIC LEAD: ALLISON CRAIG, EAST AYRSHIRE COUNCIL – ALLISON.CRAIG@EAST-AYRSHIRE.GOV.UK

AYRSHIRE GROWTH DEAL PROJECTS

A RAG status has been set against each project milestone using the following criteria:

RAG Status	Projects Milestone Timeline Status
Red	Delay to delivery timeline of key milestone having an negative impact on project completion date
Amber	Key milestone missed or projected to miss against planned date but not expected to negatively impact the original project completion date
Green	On track to deliver milestone on time or early
Complete	Milestone delivered
Future	

3. **PROJECT: SPACEPORT INFRASTRUCTURE**

PROJECT SUMMARY: Establishing technically feasible and financially viable space launch services from Glasgow Prestwick Airport (GPA). The investment will be a catalyst to establishing GPA as the leading horizontal launch Spaceport in Europe, providing by 2035 a range of services including micro gravity flights, air launch of satellites up to a mass of 800kg, human space flight and hypersonic flights services. This builds on Prestwick’s unique combination of attributes: latitude; over sea take off; metrological conditions; and the strong cluster of innovative aerospace companies located adjacent to GPA.

The investment will be in infrastructure to ensure that GPA is able to operate as a spaceport, including fuel storage, mixing areas, and blast protection. In addition, there will be investment to provide infrastructure for launch service providers (LSP) including a satellite integration facility, payload processing facility, mission control and range management systems.

PROJECT THEMES: high value manufacturing, aerospace and space, innovation, internationalisation, inclusive growth, employability and skills.

INCLUSIVE GROWTH BARRIERS TARGETED:

- Intermediate and advanced jobs
- Local jobs
- Soft and basic skills
- Business support (non-financial)
- Sustainable working population
- Structure of the economy
- Inward investment
- Advanced digital skills/innovation
- Business premises

MILESTONES

DELIVERABLE	STATUS	DUE DATE
Consenting and licensing plan sign off		31 March 2021
RIBA Stage 1 Feasibility study completed		30 May 2021
Environmental Screening Opinion		30 August 2021
OBC Approved by Government		30 October 2021
RIBA Stage 3		30 November 2021
FBC Approved by Joint Committee		31 March 2022

Launch Service Provider secured		31 March 2022
Safety Case		31 March 2023
Air Space Change Agreed		31 March 2023
Range management		31 March 2023
Met all licence requirements for first launch		31 August 2024
Spaceport Infrastructure complete		31 August 2024
First Commercial Launch		30 September 2024
Full project completed/final drawdown		31 March 2026

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
Operational spaceport	1	31 March 2023
Launch service providers at Prestwick	2	31 March 2027
New jobs created (direct and indirect)	100	31 March 2024
Construction jobs	75	31 March 2024
Private sector investment	£3m	31 March 2024

RISKS AND MITIGATIONS

RISK	MITIGATION
The new owners of GPA do not support the spaceport opportunity	<ul style="list-style-type: none"> Meeting with senior management team to discuss spaceport opportunity within the context of potential new owners aspirations
Design fails to meet requirements for Spaceport operations	<ul style="list-style-type: none"> Liaise with CAA and Health and Safety Executive via UKSA workshops and 1-2-1 discussions on anticipated requirements GPA senior team are in the Spaceport development team
Contractors identified for invitation to tender do not meet the brief	<ul style="list-style-type: none"> Designs are informed by technical studies and surveys to ensure that the tender is detailed and appropriate for the project. Continued consultation with CAA and Health and Safety Executive
Contractors selected not meeting construction timelines	<ul style="list-style-type: none"> Ensure robust contract management process in place
Cost overruns due to time delays, materials costs, poor specification or unforeseen	<ul style="list-style-type: none"> Project costs will be managed by a quantity surveyor or equivalent and all contract amendments/engineers instructions that impact on

circumstances	<p>cost to be approved by SAC.</p> <ul style="list-style-type: none"> • Ensure sufficient optimism bias in costing of the project
Lack of use of UK assets for range control	<ul style="list-style-type: none"> • Strong working relationship between the Project team and expert panel to maintain a focus on this work • Engagement with Ministry of Defence and NATs is in place
Regulation and policy delays	<ul style="list-style-type: none"> • Continue to work closely with CAA to reduce deviation from CAA requirements while regulations are finalised
Safety delays and overruns including ITAR regulation (US export license)	<ul style="list-style-type: none"> • Close working with CAA, UK Government, Ministry of Defence and all other partners involved in developing regulations and licensing
Industry predictions for investment in satellite launches prove to be over-optimistic	<ul style="list-style-type: none"> • Project team continue to monitor satellite launch market; maintain dialogue with current and potential service providers • Team investigating wider market opportunities such as microgravity experimentation, human spaceflight and hypersonic flights • Strong working relationship between the project team and Scottish Enterprise and SDI to maintain a focus on this work
Covid 19 - Weaknesses emerge in supply chain companies after contract awards/construction delays due to social distancing	<ul style="list-style-type: none"> • Appropriate financial checks in place and will be carried out as part of procurement processes and contracts will make provision to mitigate this issue • Procurement will work with contractors to address issues of social distancing and how to resolve this in a manner that keeps timeline on track as far as possible

PROJECT LEAD: MICHAEL O'BRIEN, SOUTH AYRSHIRE COUNCIL – MICHAEL.O'BRIEN@SOUTH-AYRSHIRE.GOV.UK

4. PROJECT: PRESTWICK COMMERCIAL BUILD

PROJECT SUMMARY: Creation of additional high quality, secure landside and airside commercial office space. This will meet projected future growth in the aerospace; maintenance, repair and overhaul (MRO); aircraft decommissioning and new space markets.

Accommodation will be built to 'Factory of the Future' and low carbon standards. It will be designed to accommodate new production techniques to support diversification and evolution of aerospace and space in Prestwick, and provide commercial floor space to meet the growth demand from mobile global investors.

The project 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 area.

The development of the Commercial Build project will address market failure in the provision of commercial premises at Prestwick, and will help to capture the economic growth opportunity from the Space and Aerospace sector.

PROJECT THEMES: high value manufacturing, aerospace and space, innovation, internationalisation, inclusive growth, employability and skills.

INCLUSIVE GROWTH BARRIERS TARGETED:

- Local Jobs
- Sustainable working population
- Structure of the economy
- Advance digital skills
- Business premises
- Transport (people to jobs)
- Transport (goods to market)
- Inward investment
- Intermediate and advanced skills
- Soft and basic skills

MILESTONES

DELIVERABLE	STATUS	DUE DATE
Agreement on development strategy		31 May 2021
Financial model agreed and approved		31 May 2021
OBC Approved by Government		30 August 2021
FBC Approved by Joint Committee		30 January 2022
Land assembly		31 March 2022
Procurement of contractors for phase 1		31 March 2022
Planning permission – Outline for masterplan area. Permission for each individual building to follow as and when required		31 March 2022
First commercial unit completed		31 March 2023
First hangar facility completed		31 March 2023
Full project completed		31 March 2030
Final financial drawdown		31 March 2030

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
Business space created (net internal area)	75,671 sq m	31 March 2030
New jobs created (direct and indirect)	1,177	31 March 2030
Construction jobs created	1,005	31 March 2030
GVA (direct and indirect – 25 year NPV)	£667.14m	31 March 2045
Private sector investment	£71.5m	31 March 2030

RISKS AND MITIGATIONS

RISK	MITIGATION
Planning Approval <ul style="list-style-type: none"> Delays in planning process due to capacity constraints Objections to proposed route 	<ul style="list-style-type: none"> Programme recognised by Planning Department as a major project and given priority Prestwick Campus Masterplan incorporated in development of LDP2 via main issues report and subsequent consultation with residents and other parties On-going community consultation

Delays in provision of utilities	<ul style="list-style-type: none"> • Site energy strategy to be put in place and early engagement in place across utilities companies
Delays to design and build procurement processes <ul style="list-style-type: none"> • Challenges to the process • Availability of contractors 	<ul style="list-style-type: none"> • External expert advisers have been procured to support the project team and will adhere to the procurement policies of South Ayrshire Council • Timescales have been set to ensure that there is a sufficient pool of suppliers to undertake the activities and are interested in providing a competitive tender
Failure to Secure Private Sector Investment	<ul style="list-style-type: none"> • External support has been secured to consider options for attracting the private sector investments • Council to consider extending its own investment in this programme of build
Delays in site acquisition/agreement with Scottish Enterprise	<ul style="list-style-type: none"> • Project team preparing proposal for Scottish Enterprise and project team will monitor progress with negotiation and take remedial action should timelines slip
Economic downturn	<ul style="list-style-type: none"> • Early engagement with market indicates that this investment is an important part of recovery and engagement with market will be maintained
Impact on timelines from Covid-19 lockdown and social distancing	<ul style="list-style-type: none"> • Project team will work with contractors to find innovative solutions designed to minimise delays

PROJECT LEAD: CALUM MCPHAIL, SOUTH AYRSHIRE COUNCIL – CALUM.MCPHAIL@SOUTH-AYRSHIRE.GOV.UK

5. **PROJECT: PRESTWICK ROADS**

PROJECT SUMMARY: Funding for Prestwick Transport Infrastructure will create an effective network of internal roads to enable the creation of high specification industrial and office spaces, while supporting our sustainable transport aims. This investment will meet the needs of the growing aerospace sector, advanced manufacturing units, spaceport and launch operator infrastructure. There are three elements to this project as follows:

- Work package 1 - Prestwick East Aerospace Park Link Road – a new and upgraded road infrastructure to link the B739 Station Road from a redesigned roundabout junction on the A79 to the Prestwick East Aerospace Park. This includes Spirit Campus and the airport development land to the north of the main runway, by-passing Monkton village.
- Work package 2 - A new route corridor to extend the link road infrastructure from Prestwick East Aerospace Park to the northern edge of the airport site and connect the Gannet site.
- Work package 3 - A new road infrastructure to service Spaceport and further aerospace development land from Sandyford Toll roundabout and link to Prestwick East Aerospace Park.

PROJECT THEMES: Enabling infrastructure, connectivity

INCLUSIVE GROWTH BARRIERS TARGETED:

- Transport (people to jobs)
- Transport (good to market)
- Inward investment
- Business premises
- Structure of economy
- Local jobs
- Soft and basic skills
- Advanced digital skills

MILESTONES

DELIVERABLE	STATUS	DUE DATE
OBC approved by Government		30 August 2021
Planning and regulatory consent achieved - Phase 1		31 January 2022
FBC approved by Joint Committee		28 February 2022
Land assembly and site preparation – Phase 1		31 March 2022
Complete Work Phase 1		31 March 2023

Procurement of contractors – Phase 2		31 March 2023
Commence Works – Phase 2		31 March 2023
Community consultation complete		31 March 2024
Complete Phase 2		31 March 2026
Final financial drawdown		31 March 2026

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
New roadway created	3.5km	31 March 2026
Roadway upgraded	1km	31 March 2026
New roundabouts	4	31 March 2026
Upgraded roundabouts	3	31 March 2026
Footway/cycleway created/upgraded	4.5km	31 March 2026
Reduction of commuter vehicles routing through Monkton Village	75%	31 March 2026

RISKS AND MITIGATIONS

RISK	MITIGATION
<p>Route Design</p> <ul style="list-style-type: none"> • Fails to meet demands from current occupiers in relation to future productivity • Fails to support the development of available land • Doesn't support the volumes of future traffic • Community resistance 	<ul style="list-style-type: none"> • Used external consultancy service for a technical study to design and detail the road scheme • Route has been designed within the context of a Prestwick Campus masterplan which considers location of plots and utility services • On-going discussions with the current operators at Prestwick in respect of future plans • On-going community consultation
<p>Planning Approval</p> <ul style="list-style-type: none"> • Delays in planning process due to capacity constraints • Objections to proposed route 	<ul style="list-style-type: none"> • Programme recognised by Planning Department as a major project and given priority • Prestwick Campus Masterplan incorporated in development of LDP2 via main issues report and

	<p>subsequent consultation with residents and other parties</p> <ul style="list-style-type: none"> • On-going community consultation
<p>Delays to procurement processes</p> <ul style="list-style-type: none"> • Challenges to the process • Availability of contractors 	<ul style="list-style-type: none"> • Ayrshire Roads Alliance will provide expert support to the project team and will adhere to the procurement policies of East Ayrshire Council • Timescales have been set to ensure that there is a sufficient pool of suppliers to undertake the activities and are interested in providing a competitive tender
Land Assembly Delays – Phase 1	<ul style="list-style-type: none"> • Alternative options for the route have been developed
Cost overruns	<ul style="list-style-type: none"> • Project delivery will be led by a qualified project manager following established process for road construction • Costs will be monitored against progress and reported to the programme board • Any additional costs will be absorbed where possible by project redesign and/or re-prioritisation
Covid-19 – slippage in construction timelines	<ul style="list-style-type: none"> • Project team will work contractors to find solutions designed to minimise impact of social distancing and maintain pace of project

PROJECT LEAD: ALISON BLAIR, SOUTH AYRSHIRE COUNCIL – ALISON.BLAIR@SOUTH-AYRSHIRE.GOV.UK

6. PROJECT: PRESTWICK – AEROSPACE & SPACE INNOVATION CENTRE incorporating VISITOR CENTRE

PROJECT SUMMARY: The design, development, build and fit-out of an in-situ “innovation” centre to enable the delivery and manufacture of new flight products in Scotland. These will provide a focus on the supply chain for the aerospace sector; vertical and horizontal launch platforms; satellite and other payloads; and both academic and industrial research and development. Focused on industrialisation and implementation of industry 4.0 across whole supply chain groupings relating to new innovations, the project will focus on productivity innovation and industrialisation of new technologies at Technology Readiness level (TRL) 5 and above. The initial focus will be on the introduction of Industry 4.0 techniques and processes and related skills development requirements to the Maintenance, Repair and Overhaul (MRO) sector. This includes the establishment of an aircraft decommissioning facility which provides the project with “live” aircraft. This supports the development of the skills required for MRO at Prestwick to remain competitive, as well as providing opportunities for staff retention at a time when there is pressure to reduce costs and employee numbers across the cluster. The second phase will support the development of launch and in space capability and other related opportunities such as unmanned air vehicles.

The centre aims to support UK Aerospace and Space suppliers in exploiting opportunities arising for technology changes which disrupt established supply chains. The project will provide a means to engage higher proportions of SME’s in the innovation process, driven by centres such as the Spirit Aerospace Innovation Centre, National Manufacturing Institute of Scotland (NMIS) and the wider catapult network.

PROJECT THEMES: STEM, high value manufacturing, aerospace and space, innovation, internationalisation, inclusive growth, employability and skills.

INCLUSIVE GROWTH BARRIERS TARGETED:

- Intermediate and Advanced Skills
- Local jobs
- Business Support (non-financial)
- Sustainable working population
- Structure of the economy
- Advanced digital skills/innovation
- Inward investment
- Business premises
- Basic digital skills
- Soft and basic skills

MILESTONES

DELIVERABLE	STATUS	DUE DATE
Pilot Aerospace and Space Supply Chain Programme start		31 March 2021
Pilot Aerospace Digital Visualisation Suite Programme start		31 March 2021
OBC approved by Government		30 October 2021
Complete final project design and procurement documentation		31 March 2022
Secure planning and building warrant approvals		31 March 2022
FBC approved by Joint Committee		30 June 2022
Appoint contractor to deliver facility build and general outfitting		30 June 2022
Identify specialist equipment suppliers and procure		30 June 2022
Complete and commission facility		31 March 2023
Start first technology project		31 March 2023
Hold first event		31 March 2023
Hand-over (Phase 1) to operational organisation		31 March 2025
Completion of Phase 2 (National Flight Centre)		30 October 2029
Final financial drawdown		31 March 2030

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
Business space created (NIA)	4,390 sq m	31 March 2030
New jobs created (direct and indirect)	68	31 March 2030
Construction jobs created	110	31 March 2030
GVA (direct and indirect – 25 year NPV)	£27.28m	31 March 2045

RISKS AND MITIGATIONS

RISK	MITIGATION
Proposal not supported by local businesses	<ul style="list-style-type: none"> Industrial engagement to be carried out to identify what specifics ASIC will deliver Start-up industrial partners confirmed before project full approval
NMIS proposal seen as conflicting with ASIC	<ul style="list-style-type: none"> Discussion with AFRC/Strathclyde University and Scottish Government to position ASIC as being compatible with the overall NMIS objectives

	<ul style="list-style-type: none"> Local support to NMIS projects – providing a benefit to NMIS from: alternative funding route; and aerospace expertise and experience
ASIC not effective quickly to support urgent industrial needs	<ul style="list-style-type: none"> Core capabilities already available Skills development and training already established Phased approach to support priority actions first Utilise experience and resource from project partners
Sustainable funding model not achieved	<ul style="list-style-type: none"> Market survey required to determine medium term support Initial projects success will demonstrate viability of ASIC proposal Development of a large membership/engagement set Limit the scale of ASIC to match projected workload Model allows for facilities re-use as technology and business needs mature
Failure to attract external investors into this facility	<ul style="list-style-type: none"> Project team focused on ensuring business model and design can react to changing industry and technology demands Stakeholder management Marketing and promotional campaigns to be put in place
Economic and social benefits not delivered	<ul style="list-style-type: none"> PMO will work with both governments to agree a Monitoring and Evaluation Framework for the Deal Partners will work together with both Governments to develop an approved Benefits Realisation Plan
Commercial viability and impact of economic downturn	<ul style="list-style-type: none"> Project team focused on maintaining first mover advantage through close engagement with all stakeholders; focus on TRLS with university and catapult networks, ensure business model and design can react to changing industry and technology demands
Covid-19 – construction timeline slippage	<ul style="list-style-type: none"> Project team focused on working with contractor and HSE to minimise impact of social distancing and monitoring processes in place to identify issues as they arise and to address them

PROJECT LEAD: CALUM MCPHAIL, SOUTH AYRSHIRE COUNCIL – CALUM.MCPHAIL@SOUTH-AYRSHIRE.GOV.UK

7. PROJECT: THE HALO, KILMARNOCK

PROJECT SUMMARY: The development of a fully integrated Enterprise and Innovation Hub which will establish an entrepreneurial ecosystem to stimulate innovative business practices between new and established businesses. In turn this will create new jobs, as well as delivering 'workforces of the future' retraining in digital skills with key partners. This ecosystem is intended to encourage the development of new digital and cyber security products and services, responding in particular to the needs of the energy, health and space/aerospace sectors.

With a vision for a dynamic commercial, educational, cultural, leisure and lifestyle quarter where people can 'Live, Work, Learn and Play', the HALO will provide a sustainable community approach to a mixed-use development powered by electricity with a net zero carbon footprint.

PROJECT THEMES: enterprise, manufacturing, innovation, internationalisation, inclusive growth, employability and skills.

INCLUSIVE GROWTH BARRIERS TARGETED:

- Intermediate and advanced jobs
- Local jobs
- Health
- Business support (non-financial)
- Childcare
- Sustainable working population
- Structure of the economy
- Advanced digital skills/innovation
- Business premises
- Transport (people to jobs)
- Housing
- Inward Investment
- Digital connectivity

MILESTONES

DELIVERABLE	STATUS	DUE DATE
Contractor start on site		October 2019
Build complete (phase 1)		30 April 2020
Building open to occupants (phase 1)		30 April 2020
Payment of retentions and final drawdown		31 March 2021

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
New jobs created (direct and indirect) – Phases 1 & 2	532	2025/26
Construction jobs – Phases 1 & 2	715	2024/25
GVA (direct and indirect – 25 year NPV) – Phases 1 & 2	£224.56m	2044/45
Private sector investment	£62.5m	2024/25

RISKS AND MITIGATIONS

RISK	MITIGATION
Failure in financial management and reporting	<ul style="list-style-type: none"> The Board of HALO Kilmarnock Ltd receives monthly reports on all financial aspects of the project and address any significant variances from the approved full business case. Robust financial systems and controls are in place and the Board of HALO Kilmarnock Ltd retains oversight of these.
Failure of contractor	<ul style="list-style-type: none"> Contractor has been required to pass stringent financial tests Measures have been put in place to limit the impact of any failure include the provision of financial guarantees and insurance indemnities The main construction phase for Phase 1 is now complete and this risk is significantly reduced
Construction costs overrun	<ul style="list-style-type: none"> The final contract price has been agreed with a retention amount withheld from the agreed final value Any future changes to construction works will be subject to approval by the project director and variations in costs reported to the Board of HALO Kilmarnock Ltd for consideration

Economic downturn caused by Covid-19/Brexit or both	<ul style="list-style-type: none"> • Strong agreements with private sector partners underpin this project and a robust project monitoring regime ensure that any issues are addressed and the project remains a key component of Ayrshire’s recovery plan
Reputational	<ul style="list-style-type: none"> • Specialist advisers have been appointed to deal with media enquiries and to communicate on any issue which is deemed to potentially impact on the reputation of the project and the Board of HALO Kilmarnock Ltd

PROJECT LEAD: GARY DEANS, HALO KILMARNOCK LTD, GARY.DEANS@HALO-PROJECTS.COM

DRAFT

8. **PROJECT: AYRSHIRE ENGINEERING PARK (MOORFIELD PHASE 3)**

PROJECT SUMMARY: Provision of high quality industrial premises for engineering and manufacturing companies; a fully-developed site with the required access and utilities infrastructure, high-spec digital connectivity and up to 10,576 square metres of units for growth and expansion of the existing engineering business base, and to attract inward investment.

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.

PROJECT THEMES: inclusive growth, innovation, internationalisation, high value manufacturing.

INCLUSIVE GROWTH BARRIERS TARGETED:

- Intermediate and advanced skills
- Local jobs
- Soft and basic skills
- Business support (non-financial)
- Sustainable working population
- Structure of the economy
- Advanced digital skills
- Business premises
- Inward investment

MILESTONES

DELIVERABLE	STATUS	DUE DATE
Developed Design (RIBA Stage 3) Report		1 December 2021
Full planning application submitted		12 December 2021
OBC approved by Government		31 January 2022
Land purchase completed		31 March 2022
Planning permission secured		15 April 2022
FBC approved by Joint Committee		30 June 2022
Main contractor procurement commences		15 July 2022
Main contractor appointed		31 August 2022

Main contracts work commence		15 September 2022
Initial business premises operational		15 September 2023
First tenants move in		1 November 2023
Practical completion of the full facility		31 March 2026
Final financial drawdown		30 June 2028

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
Business space created (NIA)	10,576 sq m	30 June 2028
Construction jobs created	160	30 June 2028
No of jobs delivered (direct and indirect)	136	30 June 2028
GVA (direct and indirect – 25 year NPV)	£78.90m	31 March 2045

RISKS AND MITIGATIONS

RISK	MITIGATION
Design does not meet with Planning requirements/specification of buildings is flawed	<ul style="list-style-type: none"> • Design work to be carried out by appointed consultants as part of the scheme development • Secure appropriate planning consents prior to commencement of development Undertake appropriate environmental and flood risk assessments to ensure SEPA approval • Undertake ground survey to mitigate potential unforeseen ground conditions on greenfield site
Change management and project management failures	<ul style="list-style-type: none"> • Inclusion of project within directorate business plans, Council corporate plans, etc. • Establishment of AGD Programme board and adoption of project within work programme
Cost risks	<ul style="list-style-type: none"> • Ensure the development of a robust business case, so that AGD funding is secured • Ensure sufficient internal and external (partner) resources/budget in place to carry out project functions (e.g. political/operational commitment to AGD and constituent projects)

	<ul style="list-style-type: none"> • Ensure sufficient optimism bias built into costing of the project • Take a strategic approach to identifying other sources of funding, building an integrated funding 'package'
Failure to deliver community benefits from project	<ul style="list-style-type: none"> • Procurement team in EAC will support the tender process to ensure that community benefits are a key aspect of the ITT and are in line with agreed procurement regulations and principles
Failure to provide accurate projections for project spend	<ul style="list-style-type: none"> • Ensure sufficient optimism bias built into costing of the project • Inflationary factor included in cost estimations • Challenge panel led by PMO exists to review and scrutinise spend profiles
Failure to achieve more inclusive growth	<ul style="list-style-type: none"> • Work with Ayrshire College and private sector to increase Apprenticeship opportunities. Work closely with local academic institutions and Skills Development Scotland to mitigate this risk arising.
Supply phasing	<ul style="list-style-type: none"> • Regional governance arrangements in place will support the sharing of market intelligence and the phasing of development activity
Economic downturn relating to Brexit	<ul style="list-style-type: none"> • The development of an Ayrshire Economic Recovery Plan and Economic Strategy will provide a voice for Ayrshire to press the case for intervention and additional investment as well as incentives that complement the AGD projects and stimulate greater economic activity
Covid-19 affects confidence levels and interest from the private sector	<ul style="list-style-type: none"> • Structure in place to work with wider economic development teams to support this sector rebuild markets and supply chains • Strong links in place with the Ayrshire Engineering Alliance
Delays in construction – Covid-19	<ul style="list-style-type: none"> • Project management regime in place to monitor impacts • Working with contractors to address concerns and to devise solutions designed to minimise delays
Failure to attract commercial interest	<ul style="list-style-type: none"> • Success in this type of project to date demonstrates that EAC is adept at knowing how to target commercial interest and will develop a robust marketing campaign to underpin this as well as working closely with SE and SDI to secure investment

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9. **PROJECT: AYRSHIRE MANUFACTURING INVESTMENT CORRIDOR (AMIC)**

PROJECT SUMMARY: The Ayrshire Manufacturing Investment Corridor (AMIC) project will establish a Centre of Excellence with on-site support and start-up units. This will support the creation of new businesses and growth of existing businesses in the Food and Drink sector, as well as 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.

The Centre of Excellence will concentrate on Food & Drink as a key sector for Ayrshire and will have a complementary focus on dairy innovation as a niche sub-sector, supporting the proposed Borderlands Dairy Innovation Centre.

PROJECT THEMES: inclusive growth, innovation, internationalisation, high value manufacturing.

INCLUSIVE GROWTH BARRIERS TARGETED:

- Intermediate and advanced skills
- Local jobs
- Soft and basic skills
- Business support (non-financial)
- Sustainable working population
- Structure of the economy
- Advanced digital skills
- Business premises
- Inward investment

MILESTONES

DELIVERABLE	STATUS	DUE DATE
Site location confirmed		31 October 2021
OBC approved by Government		31 May 2022
Land purchased		31 May 2022
Full planning application submitted and secured		1 March 2023
FBC approved by Joint Committee		30 April 2023
Procurement commences		5 May 2023

Access and infrastructure works commence		1 October 2023
Phase 1 - works commence (Food & Drink Centre)		1 December 2023
Initial premises operational		1 December 2024
Phase 2 - works commence (Speculative Units)		1 May 2024
Phase 1 – first tenant secured		1 December 2024
Phase 2 - initial premises operational		1 November 2024
Phase 2 - fully operational at capacity		31 March 2028
Final financial drawdown		31 March 2028

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
Business space created (NIA)	10,546 sq m	31 March 2028
Construction jobs created	235	31 March 2028
No of jobs delivered (direct and indirect)	138	31 March 2028
GVA (direct and indirect – 25 year NPV)	£68.35m	31 March 2045

RISKS AND MITIGATIONS

RISK	MITIGATION
Failure to provide accurate projections for project spend	<ul style="list-style-type: none"> • Ensure sufficient optimism bias built into costing of the project • Inflationary factor included in cost estimations • Project will be managed by project team in line with PRINCE 2 principles – any issues will be monitored and remedial action agreed to ensure delivery remains in line with the BC projections • Issues to be escalated PMO in first instance to agree remedial actions as appropriate
Failure to deliver community benefits from project	<ul style="list-style-type: none"> • Procurement colleagues will support the tender process to ensure that community benefits are a key aspect of the ITT and are in line with agreed AGD procurement principles
Quantity and availability of resource within partner organisations to deliver AMIC project in line with AGD programme	<ul style="list-style-type: none"> • Formal approvals of EAC’s resources are now in place for AMIC project • Other funding streams will be explored to support ongoing revenue costs • Anticipated revenue streams will be subject to constant review through the monitoring procedures in place for AGD

Potential impact of Brexit on economic prosperity of region	<ul style="list-style-type: none"> • Development of Ayrshire Economic Growth Strategy • Ayrshire Regional Economic Partnership will provide voice for Ayrshire to press the case for government intervention investment, incentives and other forms of assistance to complement the AGD and to simulate greater economic activity
Failure to achieve more inclusive growth	<ul style="list-style-type: none"> • AMIC building will provide training and skills support opportunities for a broad section of the community from school leavers, to upskilling manufacturing employee • Apprenticeship opportunities across a wide range of categories • Work closely with local academic institutions and skills development Scotland to mitigate this risk arising
Delay or failure delivering project due to concerns around transport implications	<ul style="list-style-type: none"> • Undertake all Transport Assessments and reports as required by LDP • Continue to liaise with Transport Scotland • Continue to progress all site options proposed in BC to ensure best site possible is chosen and the project can be delivered
Failure to attract commercial interest in this project	<ul style="list-style-type: none"> • Market campaigns for AMIC will target potential investors. • Wider Ayrshire Economic Growth Strategy will be put in place to ensure wider growth ambitions for Ayrshire are agreed and be articulated to stakeholders and investors
Failure to attract businesses to locate within the centre due to uncertainty brought about by Covid-19	<ul style="list-style-type: none"> • Strong partnership approach in place to identify and work with potential external tenants and robust links to business support teams across Ayrshire to engage with existing and new start businesses for whom the research facility/incubator space would be ideal
Economic instability as a result of Covid-19	<ul style="list-style-type: none"> • The Ayrshire Economic Recovery Plan will focus on a greener and a fairer economy and this project is key to these two issues • The project team and wider partnership are focused on ensuring that the value of this project to those issues is maximised • The project team will also monitor any potential delays to the project in terms of construction timelines and will seek to address these as quickly as possible and with contractors
Duplication with projects being developed in other Deals in the UK	<ul style="list-style-type: none"> • Governance arrangements for this project link to other Deals to ensure that projects that appear to be similar are actually complementary and there will be a series of joint steering group meetings and ongoing discussion to ensure the added value of this project
Supply phasing	<ul style="list-style-type: none"> • Governance arrangements in place will support the sharing of market intelligence and the phasing of development activity

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10. PROJECT: i3 DIGITAL PROCESSING MANUFACTURING CENTRE & FLEXIBLE BUSINESS SPACE

PROJECT SUMMARY: Investment at i3, Irvine, will result in the creation of a Digital Processing Manufacturing Centre (DPMC) at i3, Irvine Enterprise Area to provide a Centre of Excellence for digital automation and approximately 8,830 sqm of flexible advanced manufacturing space serving digital process industries. This will build on current Life Science Clustering at the site, and will facilitate R&D activity, start up, spin out, and growth of Life Science businesses and other advanced manufacturing opportunities.

The National Digital Processing Industry Hub will have links to the National Manufacturing Institute for Scotland in partnership with Strathclyde University and industry. 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.

PROJECT THEMES: Digital, innovation, Productivity / Open Access; Internationalisation; Transforming Business / Inclusive Growth, Skills.

INCLUSIVE GROWTH BARRIERS TARGETED:

- Intermediate & Advanced Skills
- Local Jobs
- Soft & Basic skills
- Childcare
- Sustainable working population
- Structure of economy
- Advanced digital skills
- Business premises
- Transport (people to jobs)
- Transport (goods to market)
- Inward investment

MILESTONES – i3 DPMC

DELIVERABLE	STATUS	DUE DATE
Confirm operational model, phase 1		30 September 2021
Delivery of DPMC pilot, phase 1		tbc
Planning permissions/consents – Service Hub		tbc
OBC (phase 2 – AGD funded) approved by Government		tbc

FBC (phase 2 – AGD funded) approved by Joint Committee		tbc
Delivery of subsequent phase		tbc
Completion and Handover		tbc
Final financial drawdown		tbc

OUTCOMES, OUTPUTS AND TARGETS – i3 DPMC

OUTCOME	TARGET	DATE
Business Space Created (DPMC)	1,818 sq m	tbc
New Jobs Created (direct and indirect (DPMC)	tbc	tbc
Construction Jobs Created (DPMC)	tbc	tbc
GVA (direct and indirect – 25 year NPV) (DPMC)	tbc	tbc

RISKS AND MITIGATIONS – i3 DPMC

RISK	MITIGATION
Failure to deliver anticipated outputs and outcomes	<ul style="list-style-type: none"> • Ensure BC addresses sensitivity of outcomes • Clear Evaluation & Monitoring Framework
Sister flexible space project business case fails and overall impact of i3 AGD programme is limited	<ul style="list-style-type: none"> • Flexible space proposal has strong supporting evidence base
Delays to procurement processes	<ul style="list-style-type: none"> • Seek early agreement on appropriate procurement routes • Include anticipated tender packages within the Council's Procurement Wave Plan
Planning approval/statutory consents delays	<ul style="list-style-type: none"> • Instruct SI work at early stage of project • Early engagement with planning and building standards • Assess Protected Species/Habitat risk at early stage • Review planning challenge/ appeals • Formally agree programme for consents • Advance programme of Local & Stakeholder Engagement • LDP supports development of site for this use • Engage with State Aid Unit
Cost overruns	<ul style="list-style-type: none"> • Develop and validate Project Brief and Specification • Benchmark costs

	<ul style="list-style-type: none"> • Ensure early infrastructure cost tested/ informed SI • Identify appropriate construction contract • Provide Green Book compliant optimism bias allowances • Provide for contingency
Rental income is lower than forecast	<ul style="list-style-type: none"> • Market review and comparator analysis will be used to identify appropriate rental levels and project board will retain close oversight of market demand
Detailed Business Case fails	<ul style="list-style-type: none"> • Development of SBC in accordance with Green Book and with strong supporting evidence
Demand – no interest from occupiers	<ul style="list-style-type: none"> • Flexible design to maximise potential interest from occupiers • Continue to establish strategic relationship with national sector (including links with NMIS)
Project delays and economic impact of Covid-19 and recovery	<ul style="list-style-type: none"> • Early analysis has identified that the need for this project is unlikely to be diminished and in fact may be even greater • Project team will continue to focus on economic analysis and the development of recovery plans should be implemented • Robust project scoping should continue to ensure the facility meets needs

MILESTONES – i3 Flexible Space

DELIVERABLE	STATUS	DUE DATE
OBC approved by Government	OBC submitted to SG 19 March 2021 – awaiting approval	1 May 2021
Procurement of professional team		30 June 2021
Consultation with Planning and stakeholders on draft masterplan		30 June 2021
Completion of flexible space outline designs through masterplan process		30 June 2021
Transfer of land from Scottish Enterprise		30 September 2021
Ground investigations complete		30 September 2021
Submission of detailed planning application		30 September 2021
Planning permission granted		30 December 2021
FBC approved by Joint Committee		28 February 2022
Tender advertised		31 March 2022
Contract award and construction begins, phase 1 (20,000 sq ft unit)		30 June 2022
Construction works complete, phase 1 (20,000 sq ft unit)		30 June 2023
Building available for occupation		30 June 2023

Delivery of subsequent phases (including revision)		2022/23 to 2027/28
Final financial drawdown		31 March 2028

OUTCOMES, OUTPUTS AND TARGETS – i3 Flexible Space

OUTCOME	TARGET	DATE
Vacant and derelict land brought back into use	20 Ha	31 March 2028
Business Space Created (flexi space)	8,830 sq m	31 March 2028
New Jobs Created (direct and indirect) (flexi space)	162	31 March 2028
Construction Jobs Created (flexi space)	150	31 March 2028
SMEs supported (flexi space)	5	31 March 2028
People accessing jobs through Employability & Skills Programme	18-35	31 March 2028
GVA (direct and indirect – 25 year NPV) (flexi space)	£79.98m	31 March 2046

RISKS AND MITIGATIONS – i3 flexible space

RISK	MITIGATION
Failure to deliver anticipated outputs and outcomes	<ul style="list-style-type: none"> • Ensure BC addresses sensitivity of outcomes • Clear Evaluation & Monitoring Framework
Delays to procurement processes	<ul style="list-style-type: none"> • Seek early agreement on appropriate procurement routes • Include anticipated tender packages within the Council's Procurement Wave Plan
Planning approval/statutory consents delays	<ul style="list-style-type: none"> • Zoned & allocated site • Pre-App discussion with North Ayrshire Council Planning • Assess Protected Species/Habitat risk at early stage • Review planning challenge/ appeals • Formally agree programme for consents • Advance programme of Local & Stakeholder Engagement
Cost overruns	<ul style="list-style-type: none"> • Develop and validate Project Brief and Specification • Benchmark costs • Ensure early infrastructure cost tested/ informed SI • Provide Green Book compliant optimism bias allowances • Provide for contingency
Rental income is lower than forecast	<ul style="list-style-type: none"> • Market review and comparator analysis will be used to identify appropriate rental levels and project board will retain close oversight of market demand
Detailed Business Case fails	<ul style="list-style-type: none"> • Development of OBC/FBC in accordance with Green Book

	<ul style="list-style-type: none"> • Partner/Stakeholder Risk Assessment • Early Market Input/ Partner & Commercial Input • Review CAPEX and OPEX costs • Review Governance Arrangements • Adjustments to design spec at each phase to meet changing demands.
Demand – no interest from occupiers	<ul style="list-style-type: none"> • Flexible design to maximise potential interest from occupiers • Continue to establish strategic relationship with national sector (including links with NMIS)
Project delays and economic impact of Covid-19 and recovery	<ul style="list-style-type: none"> • Early analysis has identified that the need for this project is unlikely to be diminished and in fact may be even greater • Project team will continue to focus on economic analysis and the development of recovery plans will incorporate this as a key project for implementation as part of that wider plan • Work with contractors to devise solutions designed to minimise impact of social distancing – such as different work patterns

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11. PROJECT: NATIONAL ENERGY RESEARCH AND DEMONSTRATOR CENTRE (NERD)

PROJECT SUMMARY: This project will create a Centre of Excellence and supporting demonstrator projects which 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. The project will provide solutions to energy supply and storage challenges in urban and non-urban locations, with the Cumnock area 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 Centre of Excellence will be at the heart of the integration of renewable energy and SMART technologies. It will focus on enabling and maximising local energy distribution networks, energy storage and community based energy generation, exploiting the unique geography of the area while enhancing the environment.

A programme of demonstrator projects will be undertaken during the lifetime of the NERD project, and will look at solving local issues with transitioning to as low carbon as possible. The Demonstrator Projects give the NERD project a unique opportunity to be at the forefront in helping communities to transition to a low carbon future, and contribute to the Scottish Government's climate change targets.

PROJECT THEMES: energy, inclusive growth, innovation, internationalisation, high value manufacturing.

INCLUSIVE GROWTH BARRIERS TARGETED:

- Intermediate and advanced skills
- Local jobs
- Health
- Business support (non-financial)
- Sustainable working population
- Structure of the economy
- Business premises
- Digital connectivity
- Transport (people to jobs)
- Inward investment
- Advanced digital skills/innovation

MILESTONES

DELIVERABLE	STATUS	DUE DATE
Operational Model confirmed		2 June 2021
Land purchased/secured		1 August 2021
RIBA Stage 3 - developed design report		6 August 2021
OBC approved by Government		22 August 2021
Procurement commences		31 August 2021
Planning Permission secured		8 December 2021
FBC approved by Joint Committee		30 January 2022
Contractors appointed		5 February 2022
Access and infrastructure works commence		1 October 2022
Construction complete		30 September 2023
100% occupancy of research space		31 March 2026
90% occupancy of business/office space		31 March 2027
All phases of project complete		31 March 2030
Retentions paid and final financial drawdown		31 March 2030

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
Business space created	1,633 sq m	31 March 2030
Construction jobs created	159	31 March 2030
No of net jobs delivered (direct and indirect)	61	31 March 2030
GVA (direct and indirect – 25 year NPV)	£26.27m	31 March 2045
No of MAs/PHDs created	20	31 March 2030
Energy cost savings over the project lifespan	£1.5m	31 March 2030
Rents being paid in absence of voids	£88,000	31 March 2030

RISKS AND MITIGATIONS

RISK	MITIGATION
Failure to secure appropriate site for this development	<ul style="list-style-type: none"> Early dialogue has been initiated with respective land owners and more than one site is under consideration

	<ul style="list-style-type: none"> • Estates team involved at this stage to ensure timely negotiation and conclusion of land transaction
Cost overrun	<ul style="list-style-type: none"> • Ensure sufficient optimism bias built into costing of the project • Detailed work will be carried out prior to procurement by professional cost specialists, both from the construction and energy sectors, to ensure accurate cost estimates are in place • Subsequent contracts will be robustly managed by qualified professional team and in accordance with EAC contract management protocols
Demonstrator projects / research does not deliver outcomes that are viable to be deployed and extended to other locations.	<ul style="list-style-type: none"> • The risk will be reduced by: (i) working from the outset with energy specialists at the Energy Technology Partnership to identify priorities for research based on both the needs and physical assets of the local area and taking account of what research is going on elsewhere; (ii) ensure the project undertakes a wide range of research; limited success in some aspects may be balanced out by big wins in other areas; and (iii) ensuring flexibility is built in to the project to allow the direction of research to change to take account of emerging technology and the findings of initial stages of research.
Existing infrastructure constraints are too significant to overcome, preventing the development of a new energy system for the Cumnock area.	<ul style="list-style-type: none"> • Early engagement and involvement with Scottish Power Energy Networks (SPEN) will be a key cornerstone of project development • A key component of all research and demonstrator projects will be the ability of existing distribution infrastructure to accommodate new energy generation and the viability of upgrading the infrastructure where required
Failure to attract investors and new businesses to locate within the Centre of Excellence	<ul style="list-style-type: none"> • Project team will work collaboratively with specialist partners, including Scottish Enterprise and Energy Technology Partnership, from an early stage to identify and work with potential investors • At a local level, the Council will work with existing businesses and start-ups to explore how they can benefit from the project, a potential arm of which could be to locate into the research facility/incubator space
Lack of community buy-in. Residents not willing for adaptations to be made to their homes to transition to a low carbon energy system.	<ul style="list-style-type: none"> • Continued programme of engagement throughout the project, to ensure the community are an integral part of the programme • Engagement should focus on a combination of (i) localised and personal financial benefits; and (ii) the wider contribution of the project to a low carbon economy and to addressing the climate emergency
Failure to achieve more inclusive growth and/or reduce poverty by increasing the income of people in	<ul style="list-style-type: none"> • Ensure that the project attempts to tackle other inclusive growth drivers such as educational attainment, skills gaps, employment rate for females and percentage of people who have been out of work for a long period of time

deprived areas or protected characteristic groups	<ul style="list-style-type: none"> • Work with relevant partners to build in inclusive growth into each Demonstrator project and ensure that the projects are addressing a number of equalities ambitions • Monitor and review regularly the inclusive growth drivers, community wealth building indicators and equality impact assessment for the wider project and each demonstrator project
Covid-19 – delays to build programme	<ul style="list-style-type: none"> • Project team in discussion with a range of contractors to understand the potential problem and to identify solutions designed to minimise impact • Contractors positive about ability to maintain pace on sites • Financial profile has been adjusted to reflect a slightly slower build rate

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DRAFT

12. PROJECT: HUNTERSTON STRATEGIC DEVELOPMENT AREA

PROJECT SUMMARY: Hunterston is a strategic site within NPF3, offering a unique industrial capacity associated with strategic infrastructure such as rail; utilities; and grid connections; deep water marine access and proximity to key academic research and innovation resources across the City Region. 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.

Investment within Hunterston will exploit these key assets to address larger scale energy and decarbonisation infrastructures associated with marine renewable energy (3rd generation); energy storage and production and circular economy drivers. Initial investment will act as an enabler to provide commercial space to support blue, green and circular economies activity on-site.

Activities align with the Zero Carbon 2045 national strategy, including transitional arrangements associated with de-carbonised energy such as manufacturing and servicing support for offshore renewable energy development.

PROJECT THEMES: Regeneration; Energy, decarbonisation, innovation, internationalisation, zero carbon, industrial ecology, inclusive growth, employability and skills.

INCLUSIVE GROWTH BARRIERS TARGETED:

- Intermediate & Advanced Skills
- Local Jobs
- Health
- Soft & basic Skills
- Business Support (non-financial)
- Sustainable Working Population
- Structure of Economy
- Advanced digital skills/innovation
- Digital connectivity
- Transport (people to jobs)
- Transport (goods to market)
- Inward Investment

MILESTONES

DELIVERABLE	STATUS	DUE DATE
Planning Permission/ statutory consents		tbc
Phase 1 - OBC (Innovation Park) approved by Government		tbc
Phase 1 - FBC (Innovation Park) approved by Joint Committee		tbc
Phase 1 - Construction / Contract Works		tbc
Phase 1 - Completion & Handover		tbc
Phase 1 - Operational Facility		tbc
Phase 2 - Planning Permission/Consents/ Marine Licence/ CE		tbc
Phase 2 - OBC (Marine/Dry Dock) approved by Government		tbc
Phase 2 - FBC (Marine/Dry Dock) approved by Joint Committee		tbc
Phase 2 - Procurement and contract Award		tbc
Phase 2 - Construction / Contract Works		tbc
Phase 2 - Completion & Handover		tbc
Phase 2 - Operational Facility		tbc
Phase 3 - OBC (Port/Energy) approved by Government		tbc
Phase 3 - FBC (Port/Energy) approved by Joint Committee		tbc
Phase 3 Parallel Phase 2 – Operational Facility		tbc
Final financial drawdown		tbc

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
Business Space Created	15,000 sq m	tbc
No of SMEs Supported	4	tbc
Vacant and Derelict Land Brought Back into use	21 Ha	tbc
Leverage Funding	£200m	tbc

RISKS AND MITIGATIONS

RISK	MITIGATION
Concept not supported by Partners and evidence of	<ul style="list-style-type: none"> Project team/Peel Port Group/SE developing and promoting an investment model to secure major inward investment plus academic partners and industry Dialogue being progressed around role, responsibilities and funding commitments

investment/market support not forthcoming	
Concept development with ORE Catapult / Other Industry / Institute partners delayed – requires additional studies	<ul style="list-style-type: none"> • Peel Port Group and SE seeking Proof of Concept funding and special research funding to frame strategic innovation proposition for Hunterston PARC and to identify leading inward investment/academic partners and industry
Concept and Operational Management revised /amended	<ul style="list-style-type: none"> • Project team/Peel Port Group developing a partnership/investment model to secure inward investment/academic partners and industry
Project fails to secure necessary consents	<ul style="list-style-type: none"> • Project team is in early dialogue with key regulatory partners and stakeholders
Other Development/Investment/ Proposals impact on capacity/deliverability	<ul style="list-style-type: none"> • Project team/Peel Port Group seeking to collaborate with major partners to develop a clear investment strategy/masterplan and investment led project proposition for AGD
Unforeseen project complexities that require additional funding	<ul style="list-style-type: none"> • Provide Green Book compliant optimism bias allowances • Provide for contingency • Project monitoring will track potential impacts and create ability to respond
Ground conditions and historical legacy of site infrastructure create major burdens for development	<ul style="list-style-type: none"> • Project team is working with Peel Port Group to understand the development issues/infrastructure/utilities impacting onsite re-development
Major event/disruption including Covid-19 impacts on concept/partners/delivery	<ul style="list-style-type: none"> • Early analysis identifies that the need for the project is unlikely to be diminished – in fact the need may be greater • Continued economic analysis and development of recovery plans should be implemented and robust project scoping should continue to ensure the proposal meets needs • Strong project governance in place to maintain a focus on this issue and to monitor its longer term impact so that mitigations can be implemented in a systematic and effective manner • Project is later in AGD programme and social distancing is not expected to be an issue by then

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13. PROJECT: INTERNATIONAL MARINE SCIENCE AND ENVIRONMENTAL CENTRE (IMSE), ARDROSSAN

PROJECT SUMMARY: The International Marine Science & Environmental (IMSE) project is a Centre of Excellence & Innovation developed between industry and academic partners. It will 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 marine sustainability.

The new International Marine Science and Environmental Centre (IMSE) will be based at Ardrossan, and will 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.

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.

PROJECT THEMES: Innovation; Skills Development; Regeneration; Internationalisation; Employability and skills; Education; Research; Industry Partnered

INCLUSIVE GROWTH BARRIERS TARGETED:

- Intermediate & Advanced Skills
- Local Jobs
- Health
- Soft & basic Skills
- Business Support (non-financial)
- Sustainable Working Population
- Structure of Economy
- Business premises
- Transport (people to jobs)
- Inward Investment

MILESTONES

DELIVERABLE	STATUS	DUE DATE
OBC approved by Government		tbc
FBC approved by Joint Committee		tbc
Planning Permission / Consents / Marine Licence / CE		tbc

Procurement		tbc
Construction		tbc
Completion & Handover		tbc
Operational Facility		tbc
Final financial drawdown		tbc

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
Business Space Created	6,175 sq m	tbc
No of SMEs Supported	4	tbc
Vacant and derelict land brought back into use	0.6 Ha	tbc
No of new jobs (direct and indirect)	75	tbc
Construction jobs	105	tbc
GVA (direct and indirect – 25 year NPV)	£19.39m	tbc

RISKS AND MITIGATIONS

RISK	MITIGATION
Concept not supported by Partners	<ul style="list-style-type: none"> Project team developing a partnership model with leading academic partners and industry Dialogue being progressed around role, responsibilities and funding commitments
Strategic need and consolidation in sector advises Co-Location with wider projects	<ul style="list-style-type: none"> Project team developing a partnership model with leading academic partners and industry
Concept and Operational Management revised /amended	<ul style="list-style-type: none"> Project team developing a partnership model with leading academic partners and industry
Unforeseen project complexities that require additional funding	<ul style="list-style-type: none"> Provide for contingency Provide Green Book compliant optimism bias allowances Project monitoring will track potential impacts and create ability to respond
Programme delay created within wider strategic delivery plan for Ardrossan	<ul style="list-style-type: none"> Project team undertaking masterplanning process to identify all project requirements and spatial needs
Project cannot secure necessary consents	<ul style="list-style-type: none"> Project team in early dialogue with key regulatory partners and stakeholders to address any concerns

<p>Covid-19 impacts on concept/partners/delivery</p>	<ul style="list-style-type: none"> • Early analysis identifies that the need for the project is unlikely to be diminished – in fact the need may be greater • Continued economic analysis and development of recovery plans should be implemented and robust project scoping should continue to ensure the proposal meets needs • Covid-19 may have long term ramifications for investment and good governance and project management processes will monitor regularly to identify required mitigations • Project is later in AGD programme and is not expected to be impacted by social distancing measure
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PROJECT LEAD: NEALE MCILVANNEY, NORTH AYRSHIRE COUNCIL – NEALEMCILVANNEY@NORTH-AYRSHIRE.GOV.UK

DRAFT

14. PROJECT: THE GREAT HARBOUR, IRVINE HARBOURSIDE AND ARDEER

PROJECT SUMMARY: This project comprises part of an expansive investment programme to secure The Great Harbour as a major regional destination. Growth Deal components of the investment programme will commit £14m to a phased programme of works which will lead the physical transformation of the wider location by implementation of the maritime mile project. Additional Growth Deal funding will create capacity to support community participation in commercial opportunities at the maritime mile. The development of The Great Harbour will 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 drive 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. These will include heritage, arts, maritime and outdoor active leisure and activity hubs, providing an animated waterfront that connects from town centre to coast, to achieve a regional waterfront destination that will transform the tourism and the visitor potential of Ayrshire and the Clyde Coast. The Maritime Mile will unlock a series of secondary development opportunities which will contribute to the creation of a premium regional coastal destination that delivers Community Wealth Building opportunities.

PROJECT THEMES: Creative places, cultural innovation, area regeneration, play, heritage, environment, tourism, inclusive growth, employability and skills.

INCLUSIVE GROWTH BARRIERS TARGETED:

- Local Jobs
- Health
- Soft and Basic skills
- Sustainable working population
- Business Premises
- Housing
- Inward investment
- Business support (non-financial)
- Structure of the economy
- Transport (people to jobs)

MILESTONES

DELIVERABLE	STATUS	DUE DATE
Establishment of project governance – SBC & RIBA Stage 0: Project Definition		31 March 2021

Sign-off concept delivery/objectives – OBC (internal) & RIBA Stage 1-2: Concept Design	OBC submitted to SG 19 March 2021 -awaiting approval	31 March 2021
OBC approved by Government	OBC submitted to SG 19 March 2021 - awaiting approval	30 May 2021
Sign-off scheme/objectives – RIBA Stage 3-4: Technical Design		31 March 2022
Sign-off capital spend/contract appt – FBC approved by Joint Committee & RIBA Stage 4a: Tender Action & Reporting		30 September 2022
Sign-off constructed scheme (post FBC) – RIBA Stage 5-6: Construction & Handover		31 March 2023
Reporting outputs/outcomes/CWB (Post FBC) – AGD Evaluation/Monitoring & RIBA Stage 7: Operating Project		31 March 2024
Full project complete/final drawdown		31 March 2028

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
Vacant and derelict land brought back into use	6 Ha	31 March 2028
Public realm created/enhanced	8,000 sq m	31 March 2028
Construction jobs	50	31 March 2028
No of new jobs (direct & indirect)	145	31 March 2028
GVA (direct and indirect – 25 year NPV)	£60m	31 March 2045
Increase in day visitor numbers per year	134,000	31 March 2028
Increase in overnight visitor numbers per year	66,000	31 March 2028
No of SMEs Supported	5	31 March 2028
Private sector investment	£2m	31 March 2028
Private sector investment (follow-on development)	£70m	31 March 2045
Cycle routes created/enhanced	1,500m	31 March 2028
Pedestrian routes enhanced	1,500m	31 March 2028

RISKS AND MITIGATIONS

RISK	MITIGATION
Consensus across partners, stakeholders, community bodies or regulatory/	<ul style="list-style-type: none"> North Ayrshire Council have completed a formal Partnership Agreement between NAC/NPL and agree a joint masterplan approach

consenting authorities not secured	<ul style="list-style-type: none"> • Develop a Development Agreement to frame commercial/operational detail around investment • Engagement and integration of Local Outcome Improvement Plan/Community Planning needs to address wider vision and address issue of housing and investment at Big Idea
Revenue implications and business case provisions not satisfied	<ul style="list-style-type: none"> • Development of OBC/FBC in accordance with Green Book • Partner/stakeholder risk assessment to include early market input/partner and commercial review by Board • Review CAPEX and OPEX costs • Review governance arrangements and prepare Development Agreement (NAC/NPL)
Increase in capital costs associated with changing scope or inappropriately quantified cost provisions	<ul style="list-style-type: none"> • Cost estimates based on current market • Detailed technical studies to inform design and a fully detailed/itemised cost plan • Project management established to monitor costs • Optimism bias built into costings • Future design team to include cost consultancy
Project outcomes, including inclusive growth and reducing inequalities, fail to be delivered	<ul style="list-style-type: none"> • AGD PMO is currently working with project leads to develop a consistent approach to ensure inclusive growth, equalities and community wealth building outcomes are embedded in each AGD business case. This approach will ensure explicit commitment to how the project will achieve inclusive growth and reduce inequality
Technical approach to quays/pontoons and land connections cannot be agreed with key stakeholders	<ul style="list-style-type: none"> • Development of Partnership/Operator Plan and detailed GANTT Programme ensuring programme allows time for engagement and approvals • PPIP route minimises risks and ensures full engagement with statutory bodies and community • NAC in discussion with Harbour Authority • Development Briefs drafted for Great Harbour
Economic downturn as a result of Covid-19	<ul style="list-style-type: none"> • Robust project management in place to analyse impact on this project and wider sector and focus will be placed on this project as an important element of the recovery agenda in Ayrshire • Project team will work with contractors to understand the impact of social distancing on the labour force but expected to be minimal given this is land based • Continue economic analysis and development of recovery plans will be implemented • Robust project scoping should continue to ensure the facility meets needs

PROJECT LEAD: NEALE MCILVANNEY, NORTH AYRSHIRE COUNCIL – NEALEMCILVANNEY@NORTH-AYRSHIRE.GOV.UK

15. **PROJECT: MARINE TOURISM**

PROJECT SUMMARY: The Marine Tourism project is a tourism development and place project that develops the essential infrastructure to support marine tourism (mainland/island/Outer Clyde) building significant additional capacity within the region and Outer Clyde.

The components of the Marine Tourism Investment are the provision of a major extension to Ardrossan Marina and step-ashore facilities at both Cumbrae and Arran.

The Marine Tourism project will focus on securing infrastructure to support key components such as sailing and boating, marine leisure, and recreation in North Ayrshire. 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.

PROJECT THEMES: Tourism, active leisure, place, regional regeneration, enterprise, environment, inclusive growth, employability and skills

INCLUSIVE GROWTH BARRIERS TARGETED:

- Local jobs
- health
- soft & basic skills
- business support (non-financial)
- sustainable working population
- inward investment

MILESTONES

DELIVERABLE	STATUS	DUE DATE
Planning Permission/Consents/Marine Licence/CE (Ardrossan)		tbc
Procurement		tbc
OBC approved by Government (Ardrossan)		30 September 2021
FBC approved by Joint Committee (Ardrossan)		28 February 2022
Construction / Contract Works		tbc
Operational Facility		tbc
Planning Permission/Consents/ Marine Licence/CE (Arran)		tbc
Procurement		tbc

OBC approved by Government (Arran)		tbc
FBC approved by Joint Committee (Arran)		tbc
Construction / Contract Works		tbc
Operational Facility		tbc
Planning Permission/Consents/ Marine Licence/ CE (Cumbrae)		tbc
Procurement		tbc
OBC approved by Government (Cumbrae)		tbc
FBC approved by Joint Committee (Cumbrae)		tbc
Construction / Contract Works		tbc
Operational Facility		tbc
Final drawdown		tbc

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
Vacant and derelict land brought back into use	0.1 Ha	tbc
Marina extensions / new berths	350	tbc
Increase in day visitor numbers per year	67,000	tbc
Increase in overnight visitor numbers per year	33,000	tbc
Public realm improvements	1,500 sq m	tbc
Visitor berth value	£487,000	tbc
Resident berth value	£2.2m	tbc
Construction jobs	30	tbc
No of new jobs (direct & indirect)	30	tbc
GVA (direct and indirect – 25 year NPV)	£17m	tbc
No of SMEs supported	3	tbc
Private sector investment	£5m	tbc
Private sector investment (follow-on development)	£3m	tbc

RISKS AND MITIGATIONS

RISK	MITIGATION
Agreements including Development and Operating Agreements between	<ul style="list-style-type: none"> North Ayrshire Council seeking to advance formal Development Agreement between NAC/NPL and agree a joint masterplan approach

commercial partners and community interest company cannot be secured	
Planning, licenses and consents for the scheme are not secured or are delayed	<ul style="list-style-type: none"> • Address need for range of consents/licences including Planning; Marina Licence potentially including EIA and HRA/AA • Early EIA scoping and screening • Early review of risk of planning challenge/appeals • Ensure project plans allow for delay to consents • Advance programme of local and stakeholder engagement
Changes to capital costs or inappropriately quantified cost provisions	<ul style="list-style-type: none"> • Detailed technical studies in place to inform design • Design team includes a cost consultancy and detailed assessment of contingency and optimism bias is in place
Site/ground conditions are inadequate to provide cost certainty	<ul style="list-style-type: none"> • Full SI/GI and bathy surveys will be undertaken at an early stage in project development
Agreement on technical approach to quays/pontoons and land connections cannot be agreed with stakeholders	<ul style="list-style-type: none"> • Development of partnership/operator plan. Marketing with partners NPL/NMMS
Development agreement and market economy investor principle for Ardrossan fails to secure support	<ul style="list-style-type: none"> • Project team taking legal advice in terms of state aid and agreement will be based on commercial lease terms required for Ardrossan
Wider stakeholder and community interests not fully engaged with project	<ul style="list-style-type: none"> • Early consultation has identify that communities and stakeholders are supportive • Project team will devise engagement strategy to ensure appropriate engagement with stakeholders/operators/user groups
Third party operators not forthcoming	<ul style="list-style-type: none"> • Detailed discussions with Clyde Marine ongoing in relation to service delivery
Weak economic conditions relating to Covid-19	<ul style="list-style-type: none"> • Project is part of a wider Clyde Islands and Coast Renaissance – cross sector spatial tourism initiative and will be part of the region’s recovery work

PROJECT LEAD: NEALE MCILVANNEY, NORTH AYRSHIRE COUNCIL – NEALEMCILVANNEY@NORTH-AYRSHIRE.GOV.UK

16. PROJECT: DIGITAL – SUBSEA CABLE AND INFRASTRUCTURE

PROJECT SUMMARY: This investment will put in place a key piece of the connectivity infrastructure to help attract global businesses, enable 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.

Ayrshire will no longer lag behind by being at the forefront of digital connectivity, and will present an agile ubiquitous digital infrastructure to encourage indigenous and future investors to the region.

The Digital programme will target three strands of work, all of which will contribute to the success of the other projects within the Ayrshire Deal. The three strands of work are as follows:

£11m towards a subsea fibre optic cable system and associated infrastructure;

£1m enhancing 4G Infill and establishing 5G capability within the rural communities;

£2m to upgrade key sites linked to the Ayrshire Growth Deal (AGD) as regional digital hubs and centres of digital excellence at Prestwick Airport, AMIC, Moorfield, NERD, HALO Kilmarnock, Hunterston and i3

PROJECT THEMES: digital, connectivity, innovation, internationalisation, inclusive growth, inward investment, sectoral development employability and skills

INCLUSIVE GROWTH BARRIERS TARGETED:

- local jobs
- advanced digital skills/innovation
- health
- housing
- business support (non-financial)
- sustainable working population
- structure of economy
- access to finance
- business premises
- digital connectivity
- transport (people to jobs)
- transport (goods to market)

- inward investment

MILESTONES

DELIVERABLES	STATUS	DUE DATE
OBC approved by Government (Subsea Cable & Infrastructure)		1 October 2021
FBC approved by Joint Committee (Subsea Cable & Infrastructure)		1 February 2022
Regulatory consents approved – specific to key site upgrades		31 March 2022
A fibre optic cable landing point established in Irvine Ayrshire		31 March 2023
New on shore infrastructure to facilitate the rollout of 5G networks		31 March 2024
Fibre deployment in rural locations facilitated more easily		31 March 2024
Agile digital platform in place both key sites and rural		31 March 2025
Rural Ayrshire 'switched on' to digital technology and using sensor and SMART technology		31 March 2025
Project completion/final drawdown		31 March 2025

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
Fibre optic cable established	1	31 March 2023
Datacentre space created	3	2023 to 2025
Key sites upgrades	7	31 March 2025
New jobs created (indirect)	424	31 March 2030

RISKS AND MITIGATIONS

RISK	MITIGATION
Shift in project phasings	<ul style="list-style-type: none"> • Conclude discussions with commercial operators. Secure financial model
Planning/wayleave approval risks	<ul style="list-style-type: none"> • Work with appropriate authorities; key officers assigned to facilitate efficient processing of applications
Cost overruns	<ul style="list-style-type: none"> • Robust contract management in place

	<ul style="list-style-type: none"> • Appropriate procurement procedures followed and optimism bias built into business case
Delays in full business case approval	<ul style="list-style-type: none"> • Robust project management in place to address issues with business case; to monitor progress against timelines and to address any potential delays
Delays to procurement processes	<ul style="list-style-type: none"> • Early discussion with procurement colleagues to minimise delays
Legislative changes	<ul style="list-style-type: none"> • Robust management plans in place to oversee and anticipate changes • Agree tolerances and contingencies at early stage, with appropriate flexibility in place where projects can be scaled back if necessary
Project delays due to Covid-19	<ul style="list-style-type: none"> • Early analysis identifies that the need for this project may be greater as a result of Covid-19 • Continued economic analysis and development of recovery plans should be implemented and robust project scoping should continue to ensure the proposal meets needs
Market changes/wider economic issues	<ul style="list-style-type: none"> • Robust management plans in place to oversee and anticipate changes • Agree tolerances and contingencies at early stage, with appropriate flexibility in place where projects can be scaled back if necessary • Buy in additional support from mobile operators • Covid-19 impact and moves to more remote working is likely to make this investment more of a priority • Project team will work with contractors to monitor impact of social distancing on project delivery timelines and to implement remedial action if required
Competition from other areas – alternative landing sites identified	<ul style="list-style-type: none"> • Project management arrangements in place to progress Ayrshire proposition • To achieve resilience for Scotland as a whole there may be a requirement for further sites and this may not impact on proposals in Ayrshire

PROJECT LEAD: MICHAEL O'BRIEN, SOUTH AYRSHIRE COUNCIL – MICHAEL.O'BRIEN@SOUTH-AYRSHIRE.GOV.UK

17. PROJECT: SKILLS AND INCLUSION: AYRSHIRE SKILLS INVESTMENT FUND

PROJECT SUMMARY: The establishment of a responsive skills fund to drive Inclusive Growth to support skills interventions and associated management costs.

The fund will have core themes including: digital skills; in-work progression; route ways into Fair Work for excluded groups; skills support for inward investors; skills support for redundant workers; skills support aligned to AGD projects to ensure residents benefit; responses to demand identified in Regional Skills Assessment; and capacity building to ensure innovation in skills sector.

The priority given to each theme will change in line with the regional economy and demands that become evident. The fund Board will assess these aims on an annual basis, and prioritise them based on the available intelligence.

PROJECT THEMES: inclusive growth, inward investment, sectoral development, employability and skills

INCLUSIVE GROWTH BARRIERS TARGETED:

- Intermediate and advanced skills
- Local jobs
- Health
- Basic digital skills
- Business support (non-financial)
- Sustainable working population
- Structure of economy
- Advanced digital skills
- Inward investment

MILESTONES

DELIVERABLE	STATUS	DUE DATE
Establishment of project board		31 March 2021
Development of governance documents		30 May 2021
OBC approved by Government		30 June 2021
FBC approved by Joint Committee		13 September 2021
Development of guidance for fund applicants		30 September 2021
1 st call for proposals		30 September 2021

Quarterly application deadlines		Ongoing
1 st annual review		31 March 2023
End of programme/final drawdown		31 March 2027

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
No of people benefiting from pre-employment upskills	500	31 March 2027
No of people benefiting from in work skills development	500	31 March 2027
People benefiting from accredited training	300	31 March 2027
No of businesses benefiting from employees with improved skills levels	300	31 March 2027
Reduction in unemployed residents	500	31 March 2027
No of participants progressing to living wage opportunities	200	31 March 2027
Increased employment rate for females, disabled, long term unemployed, parents	5%	31 March 2027

RISKS AND MITIGATIONS

RISK	MITIGATION
Programme does not secure sufficient partner buy in to ensure an effective set of interventions are designed and funded	<ul style="list-style-type: none"> • Early establishment of Regional Skills Board with strategic oversight • Quarterly progress reports and annual review will inform decision making processes • The Skills Fund will issue calls for proposals meaning priorities can be adapted to ensure strategic fit and satisfactory progress
Failure to deliver anticipated impacts across the region in terms of Inclusive Growth	<ul style="list-style-type: none"> • Quarterly progress reports and annual review will inform decision making processes • The Skills Fund will issue calls for proposals meaning priorities can be adapted to ensure strategic fit and satisfactory progress • The partnership will conduct a mid-programme evaluation to check the direction of travel is still correct

Disadvantaged residents do not see tangible benefits from projects	<ul style="list-style-type: none"> • Applicants to the fund will be required to detail how delivery against inclusion targets will be assured • Quarterly progress reports and annual review will inform decision making processes • The Skills Fund will issue calls for proposals meaning priorities can be adapted to ensure strategic fit and satisfactory progress
Inadequate project management results in failure to delivery agreed outcomes	<ul style="list-style-type: none"> • The Regional Skills Board will provide expert advice on what should be supported through the fund • Adopt programme and project management best practice • These arrangements will be reviewed on an annual basis to ensure they remain fit for purpose • The Steering Group will conduct a mid-programme evaluation and adjust project activity as appropriate
Project delays due to Covid-19	<ul style="list-style-type: none"> • Early analysis identifies that the need for this project may be greater as a result of Covid-19 • Continued economic analysis and development of recovery plans should be implemented and robust project scoping should continue to ensure the proposal meets needs

PROJECT LEAD: GREIG ROBSON, NORTH AYRSHIRE COUNCIL – GREIGROBSON@NORTH-AYRSHIRE.GOV.UK

18. PROJECT: WORKING FOR A HEALTHY ECONOMY

PROJECT SUMMARY: The importance of public health and the need for a healthy and productive workforce has never been clearer. Ayrshire needs to reduce the number of residents who cannot contribute to the economy fully and maximise their own potential, through health barriers.

The links between health and economy are well evidenced. Health was assessed as the most significant barrier to Inclusive Growth in Ayrshire in the Inclusive Growth Diagnostic.

The 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.

The project will offer a criteria free, single access point to work focused health support across Ayrshire for both residents and employers. This project will serve to widen the labour pool and provide the basis for the maximisation of benefits arising from Ayrshire Growth Deal capital investments.

PROJECT THEMES: inclusive growth, inward investment, sectoral development, employability and skills

INCLUSIVE GROWTH BARRIERS TARGETED:

- Intermediate and advanced skills
- Local jobs
- Health
- Soft and basic skills
- Business support (non-financial)
- Sustainable working population
- Structure of economy

MILESTONES

DELIVERABLE	STATUS	DUE DATE
Advert for procurement framework issued		28 February 2021
Tender submissions assessed		30 April 2020
Agreement of Framework for tender		31 May 2020
OBC approved by Government		19 February 2021

FBC approved by Joint Committee		22 February 2021
Contract awarded		12 March 2021
Project preparations for implementation complete		30 June 2021
Monthly meeting with contractor		Ongoing
Monthly reporting to PMO		Ongoing
Quarterly Project Board meetings		Ongoing
Annual review		tbc
Evaluation commences		tbc
End of programme/final drawdown		31 March 2026

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
No of people accessing assessment & report	960	31 March 2026
No of people accessing full management support via telephone	1,600	31 March 2026
No of people accessing full case management support delivered face to face	3,838	31 March 2026
No accessing funded treatment	3,809	31 March 2026
No of people receiving support via group work	2,400	31 March 2026
No of people receiving Mental Health First Aid training	960	31 March 2026
No of people returning to work	1,293	31 March 2026
Unemployed residents supported	5,172	31 March 2026
Employed residents supported	4,586	31 March 2026
Employed residents retaining work (85%)	3,898	31 March 2026

RISKS AND MITIGATIONS

RISK	MITIGATION
Delays caused by procurement	<ul style="list-style-type: none"> Seek early agreement on appropriate procurement routes and early notification of contract opportunities Procurement framework established
Detailed Business Case fails: Concept not supported by partners	<ul style="list-style-type: none"> Strong policy support from Government and agencies Proposal has been in development for over three years and supported by partners Existing project in North Ayrshire has good buy in from partners, which can be built upon and expanded

Delay in the programme incurs additional costs	<ul style="list-style-type: none"> • Finance plans • Costs will be managed through a legal contract and thereby shouldn't vary significantly
Unforeseen complexities that require additional funding	<ul style="list-style-type: none"> • Provide for contingency • Provide Green Book compliant optimism bias allowances • Similar project has been delivered previously • Project monitoring will track potential impacts and create ability to respond
Implementation: Over demand or lack of demand	<ul style="list-style-type: none"> • Proposed targets are based on delivery experience across Scotland and the experience of delivering a case management service in North Ayrshire recently • The proposal as it stands is designed to remove barriers to accessing this service. In the event of over demand, referral criteria can be set to reduce demand • In the event of lack of demand, the programme could be implemented at a slower pace to take account of Covid-19 and impacts
National programmes are introduced which result in duplication	<ul style="list-style-type: none"> • Closely monitor national developments and build in flexibility to contracting arrangements to allow us to change course at short notice if national provision is introduced that duplicates provision.
Failure to deliver anticipated outputs and outcomes. Failing to achieve more inclusive growth and/or reduce poverty by increasing the income of people in deprived areas or protected characteristic groups.	<ul style="list-style-type: none"> • Closely monitor national developments and have built in flexibility to contracting arrangements to allow us to change course at short notice to respond to programme impact • Covid-19 impacts on specific groups will be assessed. Early indications are that young people, females, those with health issues or disabilities will be disproportionately impacted by recession, therefore more targeted
Implementation: End of project 'cliff edge'	<ul style="list-style-type: none"> • Would hope to influence the national policy around occupational health services, as a legacy of the programme
Appointed contractor could be impacted negatively by Covid-19	<ul style="list-style-type: none"> • As part of procurement process, robust checks have been made on financial standing of delivery organisations
Project delay and macro-economic impact of Covid-19 and recovery	<ul style="list-style-type: none"> • Early analysis identifies that the need for the project is unlikely to be diminished – in fact may be greater • Continued economic analysis and development of recovery plans should be implemented and robust project scoping should continue to ensure proposal meets needs

PROJECT LEAD: GREIG ROBSON, NORTH AYRSHIRE COUNCIL – GREIGROBSON@NORTH-AYRSHIRE.GOV.UK

19. PROJECT: COMMUNITY WEALTH BUILDING

PROJECT SUMMARY: This project seeks to develop resilient, inclusive local economies, with more local employment and a large and more diverse business base. Specifically, this project will advance the procurement, employment, ownership and asset pillars of Community Wealth Building (CWB), across the public, private and social economy of the region. The project has three key elements to achieve this:

- CWB Business Locality Officers – to work 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;
- CWB Fund - to 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, and supporting locality entrepreneurship;
- Fair Work Ayrshire programme - 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.

The project will be developed, coordinated and implemented by a pan-Ayrshire CWB Working Group and will be the first regional place-based approach to CWB.

PROJECT THEMES: fair work, local spend, democratic ownership, local assets, inclusive economy, business led inclusive growth

INCLUSIVE GROWTH BARRIERS TARGETED:

- Intermediate and advanced skills
- Local jobs
- Health
- Soft and basic skills
- Business support (non-financial)
- Business premises
- Sustainable working population
- Structure of economy
- Access to finance

MILESTONES

DELIVERABLE	STATUS	DUE DATE
Development of draft job descriptions/role profiles		January 2021
Preparation of role profiles		January/February 2021
OBC approved by Government		12 February 2021
FBC approved by Joint Committee		22 February 2021
Recruitment of staff: Programme Manager, CWB Officers, FW Ayrshire Manager		30 April 2021
Finalise documentation for £1 million Fund governance		30 April 2021
Staff Inductions		31 May 2021
Formal launch of programme		30 June 2021
Monthly Project Working Group meetings		Ongoing
Reporting to PMO, Ayrshire REP & EJC		Ongoing
Quarterly reporting to CWB Commission		Ongoing
Annual Report		31 May 2022/2023/2024
Project end date/final review/final drawdown		31 March 2024

OUTCOMES, OUTPUTS AND TARGETS

OUTCOME	TARGET	DATE
Employers undertaking Fair Work Action Plans	90	31 March 2024
Enterprises receiving support from CWB programme	920	31 March 2024
Enterprises receiving financial assistance	265	31 March 2024
New enterprises supported	96	31 March 2024
Enterprises registering on Public Contracts Scotland	240	31 March 2024
Enterprises supported in creation or transition to employee ownership or cooperative	17	31 March 2024

RISKS AND MITIGATIONS

RISK	MITIGATION
Implementation – end of project 'cliff edge'	<ul style="list-style-type: none"> CWB becomes mainstream approach in region via CWB Commission Lessons learned will inform what can be taken into future service design and external funding bids

Over demand or lack of demand for support	<ul style="list-style-type: none"> • Working Group will review demand across the project as a whole and will address demand issues as they arise • Locality officers to build demand with businesses • Work alongside REP partners to build demand • Consider Ministerial launch event
Slippage/delay in the programme causes additional costs to be incurred	<ul style="list-style-type: none"> • Robust project management structure in place to monitor delivery and associated costs and to address any potential delays • Working group will regularly review performance
Ability to deliver programme at regional level	<ul style="list-style-type: none"> • Proposals reflect lessons learnt from ERDF Business Competitiveness project • Project Co-ordinator factored into programme • Project updates to REP and EJC
Project delays and macroeconomic impact of Covid-19 and recovery	<ul style="list-style-type: none"> • Development of recovery plan will focus on this project as a key component of that agenda across Ayrshire • Early analysis identifies that the need for this project may be greater as a result of Covid-19 • Working group will give priority to minimising delays implementing remote working/online engagement
Failure to deliver anticipated outputs and outcomes	<ul style="list-style-type: none"> • Working Group established and robust project management regime in place to monitor outputs and outcomes and to take remedial action if required • Strong governance – REP, Joint Committee, CWB Commission • Build on successful regional working from ERDF project

PROJECT LEAD: JULIE MCLACHLAN, NORTH AYRSHIRE COUNCIL – JULIEMCLACHLAN@NORTH-AYRSHIRE.GOV.UK

20. BENEFITS REALISATION

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. Benefits realisation logic chains, including this information, for each project are included in the appendices to this document.

Every milestone, output and outcome must be monitored or evaluated if the benefits of individual projects are to be demonstrated.

There will be scope for projects to report additional unintended/unanticipated benefits that arise as a result of the intervention.

While it is 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.

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.

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.

Monitoring will initially relate to the delivery of project activities and outputs such as amount of land remediated or square metres of industrial space created. As projects advance the focus of monitoring information will shift to cover outcomes as they become more evident and measurable.

To address how the Deal is performing against objectives and delivery plans, a Monitoring and Evaluation Framework and Benefits Realisation Plan will be developed in consultation with both governments, as well as other key stakeholders.

Feeding into the Benefits Realisation Plan will be the targets and outputs that are set for each project and the Community Benefits arising from projects.

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 and the Benefits Realisation Plan. 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.

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.

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.

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APPENDICES

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Appendix A: Project Interdependencies

Ayrshire Growth Deal Project Name	Spaceport Infrastructure	Enabling Infrastructure - Roads	Commercial Workspace & Infrastructure	Aerospace and Space Innovation Centre (ASIC) inc Visitor/STEM Engagement Hub	i3 Advanced Manufacturing Space & Digilab	HALO Kilmarnock	Ayrshire Engineering Park (Moorfield)	Ayrshire Manufacturing Investment Corridor (AMIC)	National Energy Research Demonstrator (NERD)	Hunterston PARC (CECE)	Marine Tourism	Industrial Marine Science and Environmental Centre (IMSE)	The Great Harbour, Irvine Harbourside - Ardeer	Digital Subsea Cable	Digital Infrastructure	Working for a Healthy Economy	Ayrshire Skills Investment Fund	Community Wealth Building
Spaceport Infrastructure		3	3	3	1	1	1	1	0	0	0	0	0	2	3	2	2	2
Prestwick Enabling Infrastructure - Roads	3		3	3	0	0	0	0	0	0	1	0	0	1	1	1	1	2
Prestwick Commercial Workspace & Infrastructure	3	3		3	2	1	1	1	1	1	0	0	0	2	3	2	2	2
Aerospace & Space Innovation Centre (ASIC) inc Visitor/STEM Engagement	3	3	3		1	1	1	1	1	1	0	0	0	2	3	3	3	2
i3 Advanced Manufacturing Space & Digilab	1	0	2	1		1	2	2	1	2	0	0	0	2	3	2	2	2
HALO Kilmarnock	1	0	1	1	1		1	1	1	0	0	0	0	2	2	2	2	2
Ayrshire Engineering Park, Moorfield	1	0	1	1	2	1		2	1	0	0	0	0	2	3	2	2	2
Ayrshire Manufacturing Investment Corridor (AMIC)	1	0	1	1	2	1	2		1	1	0	0	0	2	2	2	2	2
National Energy Research Demonstrator (NERD)	0	0	1	1	1	1	1	1		1	0	1	0	2	3	2	2	2
Hunterston PARC (CECE)	0	0	1	1	2	0	0	1	1		1	2	1	2	3	2	2	2
Marine Tourism	0	1	0	0	0	0	0	0	0	1		2	2	2	2	2	2	2
Industrial Marine Science and Environmental Centre (IMSE)	0	0	0	0	0	0	0	0	1	2	2		1	2	3	2	2	2
The Great Harbour, Irvine Harbourside - Ardeer	0	0	0	0	0	0	0	0	0	1	2	1		2	2	2	2	2
Digital Subsea Cable	2	1	2	2	2	2	2	2	2	2	2	2	2		3	2	2	2
Digital Infrastructure	3	1	3	3	3	2	3	2	3	3	2	3	2	3		2	2	2
Working for a Healthy Economy	2	1	2	3	2	2	2	2	2	2	2	2	2	2	2		3	3
Ayrshire Skills Investment Fund	2	1	2	3	2	2	2	2	2	2	2	2	2	2	2	3		3
Community Wealth Building	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	3	3	
Relationship																		
Primary Relationship (Absolutely Contingent)																		
Secondary Relationship (Strong obvious link)																		
Tertiary Relationship (Weak link)																		
No Relationship																		

Appendix B: Project links with Inclusive Growth Barriers

Ayrshire Growth Deal Project Name	Regional Drivers to Inclusive Growth																
	Intermediate & Advanced Skills	Local Jobs	Health	Basic Digital Skills	Soft & Basic Skills (work-readiness)	Business Support (non-financial)	Childcare	Sustainable Working Population	Structure of Economy (Sectors/Industries)	Advanced Digital Skills/Innovation	Access to Finance	Business Premises	Digital Connectivity	Transport (people to jobs)	Housing	Transport (goods to market)	Inward Investment
Spaceport Infrastructure																	
Aerospace & Space Innovation Centre (ASIC) inc Visitor/STEM Engagement Hub																	
Prestwick Enabling Infrastructure - Roads																	
Prestwick Commercial Workspace & Infrastructure																	
i3 Advanced Manufacturing Space																	
i3 DigiLab																	
Industrial Marine Science and Environmental Centre (IMSE)																	
The Great Harbour, Irvine Harbourside-Ardeer																	
Marine Tourism																	
Hunterston PARC (CECE)																	
HALO Kilmarnock																	
Ayrshire Engineering Park (Moorfield)																	
Ayrshire Manufacturing Investment Corridor (AMIC)																	
National Energy Research Demonstrator (NERD)																	
Digital Subsea Cable																	
Digital Infrastructure																	
Working for a Healthy Economy																	
Ayrshire Skills Investment Fund																	
Community Wealth Building																	
Regional Transport Appraisal																	

Appendix C: Benefits Realisation Logic Chains

Benefits Realisation Logic Chain: Spaceport

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
<ul style="list-style-type: none"> Officer and Development Management capacity Specialist project teams Project duration – 4 years Public sector project funding of £23 million: £18m UKG, £5m SG Private sector funding of £3 million (not committed) 	<ul style="list-style-type: none"> Design and build of infrastructure elements of the spaceport including fuel storage, vehicle integration facility, payload processing facility, Mission Control Centre Consenting process Consultation with communities of interest in and around the Prestwick Aerospace & Space Commercial negotiation with launch service providers and launch operations provider Marketing and PR 	<ul style="list-style-type: none"> Operational spaceport Established launch service operator Two launch service providers based at Prestwick Physical infrastructure for spaceport including payload processing facility, vehicle integration facility and mission control centre providing a Scottish/UK service. 	<ul style="list-style-type: none"> Scotland is globally recognised leader for space Prestwick is recognised as the a Centre of Excellence and hub for launch and in-flight capability for the space sector in Scotland and the UK 100 High value jobs at Prestwick 75 Construction jobs New job opportunities in future industry locating at Prestwick Increased growth opportunities for local companies 	<ul style="list-style-type: none"> Increase employment opportunities Increase in GVA across region Lever in private sector investment Spread the benefits of economic growth across region, ensuring deprived areas benefit from this growth.

Benefits Realisation Logic Chain: Prestwick Commercial Space

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
<ul style="list-style-type: none"> • Officer and Development Management capacity • Public sector project funding of £29m: £10m UKG; £12m SG; £7m SAC • Leverage £71.5m • Land <ul style="list-style-type: none"> ○ Scottish Enterprise ownership ○ Airport ownership • Pre-contract professional services 	<ul style="list-style-type: none"> • Site assembly • Design and build • Project management • Contract management • Commercial negotiation • Regulatory consents • Construction and maintenance • Estate management 	<ul style="list-style-type: none"> • 75,671 sqm business space created • Enabling work placements and training places • Creating visible development activity on a highly prominent site 	<ul style="list-style-type: none"> • New employment opportunity • Reduced commercial viability gap High growth, • High value commercial activity • Enhance the attractiveness of Prestwick as a location that meets modern business needs Multiple new investors in the area improves the perception of Ayrshire as an inward investment location • Raising the aspirations of ambitions of Ayrshire's young people Creating supply chain links for Ayrshire businesses • 1,177 direct & indirect jobs • 1,005 construction jobs • £667.14m direct and indirect GVA 	<ul style="list-style-type: none"> • Increase employment opportunities • Increase in GVA across region • Lever in private sector investment • Spread the benefits of economic growth across region, ensuring deprived areas benefit from this growth.

Benefits Realisation Logic Chain: Prestwick Roads Infrastructure

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
Officer and specialist support Project Duration – 6 years Public sector project funding of £17m: £12m SG; £5m SAC	Investigation and design of roads related infrastructure Consultation with communities of interest in and around the Prestwick Aerospace & Space Campus Project management	Three phases of road developed Length of road created - 3.5km	Opening development opportunity and commercial growth	<ul style="list-style-type: none"> • Increase employment opportunities • Increase in GVA across region • Lever in private sector investment • Spread the benefits of economic growth across region, ensuring deprived areas benefit from this growth.
Land: A79 Station Road- Main Street / A77 to Tarbolton Road	Site Assembly	Length of road enhanced - 1km	Efficient connected road network	
<ul style="list-style-type: none"> • Scottish Enterprise ownership 	Route Design	Number of roundabouts created (new) - 4	Improved abnormal load capacity	
<ul style="list-style-type: none"> • GPA ownership 	Regulatory consents	Number of roundabouts upgraded (improved) - 3	Relief traffic congestion in Monkton village	
<ul style="list-style-type: none"> • Residential ownership 	Construction & maintenance	Cycle routes created (km) 4.5km	Mitigate road safety risks for Monkton primary	

• SAC ownership	Handover	Cycle routes enhanced – 0	
• Spirit Aerosystems ownership		Pedestrian routes created / enhanced 4.5km	
• Farm Land		No of projects to improve accessibility to aerospace and Space parks - 1	
Pre-contract professional services		No of projects to service new aerospace and Space development land - 1	
Post contract professional services		No of projects to enhance cultural heritage of Monkton Village - 1	
Roads Construction Contractor		No of projects to reduce road safety risk at Monkton Village - 1	
		No of projects to reduce environmental impact from commercial traffic on Monkton Village - 1	
		Qualitative	
		Improved community morale	
		Improved perception of road safety at Monkton Primary School	
		Improved perception of accessibility to aerospace and Space parks	
		Improved perception of the attractiveness of aerospace and Space parks to inward investors	
		Improved perception of the attractiveness of the aerospace parks to incumbent companies	

Benefits Realisation Logic Chain: Aerospace & Space Innovation Centre (ASIC) incorporating Visitor Centre/STEM Hub

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
<p>Officer and specialist support</p> <p>Project duration – 10 years</p> <p>Public sector project funding of £11m: £4m UKG; £1 SG; £6m SAC</p>	Design and development of the ASIC facilities	<ul style="list-style-type: none"> • 4390sqm of build • MRO capacity 	<p>Scotland recognised for its space/ aerospace innovation</p> <p>68 (direct & indirect) net new fte jobs of which 7 from areas of deprivation</p> <p>110 fte construction jobs</p> <p>£27.3m direct & indirect GVA</p>	<ul style="list-style-type: none"> • Increase employment opportunities • Increase in GVA across region • Lever in private sector investment • Spread the benefits of economic growth across region, ensuring deprived areas benefit from this growth.
Business advisers	<p>Business support to 50 SMEs per annum</p> <p>Commercialisation</p> <p>Engage 100 SMEs in the innovation process per annum</p>	<p>New supply chain development – with 10 SMEs sources contracts from the local cluster</p> <p>Industry 4.0 centre established and utilised by 125 SMEs</p>	GVA as above	
Academic input	<ul style="list-style-type: none"> • Workforce development • STEM outreach activity engaging with 600 people across Ayrshire • Construction 	<p>MRO innovation and skills development facility</p> <p>25 modern apprenticeships, of which 5 from areas of deprivation</p>	<p>Improved skills base in Ayrshire meeting needs of the local employers</p> <p>Increased confidence and ambition of school/College leavers.</p>	
<ul style="list-style-type: none"> • Project management • Finance 	• Design and build	Large demonstration and product adaptable workshop space	Ayrshire is an attractive inward invest location	
<ul style="list-style-type: none"> • Project management • Finance 	• Design and build	Physical infrastructure	New exciting offer to the visitor economy	

Benefits Realisation Logic Chain: Ayrshire Engineering Park (Moorfield Phase 3)

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
£16m of public sector funding: £12m SG; £4m EAC	<ul style="list-style-type: none"> Planning applications submitted 	<ul style="list-style-type: none"> Junctions (New) - One 	<ul style="list-style-type: none"> Land value uplift 	<ul style="list-style-type: none"> Increase employment opportunities Increase in GVA across region Lever in private sector investment
	<ul style="list-style-type: none"> Construction of SUDS/sewerage systems 	<ul style="list-style-type: none"> Total Area of Opportunity Sites (18.3 Ha) 	<ul style="list-style-type: none"> 18.3 Ha land unlocked for development 	
	<ul style="list-style-type: none"> New junctions to open up access to sites 	<ul style="list-style-type: none"> General Industrial (10,576 sq m) 	<ul style="list-style-type: none"> Strengthening key business clusters 	
	<ul style="list-style-type: none"> New Link/access roads developed 	<ul style="list-style-type: none"> Private businesses supported 	<ul style="list-style-type: none"> Increased employment 160 Construction jobs 136 jobs delivered (direct and indirect) 	
	<ul style="list-style-type: none"> Construction of SUDS/sewerage system 	<ul style="list-style-type: none"> Individuals supported into work 	<ul style="list-style-type: none"> £78.9m direct & indirect GVA 	
			<ul style="list-style-type: none"> Enhanced accessibility - employment/ business locations 	
			<ul style="list-style-type: none"> Businesses attracted to the locality 	
			<ul style="list-style-type: none"> Improved market sentiment 	
			<ul style="list-style-type: none"> Increased supply of commercial space 	
			<ul style="list-style-type: none"> Improved business productivity Widening of labour market 	

Benefits Realisation Logic Chain: Ayrshire Manufacturing Investment Corridor (AMIC)

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
£23.5m of funding: £13.5m SG; £10m UKG	<ul style="list-style-type: none"> Planning applications submitted 	<ul style="list-style-type: none"> Junctions (New) 	<ul style="list-style-type: none"> Land value uplift 	<ul style="list-style-type: none"> Increase employment opportunities Increase in GVA across region Lever in private sector investment
	<ul style="list-style-type: none"> Construction of SUDS/sewerage systems 	<ul style="list-style-type: none"> Total Area of Opportunity Sites (TBC) 	<ul style="list-style-type: none"> land unlocked for development 	
	<ul style="list-style-type: none"> New junctions to open up access to sites 	<ul style="list-style-type: none"> Individuals supported into work through apprenticeships created as part of construction 	<ul style="list-style-type: none"> Strengthening key business clusters 	
	<ul style="list-style-type: none"> New link /access roads developed 	<ul style="list-style-type: none"> Business space (10,546 sqm) 	<ul style="list-style-type: none"> Increased employment 235 Construction jobs 138 Direct and Indirect jobs 	
	<ul style="list-style-type: none"> Construction of Innovation Centre for feed and drink centre 	<ul style="list-style-type: none"> Private businesses supported 	<ul style="list-style-type: none"> £68.35m direct & indirect GVA 	
	<ul style="list-style-type: none"> Construction of advanced manufacturing units 		<ul style="list-style-type: none"> Enhanced accessibility - employment/ business locations 	
			<ul style="list-style-type: none"> Businesses attracted to the locality 	
			<ul style="list-style-type: none"> Improved market sentiment 	
			<ul style="list-style-type: none"> Increased supply of commercial space 	
			<ul style="list-style-type: none"> Improved business productivity 	
			<ul style="list-style-type: none"> Enhanced education and training for food and drink sector 	

Benefits Realisation Logic Chain: i3 Flexible Space

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
<p>AGD £15million Scot Govt £11m NAC £5m</p>	<ul style="list-style-type: none"> • Planning applications submitted • Site remediation work • New link/access roads developed • Construction of SUDS/sewerage systems • Improved junctions to enhance access to sites • New junctions to open up access to sites • Construction of flexible business space in phases 	<ul style="list-style-type: none"> • Total Area reclaimed, (re)developed or assembled (20 Ha) as a result of the project • Total Area of Opportunity Sites (20 Ha) • New Industrial & Business Space (9000sq m) • Individuals supported into work • Private businesses supported • Jobs safeguarded • Wide range of employment opportunities • Improved pedestrian linkages • Vacant and Derelict Land brought back into use/removed from SVDL Register (20 ha) • Flexible business space for start-up or needs • Well-connected flexible business space within close proximity to central belt region supply chains and workforce 	<ul style="list-style-type: none"> • Altered perception and market sentiment in regard to Ayrshire’s advance manufacturing and digital offer • Improved market sentiment • 20 Ha land unlocked for development • Increased levels of investment, including FDI • Uplift in commercial rental/sales values (£) • Increased supply of commercial space • Strengthening key business clusters • Increased employment and development of skills in local workforce • Increased GVA • Reduced levels of deprivation in local areas • Enhanced accessibility - employment/ business locations • Widening of labour market • Improved business productivity • Strengthening key business clusters • Businesses attracted to the locality and increase in inward investment • Reduction in level of vacant and derelict land • 18-35 People from Employability & Skills Programme Accessing Jobs • Sustainable work location with services and amenities to support employees (e.g. child care/creche facility/café/retail) 	<ul style="list-style-type: none"> • Increase employment opportunities • Increase in GVA across region • Lever in private sector investment • Spread the benefits of economic growth across region, ensuring deprived areas benefit from this growth. • Job market entrants and low skilled workers increasing soft and basic skills through provision of local jobs • Attract skilled workers to the region and support local people entering skilled employment opportunities

Benefits Realisation Logic Chain: National Energy Research Demonstrator (NERD)

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
£24.5 million: £17m UKG; £7.5m EAC	Planning permission submitted	1,008 sqm of scientific activities and research space	£26.27m direct & indirect GVA 159 Construction jobs Increased levels of investment	<ul style="list-style-type: none"> Increased employment opportunities Increase in GVA across region Lever in private sector investment Spread the benefits of economic growth across region, ensuring deprived areas benefit from this growth. Reduce the carbon emissions of the town and the surrounding area Lowering domestic fuel bills for local people Helping to alleviate fuel poverty/ Improved health and wellbeing through active travel/path networks. Contribute to national advancements in low carbon technologies Contribute to national research in low carbon technologies and energy systems. Increase STEM education offer in Ayrshire
	Site Investigation and remediation work (if needed)	625.5 sqm of office space		
	Building of the Centre and Demonstrator House	Cycle routes/ways will be created however it is unknown at this stage how many km will be created.	Increased supply of commercial space	
	New access created to Centre from the main road or local road	Cycle routes/ways will be enhanced however it is unknown at this stage how many km will be enhanced.	Increased employment	
	Potential creation of SUDS	Path routes will be created however it is unknown at this stage how many km will be created.	Strengthening key business clusters/ Improved business productivity	
	Path networks in the area may be created and existing paths may be enhanced	Path routes will be enhanced however it is unknown at this stage how many km will be enhanced.	Increased cycle usage	
	New cycle ways may be created and existing cycle ways enhanced	We would expect 35-40 businesses operating out of the Centre of Excellence over 6-7 year period of the building being operational. These businesses will be a mix of large companies, medium sized companies, start-ups and potentially local enterprises.	Reduced levels of deprivation in local areas	
	New links created with the new Barony Campus (school)	Apprenticeships will be created with the expectation that these will be from Ayrshire.	CO2 savings via modal shift	

	Enhance existing links with Dumfries House		Enhanced accessibility - employment/ business locations	<ul style="list-style-type: none"> • Increase in the number of highly skilled jobs
			Direct local jobs (42) from the maintenance, transport and tourism sectors with around 19 Indirect jobs	
			Widening of labour market	
			There will be at least 10 PhD students studying at the Centre however this could increase as the Centre gains momentum.	
			Businesses attracted to the locality	

Benefits Realisation Logic Chain: Hunterston Strategic Development Area

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
<p>AGD £18m AGD £18m (UK Govt) NAC £0.0m</p> <p>Leverage Funding Circa £200million 2020-2040 (inclusive of £10m SE contribution); with benchmark evidence from current equivalent projects</p> <p>Partnership delivery vehicle.</p>	<ul style="list-style-type: none"> • Planning applications submitted • Site remediation work • Road surface improvements • Junction improvements on motorway/major roads • New link/access roads developed • Construction of SUDS/sewerage systems • Drainage system improvement work • Implementation of Surface Water Management Plans • Improved junctions to enhance access to sites 	<ul style="list-style-type: none"> • Junctions (Improved) • Total Area reclaimed, (re)developed or assembled (55 Ha) as a result of the project • Total Area of Opportunity Sites (55 Ha) • Vacant and Derelict Land Brought Back into Use/Removed from SVDL Register (21 Ha) • Business & Industrial (15000sq m) • Individuals supported into work • Jobs safeguarded • Individuals increasing skills • Private businesses supported 	<ul style="list-style-type: none"> • Land value uplift • Improved market sentiment • 55 Ha land unlocked for development • Increased levels of investment, including FDI • Uplift in commercial rental/sales values (£) • Increased supply of commercial space • Strengthening key business clusters and creates a platform for offering repeated inward investment opportunities • Increased employment, targeted at provision of a sustainable workforce by providing skilled and local jobs, which support develop soft and basic skills for workforce entrants and attracts skilled employees. • Increased GVA • Reduced congestion • Reduced journey times • Improved road safety • Increased cycle usage • Increased footfall • Reduced levels of deprivation in local areas • Reduction in commercial property vacancy rates • Reduction in level of vacant and derelict land • Increased drainage capacity • CO2 savings via modal shift • Enhanced accessibility - employment/ business locations • Enhanced accessibility – services/ community locations • Widening of labour market • Improved business productivity • Strengthening key business clusters • Businesses attracted to the locality • 4 SMEs supported • 23-46 People from Employability & Skills Programme Accessing Jobs • Utilises Hunterston’s strategic water and rail transport infrastructure to transport goods to the market (e.g. services offshore renewables) 	<ul style="list-style-type: none"> • Establish Hunterston as a strategic national asset, with infrastructure to service national transition to zero carbon economy, thereby supporting the restructuring of the national economy • Increase employment opportunities • Increase in GVA across region • Lever in private sector investment • Spread the benefits of economic growth across region, ensuring deprived areas benefit from this growth. • Providing a national clean energy hub which supports the transition to a low carbon, sustainable and health economy

Benefits Realisation Logic Model: International Marine Science & Environmental Centre (IMSE), Ardrossan

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
<p>AGD £10.5m AGD £10.5 (UK Govt) NAC £0.0m</p> <p>Partnership with sector/facility operator and university presence.</p> <p>Development of regional blue economy proposition for Ayrshire.</p>	<ul style="list-style-type: none"> • Planning applications submitted • Cycle path development or improvement • Public realm improvement work • Site remediation work • Road surface improvements • New link/access roads developed • Construction of SUDS/sewerage systems • Drainage system improvement work • Implementation of Surface Water Management Plans • Improved junctions to enhance access to sites • New junctions to open up access to sites 	<ul style="list-style-type: none"> • Total Area reclaimed, (re)developed or assembled (0.6Ha) as a result of the project • Total Area of Opportunity Sites (0.6Ha) • Vacant and Derelict Land Brought Back into Use/Removed from SVDL Register (0.6Ha) • Industrial/Business/office space (6,175sq m) • Individuals supported into work • Jobs safeguarded • Individuals increasing skills • Provision of high skilled jobs • Private businesses supported • Social enterprises supported • Social enterprises created • Businesses signing up to Scottish Business Pledge per year • Provision of nationally leading Centre of Excellence, providing R&D in blue economy advancement 	<ul style="list-style-type: none"> • Land value uplift • Improved market sentiment • Increased levels of investment, including FDI • Uplift in commercial rental/sales values (£) • Increased supply of commercial space for advance marine science technology that supports inward investment • Strengthening key business clusters • Increased employment • Increased GVA (direct/indirect) £19.39m • Improved road safety • Increased footfall • Reduced levels of deprivation in local areas • Reduction in commercial property vacancy rates • Reduction in level of vacant and derelict land • Increased drainage capacity • CO2 savings via modal shift • Enhanced accessibility - employment/ business locations • Enhanced accessibility – services/ community locations • Widening of labour market • Improved business productivity • Strengthening key business clusters • Businesses attracted to the locality • 13-24 People from Employability & Skills Programme Accessing Jobs capex + follow-on • Construction jobs 105 • No new jobs (direct and indirect) • 4 SMEs supported • That Ayrshire and Ardrossan capitalise on marine assets to be a nationally recognised Centre of Excellence in blue economy sector, supporting aqua science and low carbon transition 	<ul style="list-style-type: none"> • To place Ardrossan and Ayrshire as a market leader in marine science advancement in blue economy and low carbon technology and industry • That local people benefit from employment opportunities providing a range of advance skills jobs to attract employees to the region, and low skilled opportunities to support local job market entrants develop soft and basic skills • That the facility and its location next to marine infrastructure and connectivity to the Ardrossan campus provides sustainable provision of opportunities for local workforce and • Increase in GVA across region • Lever in private sector investment • Spread the benefits of economic growth across region, ensuring deprived areas benefit from this growth, and supporting health benefits from advancement of marine science and low carbon technology • That local businesses can benefit from R&D facilities and support local supply chains.

Benefit Realisation Logic Chain: The Great Harbour, Irvine Harbourside and Ardeer

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
<p>£14 of funding AGD £9million NAC £ 5 million</p> <p>Leverage Funding Circa £85m- £100, 20202040 (Leverage assumptions based on benchmarking equivalent projects)</p>	<ul style="list-style-type: none"> • Award grant fund through Community Enterprise Fund • Planning applications submitted • Cycle path development or improvement • Develop and improve pedestrian links • New pedestrian/cycle bridges • Public realm improvement work • Site remediation work • Road surface improvements • Junction improvements on motorway/major roads • New link/access roads developed • Construction of SUDS • Drainage system improvement work • Implementation of Surface Water Management Plans • Improved junctions to enhance access to sites • New junctions to open up access to sites • New roundabouts or other traffic management schemes • Business Support 	<ul style="list-style-type: none"> • Public Realm created and Enhanced (length of 1.5km) • Road enhanced (1.5Km) • Junctions (5 Improved) • Cycle Routes created/enhanced (1.5km) • Pedestrian Routes enhanced (1.5km) • 1 Pedestrian/cycle bridges enhanced • 1 (potential) Road Bridge • Total Area reclaimed, (re)developed or assembled /Total Area of Opportunity Sites 6 (Ha) • Vacant and Derelict Land Brought Back into Use/Removed from SVDL Register (6Ha) • Food and Drink (2800 sq m) • Hotels and Hostels (2000 sq m) • Assembly and Leisure/shops (5000sq m) • Individuals supported into work • Jobs safeguarded • Individuals increasing skills • Private businesses supported • Social enterprises supported • Social enterprises created • Increase in visitor numbers • Increase in visitor expenditure • New marina berths created • New tourism events supported 	<ul style="list-style-type: none"> • Land value uplift • Improved market sentiment • land unlocked for development • Increased levels of investment, including FDI • Uplift in commercial rental/sales values (£) • Average house price uplifts • Increased supply of commercial space • Strengthening key business clusters • Increased employment • Increased GVA • Reduced congestion • Improved road safety • Increased cycle usage • Increased footfall • Reduced levels of deprivation in local areas • Reduction in commercial property vacancy rates • Reduction in level of vacant and derelict land • Increased drainage capacity • CO2 savings via modal shift • Enhanced accessibility employment/ business locations • Enhanced accessibility – services/ community locations • Widening of labour market • Improved business productivity • Strengthening key business clusters 	<ul style="list-style-type: none"> • Increase employment opportunities through a supply of local jobs • Improve soft and basic employability programmes by creating employment opportunities that can be capitalised by entrants to the workforce • Embed community wealth building into placemaking approach • Increase visitor numbers • Increase dwell time of visitors • Increase expenditure of visitors • Increase population of Great Harbour by providing a range of housing opportunities that create sense of community, footfall and demand for goods and services • Create diversity in great harbour population demographic • Create a nationally recognised visitor destination • Generate commercial opportunities through place making approach and lever private sector investment • Increase in GVA across region • Improve the health of communities across the region by improving active travel and

Benefit Realisation Logic Chain: Marine Tourism

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
<p>Capital Funding £9.5m AGD £9.5million NAC £0.0m Leverage Funding £5million Partnership with Marine operator Partnership with Crown Estates Scotland</p>	<ul style="list-style-type: none"> • Planning applications submitted • Marine licences secured • Bascule bridge • Car parking provision • Cycle path development or improvement • Public realm improvement work • Site remediation work • Road surface improvements • New link/access roads developed • Improved junctions to enhance access to sites • Develop Marina berths across programme (350) • Provide marine infrastructure at Arran and Cumbrae 	<p>Marine infrastructure (C350 berths across programme)</p> <ul style="list-style-type: none"> • Bascule bridge • Public Realm created/Enhanced (150000sqm) • Land with reduced flood risk (Ha) • Properties with reduced flood risk • Total Area reclaimed and/or formed as marina infrastructure (re)developed or assembled (3.8 Ha) as a result of the project • Vacant and Derelict Land Brought Back into Use/Removed from SVDL Register (0.1Ha) • Commercial leisure space (1000sq m) – <i>leverage impact, hence not included in finance and phasing</i> • Individuals supported into work • Jobs safeguarded • Individuals increasing 	<ul style="list-style-type: none"> • Land value uplift • Improved market sentiment • Increased levels of investment, including FDI • Uplift in commercial rental/sales values (£) • Average house price uplifts • Strengthening key business clusters • Increased employment (30 new construction jobs; 30 new jobs direct/indirect) • Increased GVA (direct/indirect – 25yr NPV) £17m Visitor berth value - £487,000 Resident berth value £2.2m • Reduced congestion • Increased cycle usage • Increased footfall • Reduced levels of deprivation in local areas • Reduction in commercial property vacancy rates • Reduction in level of vacant and derelict land • CO2 savings via modal shift 	<p>Increase employment opportunities</p> <ul style="list-style-type: none"> • Leverage in private sector investment • Spread the benefits of economic growth across region, ensuring deprived areas benefit from this growth. • Create infrastructure at strategic locations around Clyde waters region to support strategic tourism and blue economy aspirations • Leverage private sector investment around development of key facilities • To maximise the growth opportunities in marine tourism sector building on high and sustained spend and GVA growth internationally and in West of Scotland. • To generate new employment, business start-ups and SME/ Micro enterprise opportunity

		<p>skills</p> <ul style="list-style-type: none"> • Private businesses supported <ul style="list-style-type: none"> • Social enterprises supported • Social enterprises created • Businesses signing up to Scottish Business Pledge per year • Increase in visitor numbers • Increase in visitor expenditure • 100,000 extra visitors comprising primarily boat owners / crew /sailing interests plus day visitors drawn to locations with marine activity and interest (67000day; 33000overnight – per annum) • New tourism events supported 	<ul style="list-style-type: none"> • Enhanced accessibility - employment/ business locations • Enhanced accessibility – services/ community locations • Widening of labour market • Improved business productivity • Strengthening key business clusters • Businesses attracted to the Locality • 4-8fte employees from employability/skills programmes (based only on capex construction estimate) • 3SMEs supported 	<p>supporting employability and inclusion outcomes.</p>
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Benefits Realisation Logic Chain: Digital Subsea Cable

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
Scottish Futures Trust/Scottish Enterprise	Negotiate investment with private sector	Establishment of a Cable Landing Station (CLS) in Ayrshire	Ayrshire investment ready and demonstrable links to EU/EEA/USA from Scotland/Ayrshire	Ayrshire a world-class digitally connected region
	Secure investment both public and private sector	CLS in Scotland	Provision of high-performance, high-bandwidth connectivity Scotland/rUK	Resilience for the UK as a whole
	Negotiate wider opportunities for datacentre providers to enter Scottish/Ayrshire market off the back of the Cable Landing Station (CLS)	Datacentre development/associated industries in the Ayrshire region	Retention/attraction of highly skilled data-focussed employees in the region and development of clusters of hi-tech activity.	New employment and investment opportunities in the region fully supported by underlying infrastructure
SFT/Local Authorities & Ayrshire Regional Partnership	Secure one or more anchor tenants at the landing point	Investment opportunities	New industries attracted i.e. datacentres, civtech, biotech, gaming etc. and underpin the success of the AGD programme	Economic growth and employment opportunities
Local Authorities & Ayrshire Regional Partnership	Business support to expand opportunities to supply chain	Growth in supply chain to new industries	Opportunities to expand and job creation	Future sustainability
Outcomes & Targets				
SFT/Local Authorities & Ayrshire Regional Partnership	Subsea Fibre Optic Cable established	1	1	
SFT/Local Authorities & Ayrshire Regional Partnership		Digital infrastructure		Increased GVA by 2030
SFT/Local Authorities & Ayrshire Regional Partnership	Onshore infrastructure Created	3	3	Established between 2023 to 2025
Public Sector and Private Sector Partners	Increase in jobs	424	424	Increased job opportunities by 2030 (based on Deloitte report commissioned by SFT)
Public sector funding: Costs - £11m UKG				Ayrshire a world-class digitally connected region

Benefits Realisation Logic Chain: Digital Infrastructure

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
Scottish Futures Trust/Scottish Enterprise	Completion of 4g Infill	Complete 4g coverage for rural Ayrshire	Ayrshire investment ready and demonstrable links to EU/EEA/USA from Scotland/Ayrshire	Ayrshire a world-class digitally connected region
	Secure investment both public and private sector	CLS in Scotland	Provision of high-performance, high-bandwidth connectivity Scotland/rUK	Resilience for the UK as a whole
	Negotiate wider opportunities for datacentre providers to enter Scottish/Ayrshire market off the back of the Cable Landing Station (CLS)	Datacentre development/associated industries in the Ayrshire region	Retention/attraction of highly skilled data-focussed employees in the region and development of clusters of hi-tech activity.	New employment and investment opportunities in the region fully supported by underlying infrastructure
SFT/Local Authorities & Ayrshire Regional Partnership	Secure one or more anchor tenants at the landing point	Investment opportunities	New industries attracted i.e. datacentres, civtech, biotech, gaming etc. and underpin the success of the AGD programme	Economic growth and employment opportunities
Local Authorities & Ayrshire Regional Partnership	Business support to expand opportunities to supply chain	Growth in supply chain to new industries	Opportunities to expand and job creation	Future sustainability
Outcomes & Targets				
SFT/Local Authorities & Ayrshire Regional Partnership	Key sites upgraded	7	7	Key sites upgraded with superfast digital infrastructure
SFT/Local Authorities & Ayrshire Regional Partnership	Centres of excellence	7	7	Centres of digital excellence established
SFT/Local Authorities & Ayrshire Regional Partnership	Agricultural sector switched on to SMART technology			Introduction of SMART industries into Rural Ayrshire
SFT/Local Authorities & Ayrshire Regional Partnership		Digital infrastructure	GVA	Increased GVA by 2030
SFT/Local Authorities & Ayrshire Regional Partnership	4G infill			Ayrshire rural communities digitally enabled.
Project Costs - £3m				Ayrshire a world-class digitally connected region

Benefit Realisation Logic Chain: Working for a Healthy Economy

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
<p>Working for a Healthy Economy</p> <p>Procured service to support 1500 people a year (800 unemployed, 700 unemployed)</p> <p>Project Duration: 6 years</p> <p>AGD: £5,000,000</p> <p>All 3 authorities and partners will continue to fund surrounding employability and business support services which will support the proposals.</p>	<p>Establish a one stop health support service across Ayrshire to maximise employment and job retention.</p> <p>Although every client journey will be individual, all referrals will receive support within the following framework:</p> <ul style="list-style-type: none"> • Registration and Triage • Assessment • Full Case Management • Explore and Report • In Work Support 	<p>960 clients – Assessment & Report Only 1600 clients – Full Case Management Support via Telephone 3839 clients – Full Case Management Support delivered Face to Face 3809 (70%) of clients engaging in Full Case Management support are likely to access a funded treatment e.g. Talking Therapies, Physiotherapy etc. 2400 clients will receive support via Group Work 960 individuals will receive Mental Health First Aid Training</p> <p>Marketing will be targeted at 5,172 individuals (53%) being unemployed at the point of referral with the aim of 25% going back to work.</p> <p>The remaining 4,586 will receive support to return to or remain in employment / self-employment with the aim of 85% of clients sustaining.</p>	<ul style="list-style-type: none"> • Improved health and management of health conditions of individuals • Reduced levels of unemployment and corresponding increases in income levels. • Improved retention and progression in work and corresponding increases in income levels. • Reduced absenteeism and improved retention of staff, increasing productivity of business. • Improved uptake of training/learning opportunities through reducing health as a barrier • Improved awareness and education of employers around health and benefits of supporting employees. 	<ul style="list-style-type: none"> • To reduce poor health as a constraint on economic growth.

Benefit Realisation Logic Chain: Ayrshire Skills Investment Fund

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
<p>Ayrshire Skills Investment Fund</p> <p>AGD - £3.5M (SG)</p> <p>£3M available as grant awards through the fund.</p> <p>Fund management supported by 1 x G12 Skills Manager post at circ £460k</p> <p>£40k resources available for Skills Board to commission additional research.</p> <p>Project Duration: 6 years</p> <p>All 3 authorities and partners will continue to fund surrounding employability and business support services which will support the proposals.</p>	<p>Establish a Regional Skills Board made up of national and regional experts.</p> <p>Board would issue guidance to partners on what the evidence means for Ayrshire and would provide guidance on priorities.</p> <p>Board would seek funding proposals which fit with the priority themes.</p> <p>The board would assess and make decisions on what activity is funded.</p> <p>Funded proposals will either support unemployed residents to access learning/training appropriate to local opportunities or would support employed residents to develop their skills, be more productive and secure better employment.</p> <p>The board would monitor progress of the funded projects.</p>	<p>500 unemployed people accessing new learning/training opportunities</p> <p>500 low paid employed accessing learning opportunities</p> <p>100 redundant workers accessing new learning/training opportunities (sub-set of above)</p> <p>300 businesses benefitting from upskilled workers</p> <p>10 large inward investors supported with their skills needs</p>	<ul style="list-style-type: none"> • Reduction in unemployment • Reduction in numbers earning below living wage • Increase in qualification/skill levels • More diverse workforces • Improved productivity for business 	<ul style="list-style-type: none"> • To reduce skills issues as the major constraint to Inclusive Growth in Ayrshire • Increase employment opportunities • Spread the benefits of economic growth across region, ensuring deprived areas benefit from this growth.

Benefits Realisation Logic Chain: Community Wealth Building (CWB) – Business Locality Officers

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities) (<i>IG barriers targeted as per Exec Summary Ayrshire IG Diagnostic</i>)	Programme Objective
<p>CWB Business Locality Officers</p> <p>Resource: 3xG10 officers in each LA = 9 CWB locality officers across Ayrshire £1,365,450</p> <p>Project Duration: 3 years</p> <p>CWB Fund</p> <p>Resource: £1,000,000</p> <p>Project Duration: 3 years</p>	<ul style="list-style-type: none"> • Place-based approach to CWB, working in localities to facilitate CWB thinking across public, private, and social economy on procurement, employment, assets and ownership, linking with existing local service delivery. • Looking at anchors (inc private sector) supply chains opportunities, supplier development, linking to employability pipelines, promote Fair Work and refer to Fair Work project, explore how to maximise assets including within town centres. Includes focus on AGD sites and end users. • Producing locality CWB Action Plan and promote business-led inclusive growth. • Sharing of best practice throughout the region, with measure of activity and programme reports being shared at a locality, local and regional level. <p>Specific activities across the pillars: <u>PROCUREMENT</u></p>	<ul style="list-style-type: none"> • CWB Locality Baseline and Action Plan per Ayrshire locality = 15 CWB place-bases action plans • 920 Unique Enterprises receiving support from the CWB programme • 265 Enterprises receiving financial assistance: Grant/ Consultancy support (on procurement, employment, asset or ownership pillars) • 96 New enterprises supported (<12 months old) <p>Outputs per pillar:</p> <p><u>PROCUREMENT</u></p> <ul style="list-style-type: none"> • 240 businesses registered on PCS 	<ul style="list-style-type: none"> • More diverse and resilient business base • A vibrant social economy • Improved attractiveness of local places • Skills development and fairer labour market • Economic opportunities spread more widely across the region <ul style="list-style-type: none"> ➤ <i>Local Jobs</i> ➤ <i>Soft & Basic Skills</i> ➤ <i>Intermediate & Advanced Skills</i> 	<ul style="list-style-type: none"> • To develop an Ayrshire approach to Community Wealth Building that enhances wealth, ensures fair and meaningful work, and creates successful places throughout the region.

	<ul style="list-style-type: none"> • Develop locality support mechanisms for business to enhance procurement readiness including workshops (one to many), one to one surgeries • Understand locality supply chain capacity • Engage with anchor / larger businesses to understand spend profile / develop local supply chains • Prepare local businesses for the AGD procurement opportunities as per a potential AGD 'wave plan' and profiling • Work with local businesses and wider community to develop community benefit requests • Develop new initiatives on procurement activity to deepen local spend e.g. Trusted Trader, single awards, locality growth partnering • Increase numbers on PCS and develop skills <p><u>EMPLOYMENT</u></p> <ul style="list-style-type: none"> • Support business engagement on developing fair work activity and enhance awareness and understanding of principles of fair work, for example promoting the living wage • Refer to Fair Work Ayrshire programme • Work with those not eligible for Fair Work Ayrshire programme to develop knowledge and to implement practical fair work steps • Link employers to employability pipelines and skills development programmes 	<ul style="list-style-type: none"> • 265 businesses attending 1 to many procurement awareness-raising/capacity building workshops • 90 businesses accessing 1-to-1 procurement specialist help (consultancy) <p><u>EMPLOYMENT</u></p> <ul style="list-style-type: none"> • 240 businesses attending 1 to many 'fair work' related awareness-raising / capacity-building workshops held • 300 businesses referred to FW Ayrshire programme <p><u>ASSETS</u> (No quantitative measures at this stage - activity = building on current incubation facilities explore if similar approaches can be rolled out into a locality, promote assets in council ownership for asset transfer and support community groups/social enterprises in the creation of sustainable proposals)</p> <p><u>OWNERSHIP</u></p> <ul style="list-style-type: none"> • Support the creation or transition of 17 businesses 	<ul style="list-style-type: none"> ➤ <i>Business Support</i> ➤ <i>Structure of Economy</i> ➤ <i>Business Premises</i> ➤ <i>Access to Finance</i> 	
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	<p><u>ASSETS</u></p> <ul style="list-style-type: none"> • Baseline assets, ownership and identify potential opportunities • Work with stakeholders including owners to develop locality asset uses • Support business (private sector, social, community enterprise) to identify assets and bring back into use <p><u>OWNERSHIP</u></p> <ul style="list-style-type: none"> • Stimulate social entrepreneurship including workshops (one to many), one to one surgeries • Baseline locality social, family owned and, employee-owned, Co-op enterprises • Develop locality-based initiatives to support Social Enterprise, employee-owned, and Co-ops • Normalise Social Enterprise / employee-owned, Co-operative models in all start up conversations • Upskill advisers to understand the social economy • Promote understanding of and opportunities for employee ownership 	<p>to employee ownership or cooperative</p> <ul style="list-style-type: none"> • 270 businesses attending 1 to many plural ownership related aware-ness raising/capacity building workshops • 90 businesses accessing 1 to 1 plural ownership specialist support (consultancy) 		
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Benefits Realisation Logic Chain: Community Wealth Building (CWB) – Fair Work Ayrshire

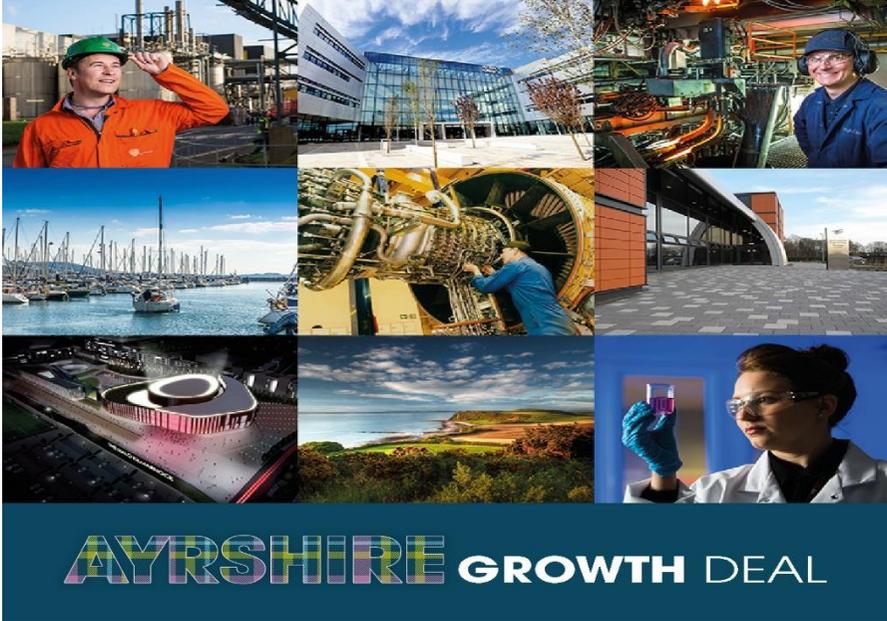
Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities) (<i>IG barriers targeted as per Exec Summary Ayrshire IG Diagnostic</i>)	Programme Objective
<p>Fair Work Ayrshire</p> <p>Resource: 3xFW Ayrshire officers £437,270</p> <p>Project Duration:3 years</p>	<ul style="list-style-type: none"> • A dedicated Ayrshire 'Fair Work' resource to engage key employers (regionally significant businesses, 50 + employees) to ensure they recruit inclusively and provide quality and meaningful work. • Targeted support to employers in Ayrshire (including anchor institutions), who have expressed a desire to access support to recruit differently and to provide Fair Work. These employers would benefit from: • A Fair Work Audit – How inclusive is their current workforce? What issues are there with progression and retention? • How could they improve that? What do they need from external agencies to help? • Drive recruitment from excluded groups – working alongside 	<ul style="list-style-type: none"> • 90 companies undertaking FW Ayrshire programme (45 per officer x 2, 10 per manager, 10% optimum bias) • 90 FW health checks/audits • 90 FW action plans <p>Further quantitative outputs:</p> <ul style="list-style-type: none"> • ¼ would do living wage accreditation (22 companies/organisations) • ¼ would become disability confident employers (22 companies/organisations) • 1/5 of businesses who get involved with apprenticeships, foundation apprenticeships, graduate apprenticeships for first time (19 companies/organisations) • 1/5 would sign Scottish business pledge (18 companies/organisations) 	<ul style="list-style-type: none"> • Diverse and inclusive workforce • Jobs are fulfilling and secure • Increased financial security for employees • Improved wellbeing for employees • Increased opportunities and reducing barriers for excluded groups: those with health issues/disabled, those in in work poverty, females, young people • Ensuring local people and those from disadvantaged areas have access to economic opportunities • Skills development through enhanced opportunities for progression and upskilling • Support Scotland to become a Fair Work Nation by 2025 • Improved productivity and innovation for companies/organisations • Local and regional anchors enhancing their social impact <ul style="list-style-type: none"> ➤ <i>Local Jobs</i> ➤ <i>Soft & Basic Skills</i> ➤ <i>Intermediate & Advanced Skills</i> ➤ <i>Health</i> ➤ <i>Business Support</i> ➤ <i>Sustainable Working Population</i> 	<ul style="list-style-type: none"> • To develop an Ayrshire approach to Community Wealth Building that enhances wealth, ensures fair and meaningful work, and creates successful places throughout the region.

	<p>existing employability pipeline and initiatives in the region and the Regional Skills and Inclusion Programme.</p> <ul style="list-style-type: none">• Help to develop 'Fair Work' policies and practice.• Practical support to link to local social enterprises/volunteering schemes.• Monitor progress towards action plan.• Position Ayrshire as a Fair Work region – facilitate workshops to promote and learn best practice, ensuring learning from the Fair Work Convention and SG Fair Work Benchmarking Tool.			
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APPENDIX 4

Draft Governance Document

AYRSHIRE GROWTH DEAL GOVERNANCE DOCUMENT



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AYRSHIRE
GROWTH DEAL

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1. AYRSHIRE GROWTH DEAL – GOVERNANCE DOCUMENT

- 1.1** This document sets out the governance arrangements which have been agreed for the Ayrshire Growth Deal (AGD). The governance arrangements will enable sound decisions to be taken in an open, inclusive and transparent way.
- 1.2** The partners involved in the Ayrshire Growth Deal are the Scottish Government, the UK Government, East Ayrshire Council, North Ayrshire Council and South Ayrshire Council. East Ayrshire Council will be the Accountable Body for the Deal. East Ayrshire Council will provide the link for all other regional partners involved in the Deal including North Ayrshire and South Ayrshire Councils.
- 1.3** 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 3rd sector and Ayrshire's business and resident communities.
- 1.4** The Governance Document sets out decision making structures, memberships, roles and responsibilities and how key processes will be managed to ensure accountability, probity, transparency, compliance and value for money. The governance arrangements outlined within this document will be reviewed regularly to ensure that they remain fit for purpose as the deal progresses.
- 1.5** The partnership approach to governance will promote:
- Openness of decision making focused on clearly defined outcomes underpinned by sustainable economic, social and environmental benefits;
 - Management of risks and performance through robust internal control and strong financial management; and
 - Transparent reporting.
- 1.6** The partners believe that over the next 15 years, more than £300 million will be unlocked by the deal investment, aiming to deliver around 7,000 new jobs across a wide range of sectors in the Ayrshire region.

2. AYRSHIRE GROWTH DEAL – GOVERNANCE ARRANGEMENTS

- 2.1 In 2018, the Ayrshire Councils agreed to implement a new governance structure to oversee the delivery of the Ayrshire Growth Deal and to promote the main drivers for the Ayrshire Regional Economic Partnership, namely:
- to promote and deliver regional economic and inclusive growth on an Ayrshire-wide basis, in line with the Scottish Government's aim of having a Regional Economic Partnership for every region of Scotland;
 - to provide the robust shared governance which will enable the Scottish and UK Governments and other funding sources to dispense monies on an Ayrshire basis;
 - to encourage the meaningful involvement of private sector partners as well as the public sector; and
 - to recognise that the funding element is being delivered through Councils, and consequently democratic accountability will be required for key investment decisions.
- 2.2 The structure should be as simple as possible, but be capable of adaptation as required. What has been implemented is a structure which has a new Joint Committee with ultimate control over key strategic and investment decisions. This comprises of Councillors from the three authorities with some representation (less than one third, in line with legislative requirements) from partners and business. Below this sits the Ayrshire Regional Economic Partnership, which will progress the day-to-day business of both the Regional Economic Partnership and Growth Deal. The Regional Economic Partnership comprises members from the Joint Committee, as well as more extensive representation from other sectors.
- 2.3 The membership, remits and powers of both the Ayrshire Regional Economic Joint Committee and the Ayrshire Regional Economic Partnership are set out in Appendices A and B. Standing Orders for their meetings are set out in Appendix C. Key components of this are:
- The Ayrshire Regional Economic Joint Committee (EJC) comprises thirteen members in total, three from each Council, one from Scottish Enterprise (SE), one from Skills Development Scotland (SDS), one from the business sector and one from the education sector. The local authority Chair will rotate on an annual basis. Its core functions are:

- to approve the Ayrshire Economic Strategy;
 - to make recommendations to the UK and Scottish Governments, the Ayrshire Councils, public sector partners and business to promote collaborative working and to ensure their priorities, policies and service delivery are aligned with the Ayrshire Economic Strategy and the Ayrshire Growth Deal;
 - to approve major funding decisions including approval of the Business Cases for AGD projects;
 - to approve the AGD Benefits Realisation Plan;
 - to approve major change requests;
 - to receive reports on the effectiveness of the implementation of the Ayrshire Economic Strategy and the Ayrshire Growth Deal and to identify potential improvements and make recommendations to the Constituent Authorities;
 - to make recommendations to the Constituent Authorities in respect of the Ayrshire Growth Deal funding arrangements;
 - to make recommendations to the Constituent Authorities on the setting of budgets for the Ayrshire Growth Deal;
 - to approve operational expenditure within agreed Ayrshire Growth Deal Joint Committee budgets allocated by the Constituent Authorities in order to further the aims of the Ayrshire Growth Deal.
- Notwithstanding the terms of the Standing Orders and Meetings arrangements within Appendix A, the EJC will meet quarterly to align with the financial reporting, approvals drawdowns and in keeping with the Grant Offer Letter. Special meetings of the EJC will be arranged at short notice if decisions require to be taken quickly or indeed during the period between meetings.

- The Ayrshire Regional Economic Partnership (REP) comprises three representatives from each Council, three representatives of the business sector, three representatives of the Higher or Further Education sector and one representative from each of Scottish Enterprise, Highlands and Islands Enterprise (HIE), Skills Development Scotland, and Visit Scotland. There is also provision to co-opt an additional three members either from other organisations or on the basis of experience or skills. In legal terms this has to be a sub-committee as it comprises more than one-third membership who are not councillors. The Regional Economic Partnership (sub-committee) will have delegated powers, but major strategic and funding decisions will require to be remitted for approval to the Joint Committee. The functions of this Regional Economic Partnership are:
 - to oversee the development of the Ayrshire Economic Strategy and to make recommendations to the Ayrshire Economic Joint Committee regarding its approval;
 - to provide strategic oversight for the delivery of the strategic priorities and actions contained within the Ayrshire Economic Strategy and any Action Plan forming part of such Strategy;
 - to drive forward the growth of the Ayrshire economy;
 - to prioritise inclusive growth and report on progress made annually in AGD Benefits Realisation Plan in line with the Scottish Government's Inclusive Growth Monitoring Framework;
 - to drive increased collaboration and partnership between the Ayrshire Councils, the Scottish and UK Governments and their agencies and the private sector, focussed towards delivery of the Ayrshire economic priorities;
 - to make recommendations to the Ayrshire Economic Joint Committee, the Ayrshire Councils, public sector partners and business to promote collaborative working and to ensure their priorities, policies and service delivery are aligned with the Ayrshire Economic Strategy and the Ayrshire Growth Deal;
 - undertake periodic reviews of the Ayrshire Economic Strategy and any Action Plan forming part of the Strategy to ensure that it is consistent with the emerging ambitions of Ayrshire and collaboration with partners;
 - to oversee the development of the business cases of individual Ayrshire Growth Deal projects and to make recommendations to the Ayrshire Economic Joint Committee regarding their approval;

- to oversee the implementation of the Ayrshire Economic Strategy and the Ayrshire Growth Deal, to monitor the performance of the Programme Management Office (PMO), to identify potential improvements and make recommendations to the PMO or the Ayrshire Economic Joint Committee;
 - to make recommendations to the Ayrshire Economic Joint Committee in respect of the Ayrshire Growth Deal funding arrangements;
 - to ensure that an effective monitoring and evaluation framework is in place at both a project and programme level, and that each Member Authority is delivering upon its requirements;
 - to provide strategic direction and manage the input of any Thematic or other Working Groups.
- Notwithstanding the terms of the Standing Orders and Meetings arrangements within Appendix B, the REP will meet quarterly to align with the financial reporting, approvals, drawdowns and in keeping with the Grant Offer Letter. Special meetings of the REP will be arranged at short notice if decisions require to be taken quickly or indeed during the period between meetings.

ROLES AND RESPONSIBILITIES

The Accountable Body (East Ayrshire Council):

- 2.4 The Accountable Body carries out certain legal and regulatory functions on behalf of the EJC and REP as instructed by them, where the EJC and REP do not have the requisite legal status or competence.
- 2.5 The Accountable Body has established and hosts a Programme Management Office and has appointed a Strategic Manager to oversee its budget and duties.
- 2.6 The Accountable Body provides support services as the Strategic Manager may reasonably require to discharge their duties on behalf of the Accountable Body which may include financial, legal, audit and other professional or technical services. Each Partner Authority shall provide the appropriate level of support services to fulfil their obligations to the Accountable Body.
- 2.7 The Accountable Body will analyse and provide reports on progress to the REP, EJC, the UK and Scottish Governments and the Chief Executives' Group or provide any other reports or updates as required by these groups.

- 2.8 The Accountable Body shall allocate and account for distribution of AGD grant income to all partners. It will enter into any grant agreements on behalf of the EJC and REP, hold the AGD grant funding and make disbursements to Partner Authorities, Third Parties and other bodies as appropriate, all in accordance with the approved governance arrangements.
- 2.9 It will account for these funds under a separately identified budget line to ensure transparency and clarity, and will report to the Scottish and UK Governments as required in accordance with the Grant Offer Letter.
- 2.10 The Accountable Body and Partner Authorities will ensure compliance with confidentiality and data protection regulations in relation to the AGD Programme.
- 2.11 The Accountable Body will ensure that grant funds are disbursed legally and appropriately and, with Partner Authorities, will have the appropriate and proportionate control systems in place to prevent relevant employees breaching the Bribery Act 2010 in relation to AGD funds and to prevent fraudulent activity.
- 2.12 Partner Authorities will refund all amounts identified by the Accountable Body and/or funders to be ineligible.
- 2.13 In the event of the Accountable Body becoming aware of, or suspecting any irregular or fraudulent activity that may have any impact on the Project/Programme or the use of the AGD grant, or any part of it, the Accountable Body shall immediately set out a fact-finding exercise, investigate as required and, in accordance with the conditions of the Grant Offer Letter, notify the Scottish Ministers of any confirmed activity. Partner Authorities must report all cases to the Accountable Body as soon as they become aware of suspected or actual irregular or fraudulent activity and must participate fully in any fact-finding or investigation.
- 2.14 The Accountable Body will ensure that such financial statements or relevant disclosure requirements as are required in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and proper accounting practices (section 12 of the Local Government in Scotland Act 2003) are prepared for the EJC and REP. Where these form part of the wider statutory reporting requirements of the Partner Authorities appropriate summary financial information will be consolidated and reported to the EJC and REP.
- 2.15 All partners will ensure that grant funds are used appropriately and demonstrate Best Value.
- 2.16 The Accountable Body's Chief Auditor will be appointed as Chief Auditor for the AGD to coordinate Internal Audit activity.

- 2.17 Each partner will be responsible for allocating Internal Audit resources as required for local AGD activities. The Accountable Body's Internal Audit section will reserve the right to review programme and project activities as required and request information from all partners regarding these activities.
- 2.18 Each year a consolidated Internal Audit Plan will be presented to the EJC and REP having been prepared following:
- consultation with relevant senior officers of the AGD PMO;
 - consideration of the risks affecting the AGD at programme and project level;
 - consideration of both internal and external factors affecting the AGD;
 - consideration of previous internal and external audit findings;
 - consideration of all of these elements which will inform Public Sector Internal Audit Standards (PSIAS) based risk assessments carried out locally by the Accountable Body and Partner Authorities; and
 - any relevant items subsequently included in local Internal Audit plans approved by each partner's audit committee in line with PSIAS obligations will be reflected in the consolidated AGD Internal Audit Plan.
- 2.19 All AGD Internal Audit work will be carried out in line with the PSIAS with individual Internal Audit assignment reports presented to the EJC and REP for noting.
- 2.20 The EJC and REP will be advised of the overall outcomes from Internal Audit work in an annual Internal Audit Report the timing of which is anticipated to align with the annual accounts timetable and will be reported to the EJC and REP for noting in line with PSIAS requirements.
- 2.21 The Annual Internal Audit Report will include a summary of AGD internal audit work in year by all partners, an annual opinion for the AGD and for further assurance will also include the authority-wide Annual Internal Audit opinions prepared by each partner.
- 2.22 Actions arising from Internal Audits will be followed up by the relevant Internal Audit team in line with established arrangements in that authority and these follow-up reports will be presented to the EJC and REP for noting.
- 2.23 Further audit, advisory consultancy or investigative work may be requested by the EJC and REP.
- 2.24 The Accountable Body's Chief Auditor will liaise with partner Chief Auditors through established arrangements.

Partner Authorities

- 2.25 Partner Authorities play a key role in supporting the delivery of the overall Programme through a range of activities including: delivering their Approved Projects; participating in all Support Group activities and work plans; designing and delivering Programme-wide approaches and strategies (such as the Ayrshire Economic Strategy and the Inclusive Growth Action Plan); identifying and sharing best practice; identifying and collaborating on joint working opportunities.
- 2.26 Partner Authorities shall develop H M Treasury Green Book compliant Business Cases and deliver Approved Projects in accordance with: their Approved Project Business Case; the terms of the grant agreement entered into with the Accountable Body; and all Programme management requirements.
- 2.27 The annual Grant Offer Letter will outline the reporting and governance requirements for the partners.
- 2.28 Any grant agreement entered into by a Partner Authority shall be subject to that Authority's contract standing orders and financial regulations.
- 2.29 Partner Authorities are responsible for ensuring the realisation of project benefits as agreed by EJC and REP and as a condition of the grant agreement.
- 2.30 Partner Authorities are required to provide a statement of compliance with the Conditions of Grant as set out in the grant letter. This will be evidenced in the certification of the final capital return made to the Scottish Government by each Partner Authority's Section 95 Officer. AGD Project income and expenditure, which is accounted for within Partner Authorities' own accounts, will be subject to audit by an individual authority's own external auditors.
- 2.31 For the avoidance of doubt, for every financial claim to be submitted by the Accountable Body each Partner Authority must provide a full audit trail by way of a certification by the Section 95 Officer of the eligible funds disbursed in a format determined by the Accountable Body.
- 2.32 Partner Authorities will require to follow claims procedures put in place by each Partner Authority's Section 95 Officer. The procedures will include all additional checks and requirements as appropriate.
- 2.33 Partner Authorities will be required to provide all information as required by the PMO (details of all reporting requirements are set out in the next section of this paper).
- 2.34 Partner Authorities will make their own arrangements for reporting on Projects internally within their own organisations

and for approving these internal reports prior to the onward submission of information to the PMO. These internal governance structures will be documented within Project Business Cases.

- 2.35 The Partner Authorities shall provide the PMO with quarterly updates on the progress of each Approved Project, in line with the Partner Authority Report and Project Status Report template.
- 2.36 The PMO reserves the right to request copies of individual Project Status Reports, as required. Partner Authorities' Project governance arrangements may be reviewed by the PMO to ensure compliance with the requirements of funders.
- 2.37 This monitoring information will be presented to the EJC and REP by the PMO in the Programme Status Report, including advising on progress, benefits realisation, any slippage and risks in relation to any specific Projects and seeking approval for any amendments/change controls. Any concerns which the EJC and REP may have will be notified to the relevant Member Authority via the Chief Executives' Group.
- 2.38 Partner Authorities will work with relevant working groups to assist with the realisation and maximisation of relevant project benefits where required.
- 2.39 Partner Authorities will work with the Equalities and Human Rights Commission and others to explore opportunities to maximise the impact of the Deal to deliver inclusive growth.

Third Parties

- 2.40 Third Parties are organisations, other than Partner Authorities, which receive a grant from the Accountable Body to deliver Approved Projects as part of the Programme as agreed by the EJC and REP.
- 2.41 Third Parties will also comply with the same conditions as Partner Authorities as set out above.

THE PROGRAMME MANAGEMENT OFFICE (PMO)

- 2.42 A permanent staffing structure is in place within the Programme Management Office for the Ayrshire Growth Deal and the team is tasked to:
 - monitor, review and update the AGD 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 other documentation as is required from time to time;
- analyse and report on the impact of the delivery of AGD projects and the overall AGD, 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 EJC and REP.

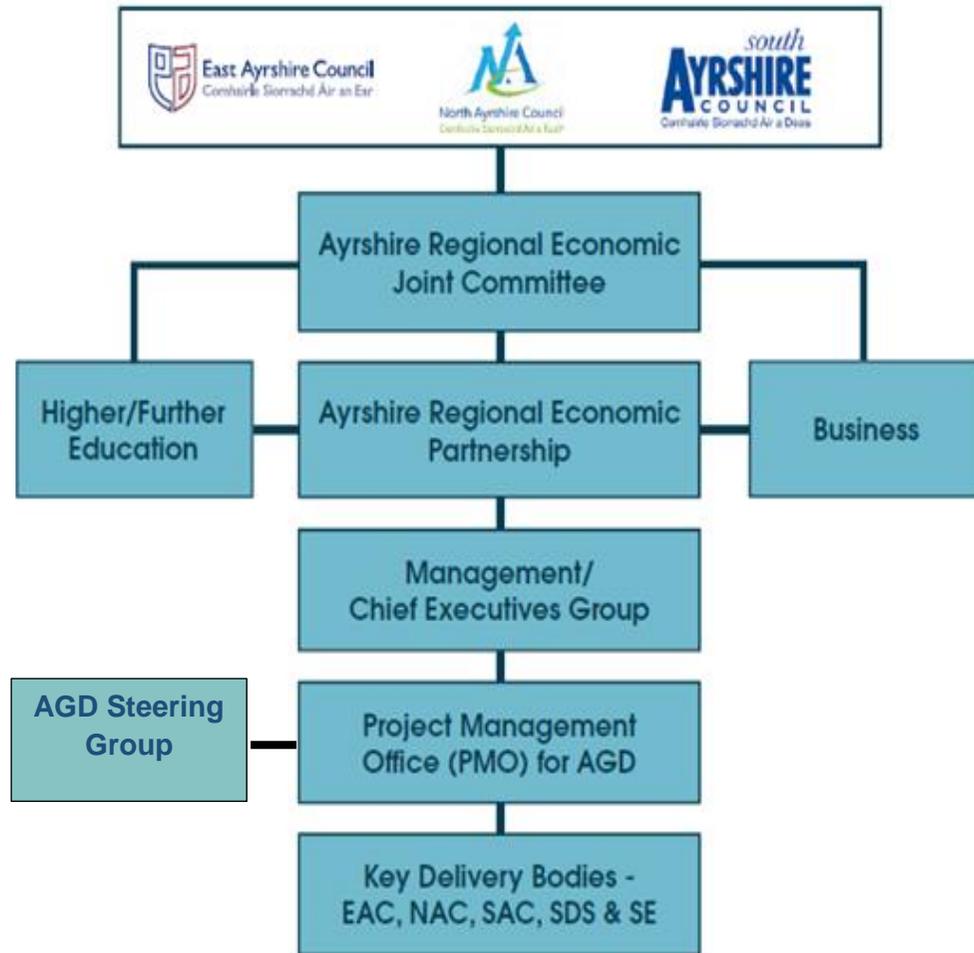
2.43 The work of the PMO is supported by the following working groups:

- Procurement – comprising procurement leads from each of the Ayrshire Councils. This group meets monthly or as often as required;
- Marketing and Communications – comprising communications leads for each of the Ayrshire Councils together with representatives from UK and Scottish Governments. This group meets monthly or as often as required;
- Ayrshire Growth Deal Steering Group – comprising representatives from each of the Ayrshire Councils, Scottish Enterprise, Skills Development Scotland and representatives from UK and Scottish Governments. This group provides support and guidance to the PMO and assists with information sharing. This group meets monthly;
- Other short-term working groups will be established as required.

Minutes of all meetings will be maintained.

2.44 At project level, each project has a named project lead (a senior responsible officer), supported by a project board and project development and implementation is aligned to the principles of PRINCE2.

Governance Structure



BUSINESS CASE APPROVAL PROCESSES

- 2.45 Once government is satisfied that a given project's OBC is sufficiently well developed they will inform the regional Programme Management Office that the OBC has been approved and that government is content for regional partners to proceed to full business case (FBC).
- 2.46 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.
- 2.47 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.
- 2.48 Prior to taking business cases for comment to the Regional Partnership and approval to Joint Committee, these will be taken to the Executive Oversight Group for noting and comment.
- 2.49 Each Ayrshire Council can choose to advise its own committees of the content of business cases for its own internal governance purposes. However, it will only be the Joint Committee who will approve FBCs and implementation of projects.

FINANCIAL REPORTING

- 2.50 As outlined in the annual Grant Offer Letter, on a monthly basis, a Financial Forecast will be completed by the PMO, and submitted to Scottish Government copied into UK Government. This will include monthly expenditure by the overall Programme and individual Projects, the cumulative spend and profile spend for the remainder of the financial year.
- 2.51 As outlined in the annual Grant Offer Letter, a Quarterly Performance Report will also be completed by the PMO and reported to Scottish Government copied into UK Government. This report will not only report on financial information but will include a Risk Status of the overall Programme as well as each Project and highlight where underspend or overspend is predicted including narrative as to how this will be managed going forward.

- 2.52 As outlined in the annual Grant Offer Letter, an Annual Report based on the previous year's activity will be prepared. This report will form the basis for the annual conversation with Government and should follow the Annual Report Template for City Region Deals. The final report will be approved by the Joint Committee and presented to Governments before being published.
- 2.53 The annual conversation will allow the Scottish City Region and Growth Deal Delivery Board to engage with each City Region Deal at senior officer level, to celebrate success and discuss progress. Annual Conversations, informed by the Annual Performance Report and the Benefits Realisation Plan, also present an opportunity to reflect and work through any concerns that local partners and governments have about the implementation of the Deal and the ambitions of the Deal going forward.

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3. MANAGING CHANGE

- 3.1 Major change decisions will be escalated from project level via the Programme Management Office to the REP for discussion. The REP will then review recommendations, challenge and amend, where appropriate, and thereafter present recommendations to the Joint Committee for final decision. Both UK and Scottish Government's will be updated throughout this process via the Programme Management Office.
- 3.2 If a scenario arises that is considered to be a major change and represents a significant deviation from the original agreement, the Joint Committee will enter into open dialogue with Scottish or/and UK Governments or the Scottish City Region Deal Delivery Board, as appropriate, to identify acceptable solutions.
- 3.3 Examples of scenarios that may constitute as major change include:
- There is project underspend, leaving an opportunity to enhance the scope or consider new projects;
 - Project is no longer considered viable or value for money since business case approval; or
 - External factor triggers changes in the investment priorities for the Ayrshire region.
- 3.4 'Deal Change' can be described as something that modifies to any degree the terms of the agreements previously struck between UK and Scottish Governments and local partners. Such agreements are variously described within the terms of the Heads of Terms, the Full Deal, the terms of approved Business Cases, and the terms of the Grant Offer (the Four Documents).
- 3.5 A Checkpoint Review process will be developed and agreed with partners and governments to examine both the Growth Deal programme and component projects at key decision points in their lifecycle. It will look ahead to provide assurance that projects can progress successfully to their next stage.

Change Management Process

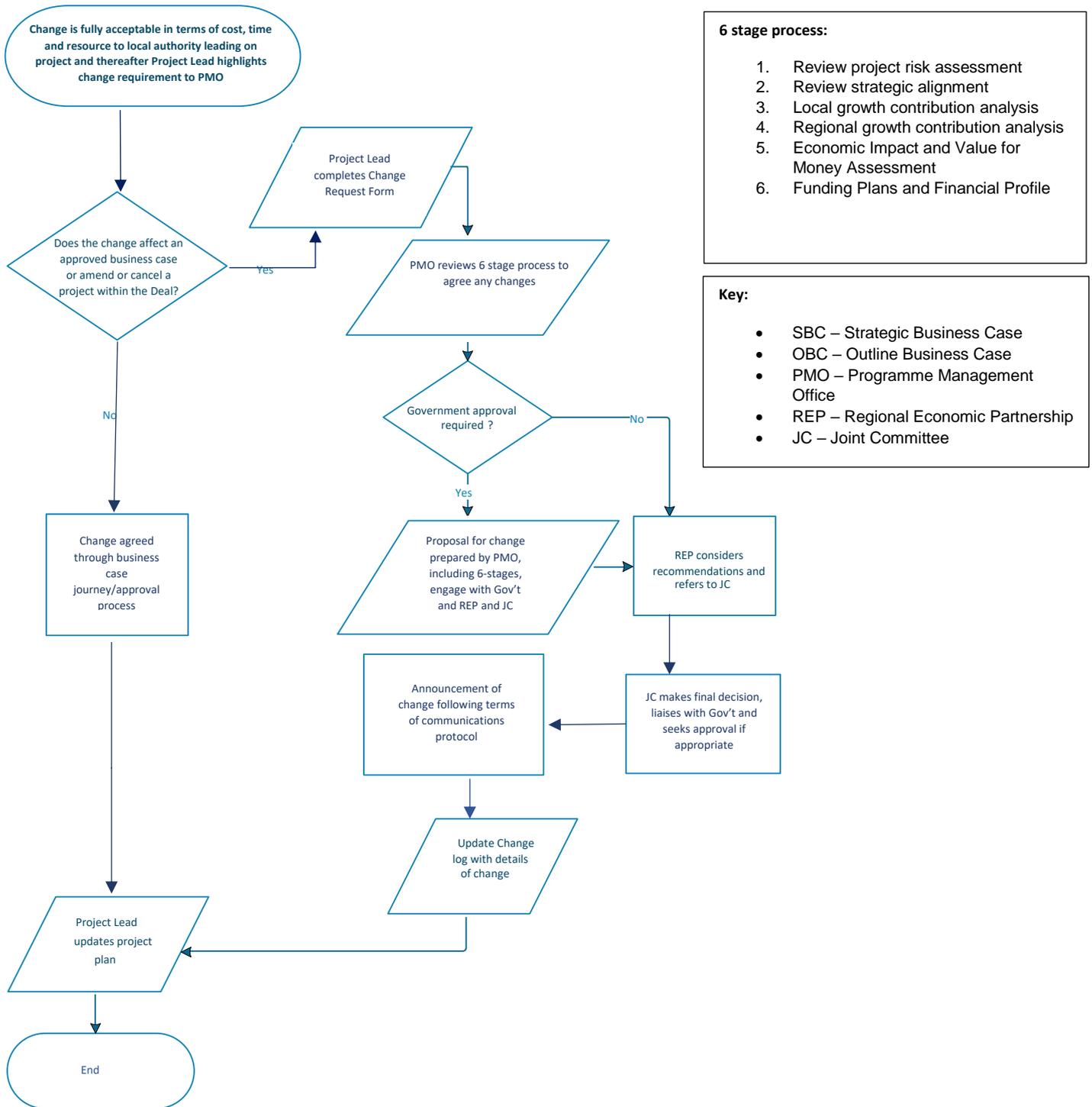
- 3.6 Outwith the agreements described in the Four Documents, Government would still have an interest in any proposed change however for the most part would expect matters to be resolved locally.

- 3.7 Changes that don't affect the Deal and take place prior to the project business case being approved will be dealt with as part of the Business Case journey and approval process.
- 3.8 Any changes identified for escalation by the Project Lead should be detailed on a Change Request Form (Appendix D) and forwarded to the PMO for consideration.
- 3.9 If the request proposes a change to the terms agreed in the Four Documents, a proposal for change will be prepared by the PMO referring to the relevant business case and explain the circumstances that have inspired the change. The proposal will include the six stages set out below. The proposals will then be assessed by the Governments and Ministerial approval sought if the proposed change represents a significant deviation from the original agreement.
- 3.10 The six stages, which apply to both old and new projects, are:
1. A **Review of the Project Risk Assessment** in order to demonstrate that the risk of not meeting original objectives has substantially changed (or alternatively, to demonstrate that the original objectives are now less relevant to supporting economic growth).
 2. **Review of Strategic Alignment**, demonstrating deviation from the original ethos of the Deal
 3. **Local Growth Contribution Analysis**, including inclusive growth assessment.
 4. **Regional Growth Contribution Analysis**, including inclusive growth assessment.
 5. **Economic Impact and Value for Money Assessment**.
 6. **Funding Plan and Financial Profile** which will set out the cost of the new proposal, respective funding shares, and the time period over which the project will be delivered.
- 3.11 Project Leads should notify their Local Authority's Finance Team and the PMO with the necessary detail in relation to any additional funding committed to the Deal, including the time period for the funding and associated profile, as soon as this information is available. The Local Authority's Finance Team will thereafter consider any implications for their capital plan and borrowing pressures.
- 3.12 Requests for projects to be considered for acceleration, deferral or re-profiling at any stage, should be highlighted to the PMO as soon as reasonably possible. However, the Project Lead will be required to take guidance from their Local Authority's Finance Team as early as possible in the process to ensure any changes can align and/or fit in with the relevant Local Authority's capital plan and borrowing pressures. Any re-profiling would be reported, discussed and agreed with Governments.

- 3.13 It will be for each local authority to ensure that they have suitable processes in place to ensure that change or issues being highlighted by the Project Lead to the PMO are fully acceptable in terms of cost, time and resource.
- 3.14 Confirmation (and announcement) of any change proposals approved by Government will be subject to the terms of the agreed Communications Protocol.
- 3.15 All changes will be logged by the PMO on the Changes register.
- 3.16 Following approval by the JC and Government, where necessary, the Project Lead should amend the project plan and re-baseline.

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A summary of the process is shown below:



Appendix A: AYRSHIRE ECONOMIC JOINT COMMITTEE

Constitution

A maximum of thirteen Members, comprising up to three members each nominated by East, North and South Ayrshire Councils, one from Scottish Enterprise, one from Skills Development Scotland, one from the business sector and one from the education sector.

Chair

The Chair of the Committee will rotate annually from a Member appointed by East Ayrshire Council to North Ayrshire Council, and to South Ayrshire Council and so on, with each Chair taking up his or her position on 1 September.

Quorum

A quorum of the Joint Committee shall be four members, with at least one member from each Council present.

Standing Orders and Meetings

The Standing Orders for the Joint Committee shall be as detailed in Appendix C. The Committee shall determine its timetable of meetings but shall meet at least two times per annum.

Delegated Powers

The Joint Committee has delegated powers to implement its functions, except as otherwise provided herein. The Joint Committee shall have power to create an Ayrshire Economic Partnership Sub-committee whose membership, powers and remit shall be as detailed in Appendix B.

Functions Referred

The following functions of the Council will stand referred to the Joint Committee: -

Acting in the interests of Ayrshire as a whole:-

1. To approve the Ayrshire Economic Strategy;
2. To make recommendations to the UK and Scottish Governments, the Ayrshire Councils, public sector partners and business to promote collaborative working and to ensure their priorities, policies and service delivery are aligned with the Ayrshire Economic Strategy and the Ayrshire Growth Deal;
3. To approve the business cases of individual Ayrshire Growth Deal Projects;
4. To receive reports on the effectiveness of the implementation of the Ayrshire Economic Strategy and the Ayrshire Growth Deal and to identify potential improvements and make recommendations to the Constituent Authorities;
5. To make recommendations to the Constituent Authorities in respect of the Ayrshire Growth Deal funding arrangements;
6. To make recommendations to the Constituent Authorities on the setting of budgets for the Ayrshire Growth Deal;
7. To approve operational expenditure within agreed Ayrshire Growth Deal Joint Committee budgets allocated by the Constituent Authorities in order to further the aims of the Ayrshire Growth Deal.

Appendix B: AYRSHIRE ECONOMIC PARTNERSHIP

Constitution

The Ayrshire Economic Partnership ('the Partnership') is a sub-committee in terms of section 56(1) of the Local Government (Scotland) Act 1973. It shall comprise a maximum of 22 members, being:-

- 2 Councillors and one officer nominated by each of East, North and South Ayrshire Councils;
- three representatives of the business sector selected by the Partnership;
- three representatives of the Higher or further Education sector, selected by the Partnership;
- One representative nominated by each of Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland, and Visit Scotland.

The Partnership may also co-opt up to three additional members on the basis of experience or skills, whether from existing members, from other organisations or individuals.

Chair

The Chair shall be appointed by the Joint Committee.

Quorum

A quorum of the Partnership shall be six, with at least one nominee from each of the Ayrshire Councils present.

Standing Orders and Meetings

The Standing Orders of the Partnership shall be as detailed in Appendix C. The Partnership shall determine its timetable of meetings but shall meet at least six times per annum.

Delegated Powers

The Partnership has delegated powers to implement its functions, except as otherwise provided herein.

Functions Referred

The following functions of the Ayrshire Economic Joint Committee will stand referred to the Partnership: -

Acting in the interests of Ayrshire as a whole, to:-

8. To oversee the development of the Ayrshire Economic Strategy and to make recommendations to the Ayrshire Economic Joint Committee regarding its approval;
9. To provide strategic oversight for the delivery of the strategic priorities and actions contained with the Ayrshire Economic Strategy and any Action Plan forming part of such Strategy;
10. To drive forward the growth of the Ayrshire economy;
11. To prioritise inclusive growth and provide an annual report in line with the Scottish Government's Inclusive Growth Monitoring Framework;
12. To drive increased collaboration and partnership between the Ayrshire Councils, the Scottish & UK Governments and their agencies and the private sector, focussed towards delivery of the Ayrshire economic priorities;
13. To make recommendations to the Ayrshire Economic Joint Committee, the Ayrshire Councils, public sector partners and business to promote collaborative working and to ensure their priorities, policies and service delivery are aligned with the Ayrshire Economic Strategy and the Ayrshire Growth Deal;
14. Undertake periodic reviews of the Ayrshire Economic Strategy and any Action Plan forming part of the Strategy to ensure that it is consistent with the emerging ambitions of Ayrshire and collaboration with partners;
15. To oversee the development of the business cases of individual Ayrshire Growth Deal Projects and to make recommendations to the Ayrshire Economic Joint Committee regarding their approval;
16. To oversee the implementation of the Ayrshire Economic Strategy and the Ayrshire Growth Deal, to monitor the performance of the Programme Management Office (PMO), to identify potential improvements and make recommendations to the PMO or the Ayrshire Economic Joint Committee;

17. To make recommendations to the Ayrshire Economic Joint Committee in respect of the Ayrshire Growth Deal funding arrangements;
18. To ensure that an effective monitoring and evaluation framework is in place at both a project and programme level, and that each Member Authority is delivering upon its requirements;
19. To provide strategic direction and manage the input of any Thematic or other Working Groups.

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Appendix C: STANDING ORDERS FOR THE CONDUCT OF MEETINGS

PRELIMINARY

COMMENCEMENT

These standing orders will apply and have effect from the date approved by the Joint Committee.

DEFINITIONS

In these Standing Orders the following words and expressions have the following meaning as shown below:-

“The Joint Committee” shall mean the Ayrshire Regional Economic Joint Committee, formed under Sections 56 and 57 of the Local Government (Scotland) Act 1973 and Section 15 of the Local Government in Scotland Act 2003 for the purposes of regulating the shared discharge of the functions of the Constituent Authorities,

“Constituent Authority” means any of the East, North or South Ayrshire Councils.

“The Partnership” shall mean the Ayrshire Regional Economic Partnership, a Sub-committee formed under Sections 56 and 57 of the Local Government (Scotland) Act 1973 and Section 15 of the Local Government in Scotland Act 2003 for the purposes of regulating the shared discharge of the functions of the Constituent Authorities

MEETING ARRANGEMENTS

Dates of Meetings

1. The Joint Committee shall meet at least twice in each financial year or more often as is required to conduct its business, dates of meetings to be agreed by the Joint Committee. The Partnership shall meet at least six times in each financial year or more often as is required to conduct its business, dates of meetings to be agreed by the Partnership.
2. A special meeting of the Joint Committee or the Partnership may be called at any time:
 - (a) by the incumbent Chair; or

- (b) if at least one quarter of the total number of members request a meeting in writing specifying the business to be transacted. The requisition shall be submitted to the Chief Executive of the incumbent Chair's Council (or if the Partnership is not chaired by a Council nominee, by the Chief Executive of the Joint Committee's incumbent Council), and shall be included in the notice and summons of the meeting. The Chief Executive will determine the time and venue of the meeting, which shall be held within 14 days of the receipt by the Chief Executive of the requisition.

Place, Time and Notice of Meetings

- 3.1 Except in the case of urgency (when the incumbent Chair may direct accordingly) three clear days at least before a meeting of the Joint Committee or the Partnership;
 - i. Notice of the time and place of the intended meeting shall be published by the Chief Executive of the incumbent Chair's Council (or if the Partnership is not chaired by a Council nominee, by the Chief Executive of the Joint Committee's incumbent Council) or an appropriate officer of that council, responsible for the administrative support of the Joint Committee or Partnership, at that Council's principal office and, where practical, at the place where the meeting will be held if the meeting is to be held outwith that Council's principal office; and
 - ii. A summons to attend the meeting, specifying the business to be transacted shall be left at or sent by post to the usual place of residence of every Member of the Joint Committee or Partnership as appropriate, or to such other address as the Member may notify in writing to the Chief Executive of the incumbent Chair's Council.

LACK OF NOTICE

- 4. Want of service of a summons on any Member of the Joint Committee or Partnership shall not affect the validity of any meeting.

QUORUM

- 5. The quorum for the Joint Committee shall be four, with at least one nominee from each of the Ayrshire Councils present.

The quorum for the Partnership shall be six, with at least one nominee from each of the Ayrshire Councils present.

No business shall be transacted at any meeting of the Joint Committee or Partnership unless a quorum is present.

If, 10 minutes after the time appointed for a meeting a quorum of Members is not then present, the meeting shall stand adjourned and it shall be minuted that “owing to the want of a quorum, no business was transacted”.

CHAIR

6. The Chair of the Joint Committee will rotate annually from a Member appointed by East Ayrshire Council to North Ayrshire Council, and to South Ayrshire Council and so on, with each Chair taking up his or her position on 1 September. The Chair of the Partnership shall be appointed by the Joint Committee.

The Chair shall preside. In the event of the incumbent Chair either being absent or withdrawing from a meeting, another member from the Authority of the present Chair, chosen by the members of that Authority present, shall assume the Chair for that meeting or part thereof.

POWERS AND DUTIES OF CHAIR

7. Deference shall at all times be paid to the authority of the Chair. When the Chair indicates a wish to speak, any Member who may be addressing the meeting shall give way. The Chair shall:-
 - (i) preserve order and ensure that every member of the Joint Committee or Partnership shall have a fair hearing;
 - (ii) decide all matters of order, competency and relevancy and the ruling of the Chair shall be final and shall not be open to discussion;
 - (iii) decide between two or more members of the meeting indicating that they wish to speak by calling on the member who has first caught the attention of the Chair;
 - (iv) ensure that due and sufficient opportunity is given to members who wish to speak to express their views on the subject under discussion;

- (v) be entitled, in the event of disorder arising, to adjourn the meeting to a time he or she may then, or afterwards, fix and his or her leaving the Chair shall indicate the meeting is adjourned; and
- (vi) the Chair shall, at his or her discretion, determine all questions of procedure for which no express provision is made under these Standing Orders with regard to the regulation of the proceedings and business of the Joint Committee meetings.

BUSINESS AT MEETINGS

8. At a meeting of the Joint Committee or Partnership, no business other than that specified in the summons shall be considered.

URGENT BUSINESS

9. Business which has not been specified in the summons may be considered where the Chair determines that the matter is one of urgency. It shall be at the sole discretion of the Chair to decide whether any business not specified on the agenda for the meeting, by reason of special circumstances, be considered at the meeting as a matter of urgency, and such special circumstances must be specified in the Minute of the meeting.

ORDER OF BUSINESS

10. The business at any meeting shall (unless as otherwise directed by the Chair who may, at his or her discretion, alter the order of business at any stage) proceed in the following order:-
- (i) the Sederunt shall be taken; the names of the members present at the meeting shall be recorded with the Chair at the head followed by the remaining Members;
 - (ii) Minutes of the previous Joint Committee or Partnership as appropriate shall be submitted, held as read and be formally moved and be held to be approved, unless objection is taken to any portion thereof when so submitted. Any Member may request information on an item within a Minute that is before the meeting; and
 - (iii) Any other competent business detailed in the Agenda or urgent business raised at the discretion of the Chair.

ORDER OF DEBATE

Motions/Amendments

- 11.1** A member of the Joint Committee or Partnership when speaking shall address the Chair and direct all remarks to the matter before the meeting by proposing, seconding or speaking to the motion or any amendment relative thereto, or to a point of order, or to propose or second a motion to adjourn the proceedings.
- 11.2** Every motion or amendment shall be moved and seconded. The terms of all motions or amendments shall always precede any remarks to be made by their proposers. No member shall speak supporting the motion or any amendment until the same shall be seconded.
- 11.3** The terms of a motion or amendment not seconded or which may be withdrawn or altered after being seconded shall not be recorded in the Minutes of proceedings.
- 11.4** Any member who has moved a motion or amendment and has failed to find a seconder may request that his or her dissent in regard to the decision in question be recorded and that dissent will be recorded in the Minutes.

Procedure on Point of Order

- 11.5** A member may speak upon a matter of order and on doing so shall make a short statement detailing precisely the terms of the point of order. If the Chair decides that the question raised by the speaker is not a 'point of order', the member who raised the point of order shall thereupon accept the decision as final. No other member shall be entitled to speak to that point of order. A member who is addressing the meeting when a question of order is raised shall give way until the question of order has been decided by the Chair.

MOTION FOR ADJOURNMENT OF MEETING

- 12.1** A motion for the adjournment of the meeting for a specified period of time may be put at the conclusion of any speech and shall have precedence over all other motions. It must be moved and seconded without a speech and shall at once be put by the Chair in the form of "For Adjournment" or "Against Adjournment".

12.2 A second motion for the adjournment of the meeting shall not be made within a period of 30 minutes unless it is moved by the Chair, when it shall be dealt with as in the immediately preceding standing order.

VOTING

Method of Voting on Motion and Amendment

13. The method of voting on motions and amendments shall be as follows :-

- (i) When a motion and one amendment only are before the meeting, a vote shall be taken between the motion and the amendment;
- (ii) When a motion and two or more amendments are before the meeting, the vote shall be taken upon all the proposals, each member having one vote. If a proposal receives the support of a majority of the members taking part in the vote, it shall be declared to be the decision of the meeting, but, in the event of none of the proposals receiving the support of such a majority, the proposal which has received the least support shall be dropped and the vote shall be taken anew upon the remaining proposals and so on until one proposals has received the support of such a majority whereupon it shall be declared to be the decision of the meeting; and
- (iii) In the event of the votes for two or more proposals being equal, the Chair shall decide which of them shall be dropped.

DECISIONS OF THE JOINT COMMITTEE

14. Subject to Standing Orders 19, 20 and 24, all decision before the Joint Committee or Partnership shall be decided by a majority of the Members of the meeting present and voting thereon.

CASTING VOTE

15. In the case of an equality of votes, the Chair shall have a second or casting vote except where the matter which is the subject of the vote relates to the appointment of a member of the Joint Committee to any particular office, in which case the decision shall be by lot.

ATTENDANCE BY ELECTED MEMBERS NOT A MEMBER OF THE JOINT COMMITTEE

16. Members of the Constituent Authorities who are not members of the Joint Committee may be invited by the Chair of the Joint Committee to attend the meeting of the Joint Committee while there is under discussion any item in which those members have a local or other special interest. Such members shall be entitled to participate in the discussion on that item but shall not be entitled to vote. This provision does not apply to the Partnership.

ATTENDANCE BY MEMBERS OF THE PUBLIC

17. Members of the public may, subject to any limitation on numbers that may be required due to Health and Safety considerations or availability of space or seating in the meeting room, attend any part of the meeting of the Joint Committee or the Partnership except during an item of business where the meeting has resolved, in terms of the Local Government (Scotland) Act 1973 (as amended), that the matter should be discussed in private session.

Appendix D: CHANGE REQUEST FORM

See overleaf

DRAFT

Project Name			
Project Lead Name		Date submitted to PMO	
Reason for Change (check one or more)	<input type="checkbox"/> Risk of not meeting original objectives has substantially increased <input type="checkbox"/> Original objectives now less relevant to supporting economic growth <input type="checkbox"/> Original objectives now less relevant to supporting inclusive growth <input type="checkbox"/> Project no longer considered viable or value for money <input type="checkbox"/> Substantial change to costs <input type="checkbox"/> Change to delivery model <input type="checkbox"/> Change to funding plan to reflect respective funding shares <input type="checkbox"/> Time period changed over which project will be delivered (inc change to finance profile) <input type="checkbox"/> Other <input type="text" value="Please specify"/>		
Change Impact (check one or more)	Change will result in: <input type="checkbox"/> an increase to project scope (coverage – what and where) of work <input type="checkbox"/> a decrease to project scope (coverage – what and where) of work <input type="checkbox"/> service solution adjustment (requirements – how/technical) <input type="checkbox"/> service delivery alteration (provider) <input type="checkbox"/> an increase to project costs <input type="checkbox"/> a decrease to project costs <input type="checkbox"/> delaying project implementation timescale <input type="checkbox"/> accelerating project implementation timescale <input type="checkbox"/> delaying project delivery/completion timescale <input type="checkbox"/> accelerating project delivery/completion timescale <input type="checkbox"/> additional funding committed by existing partner <input type="checkbox"/> reduced funding committed by existing partner <input type="checkbox"/> funding committed by a new partner <input type="checkbox"/> new/change of project <input type="checkbox"/> Other <input type="text" value="Please specify"/>		
Description of Change	<i>Where reasons and impacts are checked above a full description covering each element of change must be provided here and estimates where appropriate provided below</i>		
Impact on time	<i>Best estimate of any delays/acceleration to project delivery</i>		<input type="checkbox"/> N/A
Impact on scope	<i>Best estimate of decrease/increase in scope</i>		<input type="checkbox"/> N/A
Impact on cost	<i>Best estimate of decrease/increase in cost</i>		<input type="checkbox"/> N/A
Impact on funding	<i>Best estimate of decrease/increase in funding</i>		<input type="checkbox"/> N/A
Revised Financial profile/ assurance template (FPR) attached & approved by Finance Director	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		
Revised Implementation Plan/ assurance template (IPR) attached & approved by SRO	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		
Impact if change not approved	<i>Make reference to risk register and how specific risks would be affected</i>		
Signed by Project Lead	Project Lead's name in block capitals: _____ Project Lead's signature: _____ Date: _____		

Signed by Project SRO and reflects position of Council leading on the project	Project SRO's name in block capitals: _____
	Project SRO's signature: _____ Date: _____

AGD Project Change Request Form - PMO Analysis Section

6-stage process

Review of Project Risk Assessment	<i>How does the change request demonstrate that the risk of not meeting original objectives has substantially changed (or alternatively, demonstrates that the original objectives are now less relevant to supporting economic growth)?</i>
PMO Comments	
Review of Strategic Alignment	<i>How does the change request demonstrate the original project's deviation from the original ethos of the Deal?</i>
PMO Comments	
Local Growth Contribution Analysis	<i>How does the change request demonstrate that the original project alters the contribution to local growth, including inclusive growth assessment?</i>
PMO Comments	
Regional Growth Contribution Analysis	<i>How does the change request demonstrate that the original project alters the contribution to regional growth, including inclusive growth assessment?</i>
PMO Comments	
Economic Impact and Value for Money Assessment	<i>How does the change request demonstrate that the original project alters the economic impact and value for money?</i>
PMO Comments	<i>Results of economic modelling</i>
Funding Plan and Financial Profile	<i>How does the change request demonstrate a change to the funding plan and financial profile?</i>
PMO Comments	
Does change impact on any of the following	<input type="checkbox"/> Overall AGD targets/benefits (including jobs and leverage) <input type="checkbox"/> Overall AGD spend <input type="checkbox"/> Any other AGD projects <input type="checkbox"/> AGD Financial Plan <input type="checkbox"/> AGD Implementation Plan <input type="checkbox"/> Grant Offer Letter
Detail impact of change selected above	
Current status	<input type="checkbox"/> Referred back to project lead for more information/FD approval of project finance profile and/or project implementation plan <input type="checkbox"/> Passed to Strategic Lead for approval / escalation
Change request reviewed by	<input type="checkbox"/> AGD Programme Manager Programme Manager's signature: _____ Date: _____

AGD Compliance and Performance Officer

Compliance & Performance Officer's signature: _____ Date: _____

AGD Project Change Request Form - Approval Section (PMO)

Current status	<input type="checkbox"/> PMO approves and no need to escalate any further <input type="checkbox"/> PMO reports issues and makes recommendations to Regional Economic Partnership <input type="checkbox"/> Regional Economic Partnership refers to JC <input type="checkbox"/> JC makes final decision <input type="checkbox"/> JC seeks Government approval if appropriate		
Proposal of Change prepared for Government	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		
Outcome of change request	<input type="checkbox"/> Approved <input type="checkbox"/> Rejected	Change log updated	<input type="checkbox"/> Yes <input type="checkbox"/> No
Public announcement of change required	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	Public announcement discussed with Comms Group, agreed and arrangements in place	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Terms of Communications Protocol followed	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		
Comments			
Change request form approved by	<input type="checkbox"/> AGD Strategic Manager Strategic Manager's signature: _____ Date: _____		

APPENDIX 5

Draft Communications Protocol

Ayrshire Growth Deal Partners Communication Protocol

For Member Authorities, Deal partners, the PMO and the UK and Scottish Governments

Partner Commitment

This document sets out an agreed framework for communication protocols around the Ayrshire Growth Deal. It is designed to ensure:

- Areas of responsibility and working practices across the partners are clearly defined;
- Effectiveness, clarity and timeliness of action when matters concerning one or more partners are deemed likely to be of public/media interest; and
- Good partner working relationships.

Scope

This protocol covers proactive and reactive communications activities in relation to the Ayrshire Growth Deal by the PMO, Member Authorities (North Ayrshire, East Ayrshire and South Ayrshire), Scottish and UK Governments, and other partners, with communications defined as:

- Press releases and written statements issued to the print, online and broadcast media.
- Interviews and opinion pieces provided to the print, online and broadcast media.
- Briefings, interviews, verbal statements and press conferences.
- Publicity material, including posters, brochures, leaflets, newsletters and reports.
- Media information, blogs and commentary released across each organisation's social media.
- Broadcast interviews, documentaries and public interest programmes.
- Information published on each organisation's website.
- Responses to FOIs, political and customer enquiries.

Lead Organisation

The Ayrshire Growth Deal PMO, with North Ayrshire Council Press Office, will together lead on / sign off Ayrshire Growth Deal programme communications in relation to output from all committees and governance groups.

Scottish and UK Governments in relation to the Ayrshire Growth Deal

The UK and Scottish Governments will be engaged as early as possible in every Ayrshire Growth Deal project milestone, to allow opportunities for attendance at events / launches and inclusion of media quotes.

The PMO will act as a liaison between individual projects and the Deal partners, and will be the primary point of contact for the UK and Scottish Governments. As such, the PMO should be sighted on all potential project and programme level communications activities in order to ensure the UK and Scottish Governments receive sufficient notice of, and opportunity to contribute to, any media opportunities, visits, or events.

Government partners will aim to advise the PMO in advance about proposed or planned media or visits by politicians or senior officers connected to the Ayrshire Growth Deal. They will also advise the PMO of any unplanned comments made about the deal such as at parliamentary committees, or in the chamber.

If a member authority or partner intends to invite either the UK or Scottish Government to an event or media opportunity connected to the Ayrshire Growth Deal, or to offer space for a quote in a news release, the same offer must be made to both governments.

As a matter of courtesy, the PMO will share all AGD press releases with UK and Scottish Governments regardless of whether or not a quote is required.

Spokespeople

The agreed spokespeople are:

- For the Ayrshire Growth Deal programme: the Ayrshire Economic Joint Committee Chair, where appropriate with UK and Scottish Governments;
- For individual Ayrshire Growth Deal projects: Lead Member Authority or partner will appoint, as appropriate. Where a project is carried out by two or more partners, it is acceptable to include quotes from the relevant spokesperson for each organisation;
- Where the subject crosses themes or more generally relates to the partnership, the Joint Committee Chair will be quoted;
- If a Joint Committee Chair is unavailable, such as in pre-election circumstances, the PMO shall liaise with the Chief Executives in relation to the spokesperson publication.

Process

An **Ayrshire Growth Deal Communications Group** shall meet monthly to:

- Populate and agree a communications planner and upcoming activity;
- Update the communications documents set out below; and
- To discuss the handling of any forthcoming communications opportunities that have arisen since the previous meeting.

Media activity /releases

- All media releases or briefing notes relating to the Ayrshire Growth Deal should be shared in advance with the PMO and all communications leads.
- Media Releases relating to the Deal should be posted promptly on the dedicated AGD website.
- In instances of sensitive, or conflicting, positions communication leads representing each organisation undertake to keep each other informed on a 'no surprises' basis. Any confidentiality or embargo relating to this information will naturally be upheld.
- All media releases **must** mention where projects have been funded by the UK and/or Scottish Government, as well as any other funding partners, through the Growth Deal. This must be included in the body of the release, not in the background, and must be placed early in the release so as to ensure it is picked up in coverage.

- Where appropriate, final releases should be shared with partners for wider ongoing circulation.
- The flow chart attached summarises the approvals and sign-off procedure for joint press releases and statements
- Contact details for the partner communications leads are provided below.

BOILERPLATE LINE TO BE USED IN ALL PROJECT PRESS RELEASES:

Project x is being funded with £x million from the UK Government, £x million from the Scottish Government, and £x million from x Ayrshire Council as part of the £251 million Ayrshire Growth Deal – a ten year investment programme jointly funded by the UK and Scottish governments and local authorities.

Media enquiries and FOI requests

The PMO and North Ayrshire Council Press Office will together lead on responding to media enquiries relating to the Programme. Member authorities / partners should direct relevant enquiries to the PMO and North Ayrshire Council Press Office. The PMO will lead on FOI enquiries relating to the programme.

FOI and media enquiries will also be discussed / a standing agenda item at Ayrshire Growth Deal Communication Group meetings.

Social Media

For all generic AGD posts, the PMO will manage all social media posts from the Ayrshire Growth Deal accounts, @Ayrshireddeal and the main funders will be tagged in these posts - @EastAyrshire @North_Ayrshire @southayrshire @scotgov @UKGovScotland

Local authority partners will share official AGD social media posts on their own networks.

It may be appropriate to tag specific Ministers in social media posts if they have their own profile and they are quoted in the official press release to which the social media post relates, e.g. @MathesonMichael

The PMO will share local authority posts on the official AGD social media platforms.

General principles for issuing project specific media releases, statements, press calls and photo opportunities

When preparing and issuing media releases for specific AGD projects Communications Teams should ensure the following guiding principles are included:

- Media enquiries relating to individual projects should be dealt with by the relevant lead organisation.
- All partners should advise the PMO of any forthcoming media activity to ensure complementarity with other projects.
- All funding partners should be included and quoted.
- Final release should be shared with all communications partners, including relevant FOI enquiries, for their information prior to issue to media.

- For project specific social media coverage, the lead authority will post to their own accounts and will tag the relevant funders as required.
- If the project only receives funding from one partner, e.g. the UK Government, only @UKGovScotland should be tagged in that post.

Communications Action Plan

The Communications Action Plan provides a forward plan of proposed communications activities by all partners and will be updated by the PMO ahead of each Ayrshire Growth Deal Communication Group meeting.

The Plan should also provide details as to the release of public information about the Ayrshire Growth Deal, such as where meeting papers will be made publically available ahead of meetings.

Comms leads should inform other partners and the PMO in advance and at the earliest opportunity of potential or actual media communication activities that are not recorded on the Plan.

Photo opportunities

These will be organised by the relevant lead organisation on the project. All partner communications leads must be informed in advance and will bear responsibility for inviting any relevant representative from their organisation to take part.

Communications information

Partners agree to use the following in order to achieve consistency in messaging. These are:

- The [AGD website](#) provides a short description of the Ayrshire Growth Deal, how it came about, what it will do, what it hopes to achieve, and relevant details of timeframes and investment.
- **The Communications Action Plan**, which sets out the planned and completed AGD communications activities. It is the responsibility of the Communications Leads to populate the Plan and keep it up to date, so that it can be reviewed and discussed at Ayrshire Growth Deal communications group meetings.
- **The [AGD website](#)** will capture frequently asked questions and agreed responses.

Escalation

If an issue arises with the partnership, the partners will work together to agree a communications strategy, messaging and spokespeople before any communication about the issue is made. If the issue is raised with one partner by a third party the partner will only offer a holding response before immediately conferring with the other partners about the appropriate course of action.

Branding



Scottish Government
Riaghaltas na h-Alba
gov.scot

Any physical manifestation of a project funded by the Ayrshire Growth Deal should be appropriately branded with UK Government and Scottish Government logos where applicable (i.e. where they have provided funding) including signage, and construction hoarding. Where both government logos appear together they should sit alongside each other and be of equal size. This branding must also apply to all public facing documents or communications materials with relation to the Ayrshire Growth Deal and its supported projects, e.g. press notices, websites, newsletters etc.

Review

This protocol will be reviewed annually by the Ayrshire Growth Deal communications group, for discussion/approval by the Ayrshire Growth Deal Management Group.

Ayrshire Growth Deal Communication Leads

Core comms group

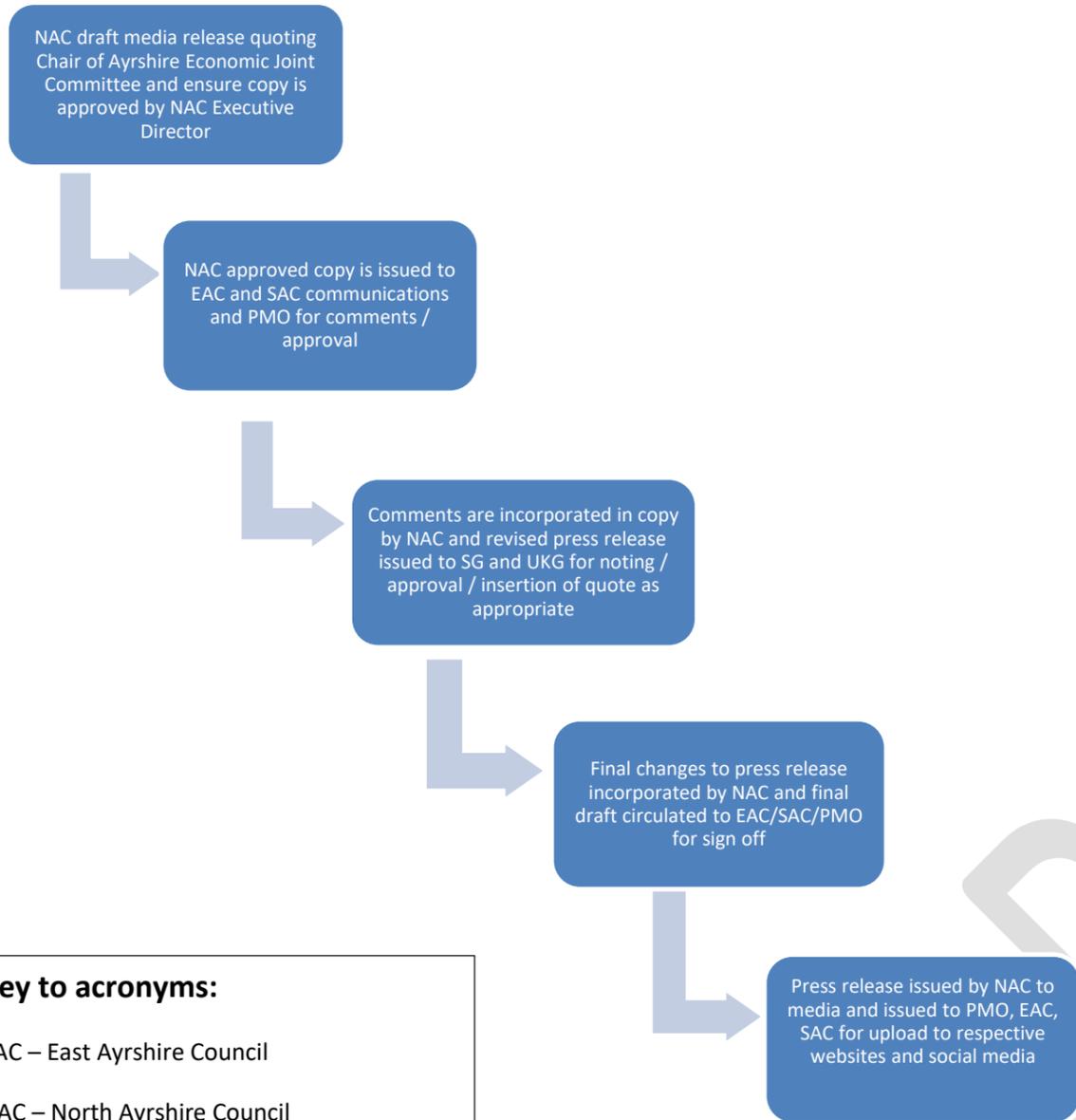
Organisation	Main Contact	Contact details
Deal PMO		
UK Government	Graham Bissell (primary) Tom Peterkin (secondary)	Graham.Bissell@ukgovscotland.gov.uk ; 07771 972607 thomas.peterkin@cabinetoffice.gov.uk ; 07749 713914
Scottish Government	Gerard Klein (primary) Aileen MacArthur (secondary)	Gerard.Klein@gov.scot ; 07468 766494 Aileen.MacArthur@gov.scot ; 07467 447219
North Ayrshire Council	Michele McColm (primary) Mark Sugden (secondary)	MicheleMccolm@north-ayrshire.gov.uk 07766 725118 MarkSugden@north-ayrshire.gov.uk 07738 001718
East Ayrshire Council	Lynne Buchanan (primary) Caitriona Cochrane (secondary)	Lynne.Buchanan@east-ayrshire.gov.uk 07827 841176 Caitriona.Cochrane@east-ayrshire.gov.uk 07554 332374
South Ayrshire Council	Sara Burdon (primary) Jenna Robertson (secondary)	Sara.Burdon@south-ayrshire.gov.uk 01292 616622 Jenna.Robertson@south-ayrshire.gov.uk 01292 612343

Project Funding Breakdown

AYRSHIRE GROWTH DEAL				
Project	Funding Breakdown (£m)			Lead Delivery Partner
	SG	UKG	Council	
Aerospace and Space Programme	30	32	18 (SAC)	South Ayrshire Council
HALO Kilmarnock	3.5	3.5	2 (EAC)	Halo Kilmarnock Ltd
Ayrshire Engineering Park (Moorfield)	12		4 (EAC)	East Ayrshire Council
Ayrshire Manufacturing Investment Corridor (AMIC)	13.5	10		East Ayrshire Council
i3 Irvine Enterprise Area Advanced Manufacturing Space & Digital Automation and Testing Centre	11	5	5 (NAC)	North Ayrshire Council
The Great Harbour, at Irvine Harbourside and Ardeer	9		5 (NAC)	North Ayrshire Council
Marine Tourism	9.5			North Ayrshire Council
National Energy Research Demonstrator Project (NERD)		17	7.5 (EAC)	East Ayrshire Council
Hunterston Port & Resource Centre (CECE)		18		North Ayrshire Council
International Marine Science and Environmental Centre (IMSE)		6.5	4 (NAC)	North Ayrshire Council
Digital Subsea fibre optic cable		11		South Ayrshire Council
Digital infrastructure	3			South Ayrshire Council
Regional Skills and Inclusion Programme	8.5			North Ayrshire Council
Community Wealth Building Fund	3			North Ayrshire Council
TOTAL	103	103	45.5	
Grand Total	£251.5 million			

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AGD Communications – approvals and sign-off for joint press releases



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Key to acronyms:
EAC – East Ayrshire Council
NAC – North Ayrshire Council
SAC – South Ayrshire Council
PMO – AGD Programme Management Office
UKG – UK Government
SG – Scottish Government

NB. Same day approval/turnaround required in all instances

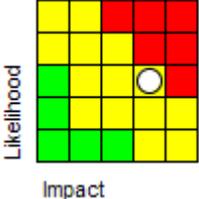
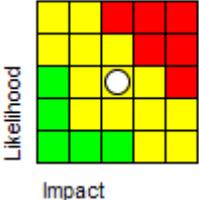
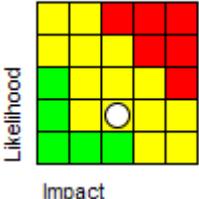
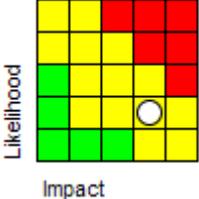
APPENDIX 6

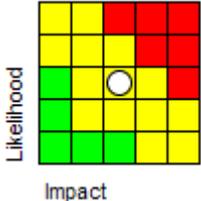
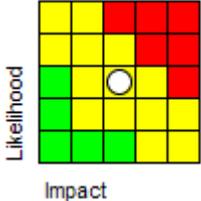
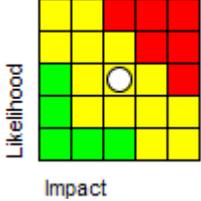
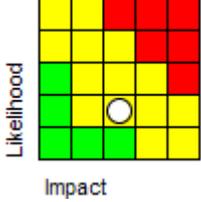
Risk Register

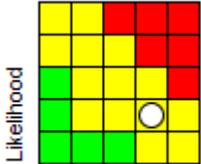
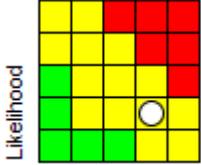
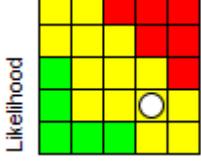
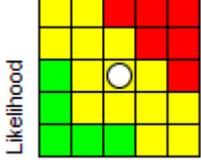
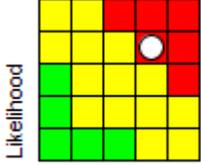
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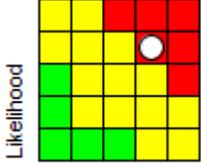
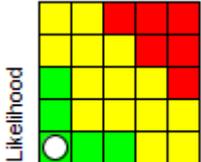
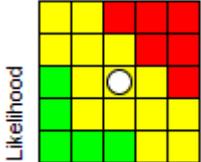


Risk Status	Code	Risk Title	Current Risk Matrix	Current Risk Score	Mitigating Actions
	AGDRISK01	Failure to achieve AGD programme objectives		8	<ul style="list-style-type: none"> PMO working on monitoring and evaluation processes to ensure overall objectives are captured and any project failing to achieve and contribute to these is flagged and issues addressed as quickly as possible. Monitoring and Evaluation Framework will be developed with Government and implemented. AGD Steering Group and other governance arrangements are in place to monitor progress and to address any weaknesses or issues that could impact on overall delivery.
	AGDRISK02	Failure to provide accurate projections for programme spend		12	<ul style="list-style-type: none"> Project spend profiles have been reviewed to take account of compressed UKG funding over 10 years. The Implementation Plan and Financial Plan have been updated to take account of the compressed funding. Project Leads have confirmed accuracy and Finance Directors have approved. Accuracy of financial profiling is likely to be greater for early delivery projects. PMO will regularly review, challenge and agree financial profiling with Project Leads, SROs and Finance Directors and ensure drawdown projections align with delivery timescales. OBCs/FBCs include an optimism bias factor. Inflationary factor included in cost estimations. Issues will be escalated to CEOs and Regional Partnership as appropriate.
	AGDRISK03	Failure to drawdown full AGD funding		12	<ul style="list-style-type: none"> The financial profiling has been reviewed and updated to take account of UKG compressed funding to 10 years and project developments. PMO will regularly review, challenge and agree financial profiling/phasing with Project Leads, SROs and Finance Directors and ensure drawdown projections align with delivery timescales. Achieve business case approval in line with Deal Implementation Plan. Annual review of Financial Plan and Implementation Plan. SG's financial reporting requirements will be implemented. Internal procedures, financial controls and audit processes being put in place to mitigate this risk.

Risk Status	Code	Risk Title	Current Risk Matrix	Current Risk Score	Mitigating Actions
	AGDRISK04	Delays in development and approval of business cases		12	<ul style="list-style-type: none"> All projects now have either an SBC or an OBC in place and these are subject to focused discussions with SG and UKG – Covid-19 has caused delays with negotiations and sign offs. Other partners assisting in developing business cases where capacity is low. PMO working closely with project leads and policy leads within UKG and SG to support business case development and approval to an agreed timeline.
	AGDRISK05	Failure to capture accurate baseline data		9	<ul style="list-style-type: none"> Project leads required to establish appropriate baseline in business cases, Post Covid-19 data will provide a more accurate baseline. Over the coming weeks and months, the volume of economic and labour market data that captures 2020 (and beyond) is likely to increase. This will enable us to have more robust evidence on the economic and labour market impact of Covid-19.
	AGDRISK06	Failure to deliver community benefits from AGD		6	<ul style="list-style-type: none"> PMO and Procurement Managers from the 3 Ayrshire Councils working on a single mechanism to monitor delivery of community benefits so that remedial action can be taken forward if required. A Tracker system has been developed and is in the process of being web enabled by EAC IT colleagues. PMO working with Project Leads to develop a consistent approach to embedding inclusive growth, clean growth, equalities and CWB within business cases. Procurement working group has been established to support delivery of community benefits.
	AGDRISK07	Failure to deliver individual projects within the AGD programme		8	<ul style="list-style-type: none"> Regular dialogue/reporting around progress takes place between PMO and Project Leads where issues are raised in advance and if appropriate escalated to Government, Regional Economic Partnership and Regional Economic Joint Committee. Regular review of outputs and timelines for delivery of benefits in light of Covid-19 and Brexit uncertainty. A Monitoring and Evaluation Framework will be developed and implemented, as will a Benefits Realisation Plan. Change management process developed with both governments. AGD Steering Group and other governance arrangements in place to monitor project development. PMO will escalate any issues relating to individual projects to existing governance arrangements.

Risk Status	Code	Risk Title	Current Risk Matrix	Current Risk Score	Mitigating Actions
	AGDRISK08	Inadequate recognition of interdependencies and/or knock-on impacts between parts of the programme leading to issues with delivery and/or lost opportunities		9	<ul style="list-style-type: none"> • Programme meeting/workshop facilitated by PMO and attended by Project Leads and partners took place early November 2020 to ensure interdependencies are recognised and considered. • PMO working closely with project leads to ensure interdependencies are fully articulated within business cases.
	AGDRISK09	Lack of resource within partner organisations to deliver projects in line with AGD programme		9	<ul style="list-style-type: none"> • Formal approvals of Councils' resources are now in place for AGD projects. • Each Council has appointed staff and/or consultants to support project development and delivery. • Each project currently has a Project Lead in place. • Partners including SE are providing additional resource to the majority of projects. • The draft programme of delivery is very ambitious and further resource commitment may be required. • Other funding streams will be explored to support ongoing revenue costs. • Anticipated revenue streams will be subject to constant review through the monitoring procedures in place for AGD.
	AGDRISK10	Lack of resource in PMO		9	<ul style="list-style-type: none"> • A permanent PMO structure has been agreed and staff appointed. • The PMO is being supported by colleagues in each of the Councils in a number of work streams. • Re-assess capacity and skill sets regularly in line with changing requirements.
	AGDRISK11	Inadequate governance arrangements to support AGD delivery		6	<ul style="list-style-type: none"> • A Monitoring & Evaluation Framework and Benefits Realisation Plan will be developed with government and implemented. • The Scottish Government's Financial Reporting Requirements have been implemented. • Joint Committee and Ayrshire Regional Economic Partnership formed and regular meetings in place. • A partner agreement between EAC, as lead authority for the Deal and North and South Ayrshire Councils has been drawn up and terms signed off. • AGD is a standing item on CEOs' meeting agenda. • Change management process developed with both governments.

Risk Status	Code	Risk Title	Current Risk Matrix	Current Risk Score	Mitigating Actions
	AGDRISK12	Monitoring & Evaluation Framework is not sufficiently defined	 <p>Likelihood</p> <p>Impact</p>	8	<ul style="list-style-type: none"> • Framework will be co-produced with Government. • PMO is currently working with colleagues nationally to develop and agree a consistent approach with both governments. • Key principles and standard template have been prepared and shared with both governments. • Frameworks developed by other Deals will be considered and utilised where relevant. • Framework will require to be considered/agreed by Joint Committee.
	AGDRISK13	Failure to attract commercial interest in AGD	 <p>Likelihood</p> <p>Impact</p>	8	<ul style="list-style-type: none"> • Market campaigns will target potential investors. • Wider Ayrshire Economic Growth Strategy is in place to ensure wider growth ambitions for Ayrshire are articulated to stakeholders and investors.
	AGDRISK14	Programme not communicated effectively to stakeholders outwith Governance structure	 <p>Likelihood</p> <p>Impact</p>	8	<ul style="list-style-type: none"> • Communications Action Plan continues to be developed and updated, including a pipeline of project specific communications plans. • AGD website launched at the end of February 2021 and the use of social media has increased. • Regular briefings with a range of stakeholders. • Communications Protocol revised and in place. • Communications, marketing and engagement plan for the REP being developed. • Resource within AGD to market and promote activities and overall programme. • Comms plan will be put in place for each project.
	AGDRISK15	Supply phasing within overall programme	 <p>Likelihood</p> <p>Impact</p>	9	<ul style="list-style-type: none"> • Early engagement with the construction sector will be required to ensure a greater understanding of the AGD Programme for project implementation and the nature of projects; to ensure industry is able to respond to ITTs; and that the capacity exists to deliver AGD activities. • Market engagement through the Ayrshire Meet the Buyer event took place on 28 April 2021. • Governance arrangements in place will support the sharing of market intelligence and the phasing of development activity.
	AGDRISK16	Potential impact of Brexit on economic prosperity of region	 <p>Likelihood</p> <p>Impact</p>	16	<ul style="list-style-type: none"> • Incentives and other forms of assistance to complement the AGD and stimulate greater economic activity. • Regular review of outputs and timelines for business cases at every stage of development in the light of Brexit uncertainty. • Regular engagement with Project Leads to highlight any risks well in advance, so that the PMO can raise with government, Regional Economic Partnership and Regional Economic Joint Committee as appropriate.

Risk Status	Code	Risk Title	Current Risk Matrix	Current Risk Score	Mitigating Actions
					<ul style="list-style-type: none"> Continued monitoring of external environment and government relations. Regional Economic Partnership will provide voice for Ayrshire to press the case for government intervention investment. Change management process developed with both governments. Regional Economic Strategy will be implemented. Regional Skills Investment Plan will be developed and implemented and directed at both employer and resident needs. Robust data analysis, shared amongst key partners and stakeholders to reach common understanding of local economic conditions, leading to early identification of real threats and opportunities; achieving consensus with partners and stakeholder on strategic objectives for inclusive and sustainable economic growth, with effective action planning and monitoring.
	AGDRISK17	Covid-19 impacting on the AGD projects resulting in potential delays and cost increases	 <p>Likelihood</p> <p>Impact</p>	16	<ul style="list-style-type: none"> Regular review of outputs and timelines for delivery of benefits in light of Covid-19. Regular dialogue takes place between PMO and Project Leads where issues are raised in advance and if appropriate escalated to Government, Regional Economic Partnership and Regional Economic Joint Committee. A Monitoring and Evaluation Framework will be developed with both governments. Change management process developed with both governments.
	AGDRISK18	Delays in reaching agreement with UKG in relation to economic appraisal methodology	 <p>Likelihood</p> <p>Impact</p>	1	<ul style="list-style-type: none"> Agreement has been reached with both governments in relation to this work. Regular dialogue with UKG and discussion between Project Leads and government's policy leads designed to support business case development and approval.
	AGDRISK19	Loss of IT systems	 <p>Likelihood</p> <p>Impact</p>	9	<ul style="list-style-type: none"> AGD team will be supported by IT recovery protocols and security systems of EAC to limit risk. Corporate IT recovery protocol and security systems limit the risk. Contingency Plans in place.

Risk Status	
	Alert

	High Risk
	Warning
	OK
	Unknown

APPENDIX 7

Agreement between East, North and South Ayrshire Councils around governance,
finance and reporting arrangements

AGREEMENT

between:

EAST AYRSHIRE COUNCIL

and

SOUTH AYRSHIRE COUNCIL

and

NORTH AYRSHIRE COUNCIL

relative to the Ayrshire Growth Deal

AGD Agreement v11

17/12/2020

AGREEMENT between:

EAST AYRSHIRE COUNCIL, a local authority established under the Local Government etc. (Scotland) Act 1994 and having its principal offices at Council Headquarters, London Road, Kilmarnock KA3 7BU ("**EAC**"); and

SOUTH AYRSHIRE COUNCIL, a local authority established under the Local Government etc. (Scotland) Act 1994 and having its principal offices at County Buildings, Wellington Square, Ayr KA7 1DR ("**SAC**"); and

NORTH AYRSHIRE COUNCIL, a local authority established under the Local Government etc. (Scotland) Act 1994 and having its principal offices at Cunninghame House, Friarscroft, Irvine, KA12 8EE ("**NAC**")

WHEREAS:

- (A) EAC, SAC and NAC (together with the UK and Scottish Governments) are parties to a Heads of Terms Agreement dated Friday 8 March 2019 (the "**Heads of Terms**") which confirms the joint commitment of the parties to achieve full implementation of the Ayrshire Growth Deal ("**AGD**").
- (B) Having recognised that it is a requirement of the Heads of Terms that a model of governance and supporting documentation be established that will meet the expectations set out in the Regional Partnership workstream of phase 2 of Scotland's Enterprise and Skills Review, and in furtherance of these expectations, the parties have agreed that EAC will assume the role of Lead Authority for the AGD.
- (C) The Parties have in turn therefore agreed that the governance, monitoring and reporting obligations which will fall upon EAC for the AGD, together with the concurrent obligations which will be incumbent upon both SAC and NAC, be

further detailed within the terms of this Agreement.

- (D) The Agreement recognises and anticipates that the parties may be required to enter into appropriate further agreements to regulate their respective relationships in respect of the successful delivery and implementation of the AGD.
- (E) EAC, SAC and NAC have agreed to enter into this Agreement for the purpose of recording certain key understandings that will govern their mutual relationship going forward.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

In this Agreement, unless the context requires otherwise, the following terms shall have the following meanings:-

“AGD Strategic Manager” means the officer appointed to this post by EAC and employed by EAC;

“AGD Documentation” means this agreement or any of the documents included in the Schedules annexed and executed as relative hereto;

“Agreement” means this agreement, which shall be a relevant Agreement in terms of the Heads of Terms and for the purposes of any provisions contained therein;

“Ayrshire Growth Deal – Deal Document” means the document included herein at Part 1 of the Schedule;

“Ayrshire Growth Deal – Implementation Plan” means the document included herein at Part 2 of the Schedule;

“Ayrshire Growth Deal – Financial Plan” means the document included herein at Part 3 of the Schedule;

“Ayrshire Growth Deal – Governance Document” means the document included herein at Part 4 of the Schedule;

“Ayrshire Growth Deal Partners Communication Protocol” means the document included herein at Part 5 of the Schedule;

“Ayrshire Growth Deal: Core Script (2019)” means the document included herein at Part 6 of the Schedule;

“Ayrshire Growth Deal – Q and A for Communications Protocol” means the document included herein at Part 7 of the Schedule;

“Chief Executive’s Group” means the Parties’ Chief Executives (or their nominees);

“EJC” means the Ayrshire Regional Economic Joint Committee, being a joint committee of EAC, NAC and SAC constituted in terms of section 56(5) of the Local Government (Scotland) Act 1973;

“Lead Authority” means East Ayrshire Council;

“Parties” means EAC, SAC and NAC and the word **“Party”** shall be construed accordingly;

“PMO” means Programme Management Office;

“REP” means the Ayrshire Regional Economic Partnership being a sub-committee of EJC constituted in terms of section 56(5) of the Local Government (Scotland) Act 1973

“Schedule” means the schedule in seven parts annexed and executed as relative hereto; and

“Third Parties” means organisations, other than the Parties which receive a grant from EAC to deliver approved projects as part of a programme agreed by the REP.

2. COMMENCEMENT AND DURATION

- 2.1 Notwithstanding the date or dates that these terms and conditions are received by the Lead Authority validly executed on behalf of all the Parties it is agreed that the date of commencement of this agreement shall be Nineteenth November Two Thousand and Twenty. Subscription of these terms and conditions will not impose any legally enforceable rights or obligations on the body which has executed these terms and conditions before that date.
- 2.2 Once validly executed, these terms and conditions shall be legally binding upon the Parties, subject to any lawful variation thereof, unless and until this Agreement is terminated in accordance with clause 14.

3. THE AYRSHIRE REGIONAL ECONOMIC JOINT COMMITTEE AND THE AYRSHIRE REGIONAL ECONOMIC PARTNERSHIP

- 3.1 The Ayrshire Regional Economic Joint Committee (“EJC”) is responsible for strategy and policy in respect of the AGD. It comprises of thirteen members, being three nominated by each of the Parties, one from Scottish Enterprise (SE), one from Skills Development Scotland (SDS) one from the business sector and one from the education sector. Named substitutes are entitled to attend in place of any nominated Member. The local authority Chair of the Committee rotates on an annual basis between the Parties. The core functions of the EJC will be as detailed within Appendix A to the Ayrshire Growth Deal – Governance Document as contained within Part 4 of the Schedule annexed and executed as relative hereto.
- 3.2 The Ayrshire Regional Economic Partnership Sub-Committee (“REP”) is a sub-committee of EJC and comprises of three representatives nominated from each of the Parties, three representatives of the business sector selected by the REP, three representatives of the Higher or further Education sector selected by the REP and one representative nominated by each of Scottish Enterprise, Highlands and Islands Enterprise (HIE), Skills Development Scotland, and Visit Scotland. The EJC may also co-opt up to an additional

three members, on the basis of experience or skills, whether from existing members or from other organisations or individuals. Named substitutes are permitted to attend in place of any nominated member.

The Sub-Committee has delegated powers, with major strategic and funding decisions being remitted for approval to the Joint Committee.

The functions of the Sub-Committee are as detailed within Appendix B of the Ayrshire Growth Deal – Governance Document as contained within Part 4 of the Schedule annexed and executed as relative hereto.

4. AYRSHIRE GROWTH DEAL – DOCUMENTS

4.1 It is hereby agreed that the following documents, which are annexed hereto as Parts 1, 2, 3, 4 and 5 of the Schedule will form the principal terms of the structure of the Ayrshire Growth Deal between the parties namely:

- The Ayrshire Growth Deal – Deal Document
- The Ayrshire Growth Deal – Implementation Plan
- The Ayrshire Growth Deal – Financial Plan
- The Ayrshire Growth Deal – Governance Document
- The Ayrshire Growth Deal – Communications Protocol
- All may be amended by mutual agreement with the exception of the Deal Document. The PMO will circulate the copies of any amendments.

5. EAC ROLES AND RESPONSIBILITIES

5.1 EAC, as Lead Authority will be obliged carry out certain legal and regulatory functions on behalf of the REP and EJC as instructed by it (all as further detailed within The Ayrshire Growth Deal – Governance Document at Part 4 of the Schedule annexed and executed hereto), where the REP and EJC does not have the requisite legal status or competence which will include but not be limited to:-

- The establishment and hosting of a Programme Management Office (PMO) and the appointment of a Strategic Manager to oversee its budget and duties.
- The provision of such support services as the AGD Strategic Manager may reasonably require to discharge his/her duties which may include financial, legal, audit and other professional or technical services.
- The analysis and provision of reports on progress to the REP, EJC, the UK and Scottish Governments and the Chief Executives' Group or the provision of any other reports or updates as may required by these groups.
- The allocation and accounting for distribution of all AGD grant income together with any grant agreements on behalf of the REP and EJC, the holding of the AGD grant funding and the making of disbursements to the Parties, Third Parties and other bodies as appropriate, all in accordance with approved governance arrangements.
- The accounting for these funds under a separately identified budget line to ensure transparency and clarity, and the reporting thereof to the Scottish and UK Governments as required in accordance with any conditions of the Grant Offer letter received from those Governments.
- Ensuring compliance with confidentiality, freedom of information and data protection regulations and progressing any complaints in accordance with the requirements of the SPSO in relation to the AGD Programme.
- Enter into grant agreements with the Parties on behalf of the EJC in respect of the approved projects required to deliver the AGD Programme and ensuring that the associated grant funds are disbursed legally and appropriately;
- Have the appropriate and proportionate control systems in place in relation to the grant funds to prevent breaches of the Bribery Act 2010 in relation to AGD funds and to prevent fraudulent activity.

- The Lead Authority will ensure that such financial statements or relevant disclosure requirements as are required in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and proper accounting practices (section 12 of the Local Government in Scotland Act 2003) are prepared for the REP. Where these form part of the wider statutory reporting requirements of the Parties appropriate summary financial information will be consolidated and reported to the REP.
- The Lead Authority will ensure that grant funds are used appropriately and demonstrate Best Value.
- facilitate engagement with the UK and Scottish Governments.

6. ROLES AND RESPONSIBILITIES OF THE PARTIES

6.1 The Parties will play a key role in supporting the delivery of the overall Programme which will include but not be limited to:-

- the successful delivery of their Approved Projects;
- each Party taking a turn to prepare and circulate meeting agendas, reports and minutes for the ECJ and REP
- participation in all support group activities and work plans;
- designing and delivering Programme wide approaches and strategies;
- the identification and sharing of best practice; and
- the identification and collaboration on joint working opportunities.

6.2 The Parties shall develop Green Book compliant business cases and deliver approved projects in accordance with their approved projects business case, the terms of the grant agreement entered into with EAC as Lead Authority and

all Programme management requirements. In addition to the foregoing generality the Parties will:-

- ensure that any grant agreement entered into with EAC as Lead Authority is subject to and compliant with its internal contractual standing orders and financial regulations;
- deliver agreed projects under the AGD Programme in accordance with the terms of their grant agreement. and use their best endeavours to realise the project benefits agreed by the REP that are set as a condition of any grant agreement;
- provide statements of compliance with conditions of grant detailed in the grant letters from the Governments and to enable certification of the final capital return made to the Scottish Government by the relevant Section 95 Officer. The Parties further agree that that the income and expenditure for any AGD project which will be accounted for within a Party's own accounts will be subject to audit by that Party's own external auditors.
- provide all information as required by the PMO within the prescribed timescales to enable the PMO to fulfil its functions.
- Ensure that all internal governance structures be documented within individual Project Business Cases;
- Provide quarterly updates to the PMO of the progress of each approved project; together with any additional project status reports which the PMO may reasonably require.
- Work collaboratively with the Equalities and Human Rights Commission and others to explore opportunities to maximise the impact of the AGD to deliver inclusive growth and community wealth building

- 6.3 Where a Party is failing to deliver a project under the AGD Programme in accordance with the terms of the grant agreement, the Party shall report to the PMO and agree mitigating actions to ensure successful completion of the project.
- 6.4 Subject to the provisions of the managing change process as set out in paragraph 3 of the Governance Document should a Party be in material breach of the terms or provisions of either this agreement or of the conditions of any grant agreement, and subject to the Party in breach being given a minimum period of 28 days (or such other period as the ECJ may agree), the ECJ will have the delegated power to:-
- i. Suspend any further payment of grant funding until suitable resolution is found;
 - iii. Remove the particular project from the AGD Programme;
 - iv. Cease funding or recalculate the grant award; and
 - v. Recover from the Party any grant monies already paid and additional costs incurred or losses suffered by the ECJ or the Parties arising from that failure.

7 PMO BUDGET

- 7.1 The annual revenue operating costs of the PMO will met in equal shares and be agreed annually by the Parties, having regard to the recommendations of the EJC. These shall include the PMO costs and the reasonable costs, expenses and outgoings incurred by the Lead Authority in providing support services to the PMO. Each Party undertakes to use reasonable endeavours to incorporate such expenditure in their budget proposals for the subsequent financial year. The Contribution Sum shall be paid quarterly in advance. The full Contribution Sum shall be payable by each Party regardless of the use made by a Party of the functions of the ECJ or the REP or a Party's participation in the projects under the Ayrshire Growth Deal.

8. AUDIT

8.1 The Lead Authority's Internal Audit section will provide audit support to the REP and EJC.

8.2 During the first quarter of each financial year, an Audit Plan will be prepared following:

- consultation with relevant senior officers of the AGD Deal PMO;
- consideration of the risks by the REP and EJC;
- consideration of both internal and external factors affecting the AGD programme; and
- consideration of previous audit findings.

8.3 The REP and EJC will be invited to note the implementation of the Audit Plan. Assurance audits will be reported to the REP and EJC for noting. Actions arising from assurance audits will be followed up by the relevant Party's Internal Audit Service, and reports will be presented to the REP and EJC for noting.

8.4 Further audit, advisory, consultancy or investigative work may be requested by the REP and EJC.

8.5 At the end of each financial year the Lead Authority will present an Annual Audit Report to the REP and EJC for consideration which will include an opinion from the Lead Authority's Chief Auditor on the AGD's systems of internal controls and governance arrangements. The Parties will support the Lead Authority in the preparation of the Annual Audit Plan and Report.

9. CONFLICTS OF INTEREST

9.1 The members of the EJC and REP will be expected to act in the interests of the Ayrshire Growth Deal and Ayrshire as a whole when making decisions in relation to the AGD Programme.

- 9.2 Each member of the ECJ and REP will be required to complete a register of interests. These will be collated by the PMO for all members and substitutes and published on the [AGD] website. At all meetings, members of the ECJ and REP will be invited to declare any interests which may be relevant to discussions or decisions in relation to the AGD Programme.
- 9.3 The PMO is responsible for the assessment of individual business cases and will make independent recommendations for decision to the ECJ. Investment decisions will ultimately remain the remit of the ECJ.

10. PUBLICITY

- 10.1 The Parties will agree, and amend as required, appropriate protocols and documentation in relation to media relations and publicity and, notwithstanding the foregoing generality, specifically agree that the basis for completion of any such documentation will be the versions of: (1) Ayrshire Growth Deal Partners Communication Protocol, (2) Ayrshire Growth Deal: Core Script (June 2019) and (3) Ayrshire Growth Deal – Q and A for Communications Protocol all in terms of the Schedule annexed hereto and respectively referred to as Parts 5,6 and 7 thereof.

11. MUTUAL OBLIGATIONS

- 11.1 The Parties shall fulfil their obligations in terms of this Agreement with all reasonable skill and care, in accordance with all relevant generally accepted standards and practices, and in a proper, diligent, expeditious and professional manner.

12. INTELLECTUAL PROPERTY RIGHTS

- 12.1 The Parties hereby grant to the other parties a perpetual, non-exclusive, worldwide, royalty-free licence to use all such intellectual property rights it may acquire in connection with the AGD to enable the other Parties to discharge their normal operations.

13. DISPUTE RESOLUTION

- 13.1 If a dispute arises out of or in connection with the operation or implementation of the AGD (a "Dispute") then the Parties shall follow the procedure set out in this Clause 13.
- 13.2 Following a Dispute arising, any of the Parties shall be entitled to give to the others notice in writing of the Dispute (the "Dispute Notice") setting out the nature of the Dispute in reasonable detail. The Parties shall then seek in good faith to resolve the Dispute.
- 13.3 If the Dispute is not resolved within thirty days of receipt of the Dispute Notice, or by another date agreed in writing between the Parties, the Dispute shall be referred to the Chief Executives Group who shall attempt in good faith to resolve the Dispute as soon as reasonably practicable.
- 13.4 Any dispute between the Parties which cannot be resolved as detailed in Clauses 13.1 to 13.3 above shall be referred to an independent mediator appointed by the Law Society of Scotland. The fees and expenses of the mediator shall be borne equally by the parties involved in the mediation. In the event the parties fail to reach an agreement within 30 days after the commencement of the mediation, then the matter may be determined by an arbitrator.
- 13.5 Arbitration in terms of this clause may be initiated by any of the Parties in dispute after the 30 day period referred to in clause 13.4. The arbitrator shall be mutually agreed by the Parties in dispute failing which the arbitrator shall be

approved by the Law Society of Scotland on the written application of any Party.

- 13.6 The decision of the Arbitrator on the matter in dispute and on any award of expenses relating to the arbitration shall be final and binding on all Parties involved in the arbitration.
- 13.7 The operation of Rule 69 of the Arbitration (Scotland) 2010 Act is excluded. The Parties also agree not to make a referral to the Outer House of the Court of Session all in terms of Section 41 of the Arbitration Act 2010.

14. TERMINATION

- 14.1 This Agreement shall continue in full force and effect until the whole AGD Programme has been concluded.
- 14.2 The Lead Authority shall keep or cause to be kept full and accurate accounts through the currency of this agreement, or any replacement thereof. The detailed records will be available for the following periods:
- (a) for the AGD operational Costs, detailed records will be held for a period of three years;
- (b) for Grant Receipt and allocation, detailed records will be retained for a period of twenty years.
- 14.3 The Parties shall be entitled, on giving reasonable prior notice, to inspect such accounts and records and to make any examination which they may desire and for this purpose, the Lead Authority shall forthwith on demand produce to the Members all relevant information or vouchers as a Member may reasonably request.

15 INDEMNITY AND INSURANCE

- 15.1 The Parties shall indemnify each other in respect of any claim, demand, loss,

damage, injury, cost or expense (including any liability to their legal advisers) arising from any act or omission of the other Party or Parties in the course of their obligations under the AGD.

- 15.2 The Lead Authority shall arrange for the taking out of such policies of insurance as the AGD Strategic Manager considers appropriate in relation to the carrying out of the functions of the AGD which insurances shall include without prejudice to the foregoing generality, employers liability, public liability and professional indemnity insurance and the cost of taking out such policies shall be defrayed by the Parties as part of the Ayrshire Growth Deal Financial Plan with each Party's share of the costs being calculated by reference to the Ayrshire Growth Deal Financial Plan.

16 CONFIDENTIAL INFORMATION

- 16.1 The Parties shall at all times use their reasonable endeavours to keep confidential (and to procure that their respective employees, agents, consultants and subcontractors shall keep confidential) all Confidential Information concerning the AGD, the Joint Committee, the Functions of the Joint Committee or the business and affairs of the other Parties which may now or at any time hereafter be in its possession and shall not disclose it except with prior written consent of the other Parties or where the Confidential Information relates only to one Party the consent of that Party

- 16.2 "Confidential Information" means information imparted to any of the Parties or their employees, agents, consultants or sub-contractors ("the Receiving Party") which was imparted to the Receiving Party on the basis that it is to be kept confidential or would by its nature normally be regarded as being confidential or to the knowledge of the Receiving Party was obtained by the other Parties on the basis that it was to be kept confidential or is of commercial value in relation to the AGD but shall not include any information which is:

- i. already in the public domain otherwise than by reason of its wrongful disclosure by the Receiving Party;

- ii. or ii. already in the possession of the Receiving Party without restrictions as to its use; or
- iii. the disclosure of which is required by statute or court order; or
- iv. is provided for the purpose of obtaining professional advice; or
- v. is received from a third party who lawfully acquired it and who is under no obligation restricting its disclosure; or
- vi. which is information independently developed without access to the Confidential Information including audit and assessing best value.

16.3 This clause is subject always to the obligations of a Party to comply with the Freedom of Information (Scotland) Act 2002, the Environmental Information (Scotland) Regulations 2004, the General Data Protection Regulation (EU) 2016/679, the Data Protection Act 2018 and any other relevant legislation. A Party shall not be in breach of this clause where information is released by that Party to comply with the aforementioned legislation.

17 FREEDOM OF INFORMATION

17.1 Each of the Parties acknowledge that the other Parties are subject to the requirements of the Freedom of Information (Scotland) Act 2002 and the Environmental Information (Scotland) Regulations 2004 ("FOI").

17.2 Each Party shall assist and co-operate with other Parties to enable the other Parties to comply with their information disclosure obligations under FOI.

17.3 Where a Party receives a request for disclosure of information under FOI which that Party holds in connection with or as a result of its membership of the Joint Committee or its participation in any of the grants awarded through the Joint Committee, that Party shall bring the receipt of such a request to the attention of the AGD Strategic Manager.

17.4 The Party receiving a request under FOI shall be responsible for determining whether to disclose the information requested and where it is decided not to release any of the information requested, which of the exemptions in terms of

FOI it is relying on. However, before making any determination in terms of this clause the Party shall give the AGD Strategic Manager a reasonable opportunity of taking into account any statutory time limit for determining such a request to make representations regarding how the AGD Strategic Manager considers the request under FOI should be dealt with.

17.5 Where a Party receives a request for information in relation to information which it is holding on behalf of any of the other Parties in connection with its participation in the AGD, it shall:-

(a) transfer the request for information to the relevant Party as soon as practicable after receipt; and

(b) provide all necessary assistance as reasonably requested by the relevant Party to enable the Party to respond to the request for information within the time for compliance set out in FOI.

18 ASSIGNATION

18.1 No rights or obligations arising from these terms and conditions may be assigned except by the prior written consent of the Joint Committee.

19 SERVICE OF NOTICES

19.1 In any provision within the AGD Documentation), where reference is made to the serving of notices if such notices are registered or recorded delivery post, receipt of such notices will be deemed to have occurred the day after the date of posting.

20 INCONSISTENCY

20.1 If any Party shall find any discrepancy in or divergence between any of the following, including a divergence between parts of any one of them, namely:

- The Ayrshire Growth Deal – Deal Document
- The Ayrshire Growth Deal – Implementation Plan
- The Ayrshire Growth Deal – Financial Plan
- The Ayrshire Growth Deal – Governance Document
- The Ayrshire Growth Deal – Communications Protocol

The Party shall without undue delay give to the AGD Strategic Manager a written notice specifying the discrepancy or divergence and the Parties shall negotiate in good faith to agree any relevant modifications or amendments to the foregoing documents as may be required.

21 THIRD PARTY RIGHTS

- 21.1 This Agreement does not and is not intended to confer any contractual benefit on any person pursuant to the terms of the Contract (Third Party Rights) (Scotland) Act 2017.

22 VARIATION

- 22.1 The terms and conditions of any of the parts of this Agreement (including the documentation included in the schedules annexed hereto) may only be varied by execution of a minute of variation signed by all the Parties.

23. COSTS

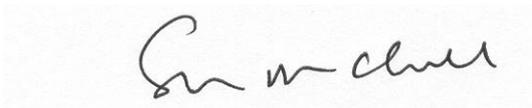
- 23.1 Each of the Parties shall meet its own costs in connection with the preparation, adjustment and completion of this Agreement.

24. LAW AND JURISDICTION

- 24.1 This Agreement is governed by and shall be construed in accordance with Scots law.

IN WITNESS WHEREOF this Agreement comprising this page, the eighteen preceding pages and the schedule in seven parts annexed hereto is executed by the Parties as follows:-

SEALED with the common seal of EAST AYRSHIRE COUNCIL and SUBSCRIBED for and on its behalf by Stuart McCall a proper officer at KILMARNOCK on the 17th of December 2020



..... Authorised Signatory

SUBSCRIBED for and on behalf of SOUTH AYRSHIRE COUNCIL by a proper officer at AYR on the day of 2020

..... Authorised Signatory

..... Witness

..... Witness Details

SEALED with the common seal of The NORTH AYRSHIRE COUNCIL and subscribed for
and on its behalf by a proper officer at IRVINE on the day of
2020

.....Authorised Signatory

AYRSHIRE ECONOMIC JOINT COMMITTEE

MEETING – 24 MAY 2021

REPORT BY THE CHIEF EXECUTIVE, NORTH AYRSHIRE COUNCIL

SUBJECT:

**i3 Advanced Manufacturing
Space Project, Irvine**

PURPOSE OF REPORT

1. To note progress with the i3 Advanced Manufacturing Space programme at i3, Irvine Enterprise Area and to seek support from the Joint Committee for the delivery of the first phase of the programme.

RECOMMENDATIONS

2. Ayrshire Joint Economic Committee agree to:
 - a) Note progress with the i3 Advanced Manufacturing Space programme at i3, Irvine Enterprise Area.
 - b) Note the attached Outline Business case which has received verbal approval from Scottish Government.
 - c) Note that written approval is still outstanding despite date of 1st May in the Implementation Plan.

INTRODUCTION

3.
 - 3.1 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).
 - 3.2 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.

- 3.3 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.
- 3.4 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.

DESCRIPTION OF PROJECT

4.

- 4.1 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.
- 4.2 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.
- 4.3 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).
- 4.4 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 several 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.
- 4.5 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.

- 4.6 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.
- 4.7 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.
- 4.8 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.
- 4.9 The masterplan process has identified 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). Its 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.
- 4.10 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.

- 4.11 Expenditure of up to £200,000 is required to develop the full 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.
- 4.12 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.
- 4.13 Outline approval of the OBC has been verbally indicated by Scottish Government and written approval was expected by 1st May in the Implementation Plan. The OBC is attached in Appendix 3.

FINANCIAL IMPLICATIONS

5. 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 required 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.

LEGAL IMPLICATIONS

6. 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 now.

HUMAN RESOURCES IMPLICATIONS

7. 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.

EQUALITY IMPACT ASSESSMENT

8. 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.

CONSULTATIONS

9. 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.

APPENDICES

Appendix 1

Digital Processing Manufacturing Centre (DPMC) i3, masterplan image

Appendix 2

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

Appendix 3

i3 Flex Space OBC

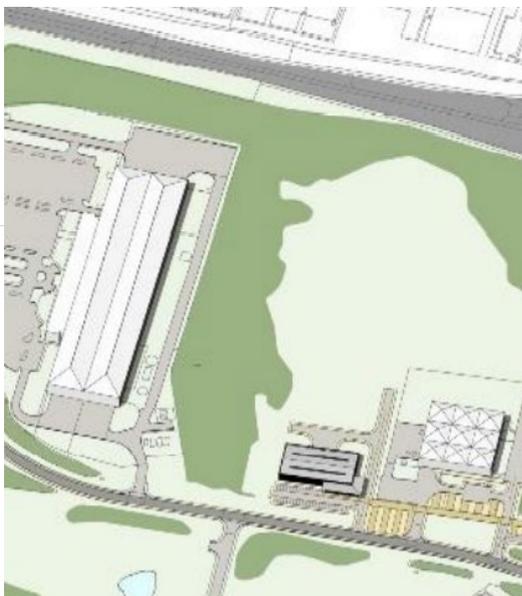
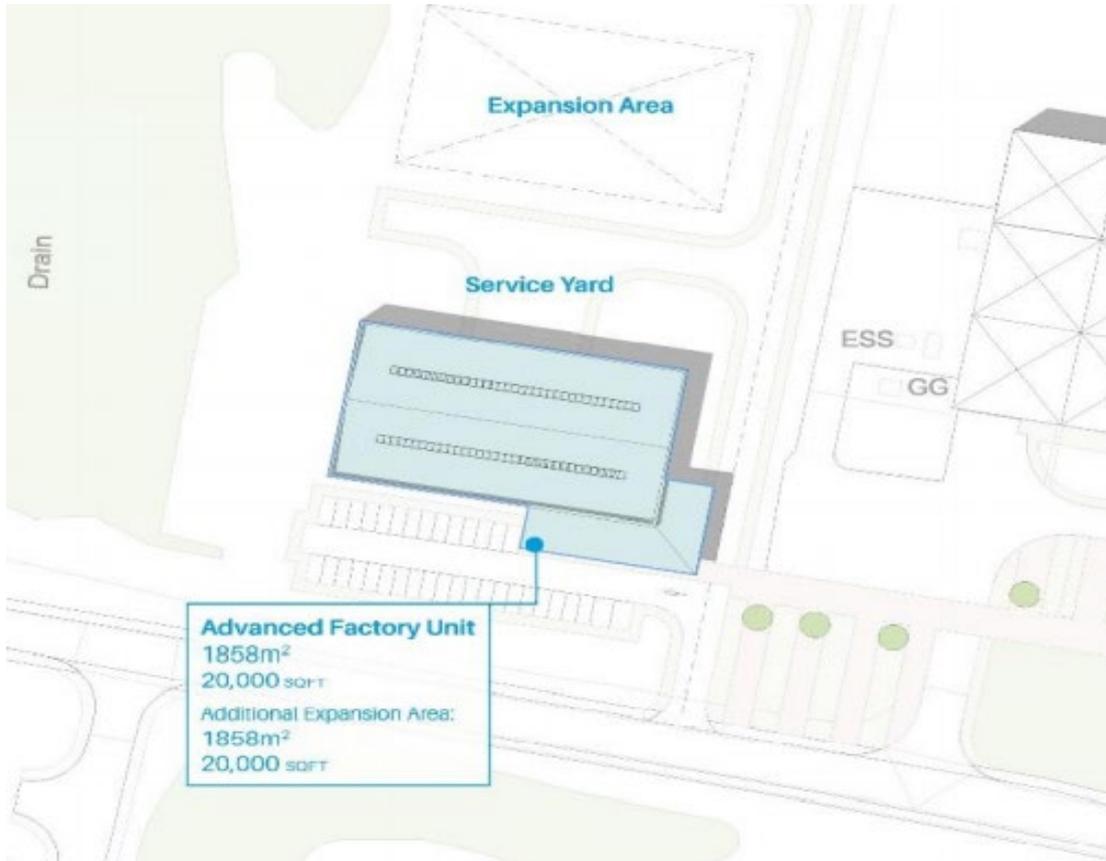
Background Papers:

Members requiring further information should contact:
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Appendix 1
Digital Processing Manufacturing Centre (DPMC) i3, masterplan image



Appendix 2
Proposed Phase 1 of Advanced Manufacturing Space, i3 - initial sketches



Ayrshire Growth Deal

I3, ADVANCED MANUFACTURING SPACE Outline Business Case (OBC)

Version No. 14

Issue Date: 19 March 2021



VERSION HISTORY

Version	Date Issued	Brief Summary of Change	Owner's Name
Draft	17.11.16	First draft version.	John Adam
Draft	15.12.16	Revised working draft.	EKOS
Revised Draft	31.05.17	Subsequent version.	EY
V4	31.05.17	Standard paragraphs, front cover and appendices added.	Allison Craig
V5	08.05.18	Links with UK Industrial Strategy and programme standard paragraphs updated.	Allison Craig
V6	19.12.19	Executive Summary updated, following revised Strategy for i3.	Marnie Ritchie
V7	31.01.20	Business Case updated, following revised Strategy for i3.	Marnie Ritchie
V8	05.02.20	Economic appraisal added	Allison Craig
V9	06.03.20	Amendments to address PMO and Scottish Enterprise Comments	Marnie Ritchie
V10	13.03.20	Economic appraisal updated to take account of combined flex space and Digilab option	Allison Craig
V11	31.03.20	Text updated to take account of preferred option of combined flex space and Digilab option.	Marnie Ritchie
V12	6/4/20	Updated objectives to match Digilab SBC	Neale McIlvanney
V13	30/07/20	Various updates.	Marnie Ritchie
V14	26/02/21	Various updates. Combined flexible space and Digital Hub Option removed. Project Description added. Financial profile adjusted.	Marnie Ritchie

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PART A: Project Description

What is the project about?

This project aims to build new flexible advanced manufacturing space at i3 Irvine Enterprise Area, which is a strategic site for North Ayrshire Council and is recognised as a Life Science Enterprise Area. The project will complement the proposed Digital Processing Manufacturing Centre (DPMC) which is also being supported by the Ayrshire Growth Deal and is being delivered in partnership with NMIS (National Manufacturing Institute Scotland), University of Strathclyde, MMIC (Medicines Manufacturing & Innovation Centre and Ayrshire College. Earlier phases of the DPMC which are currently being developed, are seeking to support Scotland's Manufacturing Recovery Plan

Why is it being undertaken?

The project will contribute towards meeting current demand for new industrial and office space within North Ayrshire and Ayrshire, where there is a longstanding issue of market failure that discourages the private sector from building new space. It will help grow local businesses and attract inward investment to an area of above average unemployment and low business investment. It will also help to address a growing issue of ageing, obsolete industrial space. There will be opportunities for businesses linked to the DPMC project to take up space within the new units, helping create a cluster of industry and innovation at i3.

How does it fit within the wider deal?

This project contributes to the wider Ayrshire Growth Deal, addressing economic underperformance by helping position Ayrshire as the go-to region for smart manufacturing and digital skills and by improving access to employment opportunities.

What is being proposed?

Approximately 9,000 m² (97,000 sq ft) of floorspace is being proposed in a variety of building types to suit varying needs, ranging from large 20,000 to 40,000 sq ft units capable of subdivision, to small terraced business incubation units and class 4 offices. A masterplan has been developed to show the potential location and scale of development. The majority of the buildings are proposed to be located within a central area of i3, creating a cluster area with the proposed DPMC. A small number of units are also proposed at the large Strategic Investment Campus, to stimulate interest in this area.

How will it be delivered?

The project will be delivered in phases, allowing for a review of the market at key stages. Each phase will be designed by a professionally qualified team, led by architects and tendered in packages over a number of phases through either a traditional procurement route or a design and build route.

What outcomes will it deliver and by when?

The outcomes anticipated over the next 8 to 10 years include the delivery of much needed modern business space, new jobs and construction jobs, support to SMEs, additional GVA, access to related employability and skills programmes for local people including those from disadvantaged or protected characteristic groups and removal of sites from the vacant and derelict land register.

Who will use it and why?

The project will be marketed widely to local companies, including SME's looking to grow and expand and to inward investment companies from Ayrshire, Scotland, the UK and beyond.

What are the headline figures around what is being proposed - headline financials

An allocation of £15M from the Ayrshire Growth Deal has been agreed for the i3 Flexible Space project, comprised of £11M from Scottish Government and £4M from North Ayrshire Council. Overall £21M is being invested at i3 by the Ayrshire Growth Deal, with a further allocation of £6M contributing to the DPMC project. It is anticipated the funds will be invested over a period of 8 to 10 years with the first unit available in 2023.

PART B: The Five Cases

1.0 EXECUTIVE SUMMARY

This report provides the Outline Business Case (OBC) for the i3 Advanced Manufacturing Space project (as set out in the Ayrshire Growth Deal (AGD) Heads of Terms, March 2019). This has been developed with input from property advisors and feedback from stakeholders. Since the previous version of the Outline Business Case (July 2020), the project site has undergone masterplanning and the proposed Digital Processing Manufacturing Centre (DPMC) project at i3 has been developed to Outline Business Case stage. This version of the i3 Flexible Space OBC has removed the combined DPMC and flexible space option from the economic model to demonstrate that both projects can be delivered independently of each other. The financial profile has also been updated. The anticipated impacts of the continuing COVID pandemic on the project are still unknown at this stage, however there is still evidence of ongoing demand for space within North Ayrshire.

1.1 Introduction

- 1.1.1 The OBC seeks approval to invest funding of £15m in the delivery of approximately 97,000 square feet (approx. 9,000 square metres) of flexible advanced manufacturing space at i3, Irvine's Enterprise Area (see Figure 1). The proposal includes the delivery of business space in various configurations, as well as a serviced development plot and related road and pedestrian access, servicing, site information and landscaping. This will meet demand in a series of phases that responds to market requirements. It will focus on the delivery of space for high value sectors. This includes chemical and life science manufacturing, more general local demand and opportunities for space emerging from the development of a Digital Processing Manufacturing Centre (DPMC) at i3 with industry and academic partners, including the National Manufacturing Institute Scotland (NMIS), University of Strathclyde, Medicines Manufacturing and Innovation Centre (MMIC) and Ayrshire College. Underpinning this investment is the strength of demand and market failure in the local property market and the need for economic growth.
- 1.1.2 The estimated scale of flexible space proposed is lower than that stated in the Heads of Terms document which was 150,700 square feet or 14,000 square metres. The reduction in space reflects the division of the i3 programme into two separate business cases and the development of estimated project costs, including allowances for inflation, optimism bias and staff costs. These costs will be refined as the project develops.

Figure 1: Project Location



1.2 Strategic Case

- 1.2.1 This £15m project is part of an overall investment of £21m that is being sought for i3 through the Ayrshire Growth Deal, with committed funding secured from UK Government (£5m), Scottish Government (£11m) and North Ayrshire Council (£5m). It seeks to deliver some 97,000 sq ft (approx. 9,000 sq m) of business and industrial space to help grow local businesses and attract inward investment to an area of above average unemployment and low business investment. In addition, £6m is focussed on the creation of a Digital Processing Manufacturing Centre (DPMC) and supporting services in partnership with NMIS, which is the subject of a separate Outline Business Case but which will assist in driving demand for space at i3 and raising the profile of i3. DPMC will provide a unique facility and hub for businesses within process manufacturing sectors (including Pharmaceutical Products, Oil & Gas, Chemicals and Chemical Products, Agrichemicals (under life sciences), Food & Drink, Fast moving consumer goods (FMCG) and Water (collection, treatment, supply) that are seeking to improve their productivity and modernise their processes through digital automation. 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. It will also have the potential to provide events and meeting space, R&D space, bio-manufacturing facilities and sector support. The UK Government's £5m contribution and a £1m contribution from North Ayrshire Council are supporting the DPMC project. The Council's £1m contribution is currently focused on the development of a pilot phase which is subject to the availability of other funding support. This proposed flexible space project is being supported by £11m from the Scottish Government and £4m from North Ayrshire Council.
- 1.2.2 The advanced manufacturing space proposed will complement the DPMC project and provide modern space in a number of phases. While separate business cases, the two projects are linked, as the DPMC will help to raise the profile of i3 and encourage business investment and growth with a focus on Industry 4.0. The proposed investments are part of a new strategy for i3 that allows:
- The central Riverside Way area to be developed as a core commercial space and service area for i3, that includes the majority of the proposed flexible space and proposed DPMC within a statement building that also offers associated central services and which may require some investment from the flexible space programme; and
 - The scale of installed infrastructure and public sector land ownership offered by the large Strategic Investment Campus site identified in Figure 1, above, to be the proposed location for part of the flexible space to encourage initial occupiers and to be offered for major company relocation or inward investment.
- 1.2.3 There is also an ambition between the Council and its partners and stakeholders to create a pilot project for the DPMC, recognising the fast moving pace of digital technology and the priority for the Council to work with the local business base to adopt new technologies, particularly as part of business recovery from COVID 19. This is a project that is being considered as part of current discussions.
- 1.2.4 A separate Digital Outline Business Case includes investment towards a subsea fibre optic cable and associated infrastructure that may have opportunities for Irvine as a potential landing point. The AGD digital proposal will 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, enable the potential creation of a datacentre cluster of national significance and make Ayrshire a world-class digitally connected region that is attractive to investors across many elements of the digital economy. The Heat Map at

Appendix A illustrates the strengths of relationships between the AGD projects and the i3 project. The AGD Project Links Table at Appendix B, provides further detail on particular AGD projects where there are strong links.

1.2.5 The overall i3 proposal has included engagement with the following partners and local stakeholders through discussions and through three pieces of commissioned research relating to evidence of demand for floorspace, the rationale for DPMC and more recently an assessment of demand for DPMC. This has included the following groups:

- AGD / PMO Team
- Key Advisors (Scottish Enterprise)
- Local businesses
- Local Industry Leaders
- Academia – NMIS, University of Strathclyde, MMIC and Ayrshire College

1.2.6 The following table summarises the strategic drivers for this investment with the associated national, regional and local strategy, plan or policy listed below:

Strategic Drivers for Investment in Advanced Manufacturing Space at i3

UK Policy Agenda	Scottish Government Policy	Ayrshire Regional Policy
UK Industrial Strategy, 2018	Scotland’s Economic Strategy, 2015	Regional Economic Strategy for Ayrshire, Draft
	Refreshed Economic Action Plan for Scotland 2019-20	South and East Ayrshire Economic Development Strategies
	A Manufacturing Future for Scotland, 2016	NAC Local Development Plan 2
	Life and Chemical Sciences Manufacturing Strategy for Scotland	NAC Council Plan 2019-24
	Chemical Sciences Scotland Strategic Plan 2025	Irvine Locality Planning Partnership Plan
	Life Sciences Strategy for Scotland 2025 Vision	North Ayrshire Council Community Wealth Building Strategy 2020-2025
	Skills and Investment Plan for Scotland’s Life and Chemical Sciences	NAC Economic Recovery and Renewal Approach 2020
	Digital Strategy for Scotland, 2017	
	Making Scotland’s Future: a draft recovery plan for manufacturing	

Phasing & Indicative Costs

1.2.7 Proposed phases of the flexible space programme are shown in the table below and have been informed by market assessment, considering demand for industrial and office space and the need to include other related costs. The typical mobile enquiry is around 1,800 sq.m. with the average unit size taken up 1,500 sq.m. This development mix allows for flexibility in the development programme. allowing for requirements for 46 to 3,716 sq.m. to be met across a range of property sizes. As a result, this will maximise market appeal, generate activity on the site, increasing the likelihood of further interest and mitigate against the risk of long letting voids.

- 1.2.8 Phase 1 of the flexible space programme will be delivered by North Ayrshire Council between 2021 and 2023. It is expected that this will comprise of one 20,000 sq ft unit with the proposed terraced units or incubator space being a later phase that can align more with the development and delivery of the DPMC c 2024. Subsequent phases of flexible space will be subject to review and modification, following the completion of phases. This will consider the success of each phase in terms of attracting occupiers and whether any of the original specifications of the phases require to be changed to reflect changes in market demand. In addition, the DPMC project may incorporate an element of the flexible floorspace which will require alteration to the programme.
- 1.2.9 In summary, the investment programme of £15m could deliver an estimated floorspace of 97,000 square feet with potential future rental values to be confirmed. At the moment, rental income is estimated to be in the region of £400,000 by 2032. A full analysis of this will be undertaken at Full Business Case stage.
- 1.2.10 Project costs are currently indicative, with provision allowed for construction costs, contingency, professionals fees, staff costs, inflation and optimism bias. The level of estimated flexible space that can be provided will be subject to alteration to address any costs related to infrastructure and utilities and ground conditions and any implications relating to BREXIT and COVID 19, as the phases are developed. An allowance has been provided for this within the costings. In addition, some flexibility will be required during the programme period to address any issues arising from statutory processes, development costs, market conditions, any investment opportunities that could emerge and opportunities to seek a development partner.
- 1.2.11 The space configuration shown in the table below has been prepared by property advisers and NAC, recommending a range of property sizes to provide flexibility, maximise market appeal, generate activity on the site, increasing the likelihood of further interest and mitigating against the possibility of long letting voids. The additional phases would include larger scale units to target medium to larger occupiers but with the potential for those units to be subdivided. All build space will be fully accessible and compliant with EA2010 standards.

13 Advanced Manufacturing Space – Phases and Indicative Costs

Phase 1	Overall Size	Potential Subdivision	Construction Cost
Terraced Units (can be subdivided)	232 sq.m. (2,500 sq ft)	5 x 46 sq.m. (500 sq ft units)	£360,475
	465 sq.m. (5,000 sq. ft.)	5 x 93 sq.m (1,000 sq ft) units.	£720,950
Modular Building (can be expanded)	1,858 sq.m. (20,000 sq. ft.)	up to 3,716 sqm (40,000 sq.ft.) (potential expansion area)	£1,860,000
Serviced plot to accommodate bespoke inquiries.			£250,000
Total Floorspace	2,500 sq.m. (27,500 sq.ft.)	2,500 sq.m. (27,500 sq.ft.)	£3,191,425

Phase 2	Overall Size	Construction Cost
2 Office Pavilions	850 sq.m (9,150 sq.ft) (2 x 425 sq.m.)	£2,000,000
Modular Building	3,716 sq.m (40,000 sq ft)	£3,152,000
Total Floorspace	4,566 sq. m. (49,150 sq.ft.)	£5,152,000

Phase 3	Overall Size	Construction Cost
Modular Building	1,858 sq m (20,000 sq ft)	£1,860,000
Total Floorspace	1,858 sq. m. (20,000 sq.ft.)	£1,860,000
Overall Total	9,000 square metres (97,000 square feet)	£10,203,425
Contingency	@ 10%	£1,020,343
Professional Fees	@ 10%	£1,122,377
Staff Costs		£450,000
Sub Total		£12,796,145
Inflation	@ 3%	£383,884
Optimism Bias	@ 5%	£639,807
Allowance – Infra-structure, utilities		£1,180,164
Overall Total		£15,000,000

Location

1.2.12 The i3 area was developed as part of Irvine New Town from the early 1970s. Given that the town was originally planned with a much higher population than realised, and due to differing industrial structures at the time, the i3 area is of significant scale and covers around 132 ha. While i3 offers the Strategic Investment Campus site (see Figure 1) with potential to accommodate an inward investment of scale, many parts of i3 remain undeveloped and are in private ownerships. The flexible space development will help to address this by focusing AGD development within a central area around Riverside Way (see Figure 1), on land currently owned by Scottish Enterprise and with negotiations for purchase by NAC underway. The inclusion of flexible space and a state-of-the-art digital laboratory building within this area will help to provide a sense of consolidation, focus and provide services and networking opportunities for businesses.

Project Context

1.2.13 Irvine is located in North Ayrshire, which has a rich industrial history, particularly in chemicals and life science manufacturing industries that continue to thrive today. Irvine was the last Scottish New Town and benefits from sunk investment in good quality roads and utility capacity which has not been fully utilised. Many of the businesses attracted to Irvine in the 1980s (e.g. Volvo Bus and many computer industry sub-contractors) have moved away. The recession, and its continued effects, have seen the private sector engage in large scale demolition of obsolete industrial property and in some cases the redevelopment of industrial land to residential use. While North Ayrshire has recognised market strengths in the Advanced Manufacturing and Life Sciences sectors, with a number of current globally recognised organisations, including DSM, GSK, Merck and Chemring, a key gap is the availability of appropriate high-quality premises to attract and accommodate more of these operators.

1.3 The Case for Change

1.3.1 AGD funding is required in order to meet demand for modern industrial accommodation in the face of acute market failure. This is preventing private sector investment in speculative industrial development across Ayrshire and most non-prime locations in Scotland. Currently gap funding for viable development is in the order of 70%. Recent research commissioned by NAC has identified the following issues that demonstrate the requirement for investment:

- 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.

Evidence of Demand

1.3.2 A recent survey (late 2019) of existing Irvine business occupiers identified that there is demand for new business property within Irvine. Many respondents indicated that their existing business property is/ are too small and/or poorly configured for their operations. The survey confirmed the view that i3 was an attractive location particularly due to its road connections and the range of existing businesses on the site. The majority of recent property enquiries to NAC or local agents for new premises and/or land is from the manufacturing sector. Over half of the respondents indicated a preference for new premises that provide a mix of both industrial and office space, with sizes ranging from 372 sq.m. to 1,394 sq.m. The principle reason for occupiers to move is that the property is too small for their requirements, followed by their existing building configuration being unsuitable. This further demonstrates that the development of new business space at i3 would help to meet future

requirements and assist with business growth and expansion. Further information on specific demand linked to the Digital Hub AGD project is set out in paragraphs 2.11.3 to 2.11.7 of this business case. Recent interest in i3 from beyond Ayrshire and Scotland has been limited. The site was shortlisted for the Medicines Manufacturing and Innovation Centre and general enquiries have included data centres, food production and medicinal cannabis production.

Constraints on Company Growth and Inward Investment

- 1.3.3 At present, indigenous companies within North Ayrshire looking to grow and expand are struggling to find suitable space. There is a risk that these companies may end up relocating out of the area due to lack of suitable modern premises for them. In addition, the lack of availability of modern premises and sites is limiting potential inward investment to the area.
- 1.3.4 These constraints are likely to persist until new development becomes available and they are also reflected in the current record level of interest in space from a variety of indigenous and potential inward investment companies.

Economic Growth and Transformation

- 1.3.5 The GVA of North Ayrshire has been consistently well below the Scottish average at around £15,000, compared to a Scottish average of around £25,000. Furthermore, the gap between average Scottish productivity and that of North Ayrshire has been growing. Projects that focus on enhancing innovation levels and productivity at i3 will make a valuable contribution to achieving an inclusive Scottish economy. North Ayrshire also suffers from much lower levels of Business Research and Development (BERD) spending at less than a quarter of the Scottish average, with no higher education institute and no innovation centre. Support for growth/adaptive capacity in traditional sectors such as manufacturing and engineering is required to ensure these sectors have the finance and infrastructure needed to transform for Industry 4.0. SCDI (2018) and the OECD, amongst others, have warned that automation could impact post-industrial regions disproportionately and that pre-emptive action should be taken to prevent this. North Ayrshire is the home of sectoral strengths in life sciences, manufacturing and process engineering, however the resilience of these industries is at risk without investment to embrace new technologies. Further investment in the innovation of these sectors at a local place-based level is critical to ensure Scotland is at the forefront of the digital, low carbon economy. The combination of the advanced manufacturing space and DPMC projects and potential opportunities from the proposed subsea cable will seek to address this.

Market Failure & Rental Values

- 1.3.6 North Ayrshire has a low industrial property vacancy rate of 6% and a stock of industrial floorspace which on average is older than the West Central Scotland regional market in large part due to the former Irvine New Town. Despite this low vacancy rate and more severe obsolescence, market demand at an average 33 units taken-up annually across North Ayrshire and rental values are insufficient to support financially viable, new-build speculative industrial development. Rents for industrial space average at £4.50 per square foot or £48 per square metre. This is significantly below the viable rent for new development, which is currently around £86-92 per square metre.

Little or No Alternative Funding

- 1.3.7 There are very limited funding sources available for the public sector to intervene where there is market failure to deliver the scale of modern development required to meet demand. The level of funding required is significant to construct one building. In addition, funding can be extremely competitive with other projects.

Ageing Stock

- 1.3.8 Within the wider context, research has identified that many existing industrial occupiers are currently located within ageing, sometimes even obsolete buildings. In North Ayrshire, the average age of industrial premises is 36 years. While there is a steady pressure upon occupiers to modernise, it is likely to take a significant shift in energy performance legislation, or complete obsolescence, to create a market-wide push towards new build options. Even those occupiers with high-value plant and processes to accommodate may continue to occupy dilapidating premises for many years before considering relocation. Over the medium to long-term though, it is likely that an increasing number of industrial occupiers will require modernised premises. Modern premises will help address particular issues with the configuration of older buildings, that can restrict companies from recruiting employees or training apprentices that may have a disability. This is a group that currently experiences significant under employment and unemployment.

1.4 Economic Case

- 1.4.1 In terms of the best option for delivery for this project to meet demand, a wide range of potential options were considered in terms of location, interventions and scale of interventions, funding sources and timescales, shown in the table below. A preferred option is identified for each category and three options were then considered in greater detail within the Economic Case:

- Do Nothing – the Counterfactual Option;
- The Preferred Option: Flexible Space, Phased; and
- The Ambitious Option: Flexible Space, Accelerated.

- 1.4.2 The **Critical Success Factors** used when evaluating the long list of options below included:

- How does the option satisfy the AGD Vision & key themes?
- How does the option provide a holistic fit and synergy with other national, regional and local strategies?
- How does the option optimise value for money?
- Is the option viable and can it be delivered?
- Will the option meet an identified market demand, remove a constraint and how will it affect existing supply?
- Can the option be funded by both the up-front capital and future revenue?

Assessment of Options at i3 – Long List (updated)

OPTIONS			
1. LOCATION	1.1 i3 Enterprise Area (EA)	1.2 Other North Ayrshire Site	1.3 Other Ayrshire Sites
	i3 is one of two locations in Scotland marketed by SDI for manufacturing linked to life sciences & related sectors. It has key locational benefits for investors, with existing established businesses. Preferred Option	A limited number of other North Ayrshire sites have capacity to accommodate new development but are unable to offer the locational advantages of i3, installed infrastructure capacity and existing business base. Discounted Option	Irvine has key sector and cluster strengths in life sciences, and is therefore an attractive proposition for investors in comparison to other Ayrshire sites. Discounted Option
2. INTERVENTION	2.1 Site Preparation Only	2.2 Flexible Space on all Sites	2.3 Flexible Space
	Create prepared site platforms at i3, ready for immediate development. This would offer a low-cost option but would fail to meet the needs of life sciences and related manufacturing businesses for premises. Discounted Option	Flexible space across the whole i3 area, including the large Strategic Investment Campus could mean the space would be too dispersed, reducing its impact and chance to create a central cluster of activity. Potential Future Option	Delivering flexible space on a phased basis linked to the DOMC proposal, and that addresses market need for business space with the opportunity to review the specification after Phase 1. Preferred Option
3. SCALE	3.1 Small-Scale / Cautious	3.2 Mid-Scale Market Ready	3.3 Large-Scale / Ambitious
	Developing 1 or 2 shell buildings to test market interest but discounted due to value for money factors i.e. there is clear demand for the units proposed but developing in smaller phases will ultimately increase costs. Discounted Option	Similar to Option 2.3, a market-ready proposition that balances forecast demand, level of risk, cost efficiencies and future flexibility. Preferred Option	Similar to Option 2.2, cost savings could be made if large-scale flexible space was delivered. This could significantly increase costs and risks, overstep the known level of demand and is likely to be in advance of need. Discounted Option
4. FUNDING SOURCES	4.1 Seek AGD Funding	4.2 Seek Other Public Funds	4.3 Seek Private Partner
	AGD funding through the public sector allows business space to be provided in the face of market failure as development is not viable for the private sector. Consideration to be given to a rolling development programme utilising development income. Preferred Option	There are no alternative public sector funding sources identified to deliver this scale of intervention. We will continue to scan the market to identify other funding sources and respond accordingly. Potential Future Option	Attracting private investment to develop new business space was considered but has been discounted due to its lack of viability in Ayrshire. This option will be reviewed as a future option. Discounted Option
5. TIMESCALES	5.1 Immediate	5.2 Phased Approach	5.3 Postpone
	Similar to 2.2 and 3.3, there is potential to develop the whole of the i3 site immediately. This would deliver cost savings to the public sector but would also increase risk and remove the option to adapt the size/ layout of proposed space on demand. Discounted Option	Delivering the AGD investment through a phased approach minimises risk – this creates flexible manufacturing space, alongside the DPMC project, to meet immediate demand and allows further phases of flexible space, based on take-up of Phase 1. Preferred Option	The project could be planned, designed, costed, approved and all relevant permissions secured but construction postponed till occupier interest is secured. This option fails to meet the current market need for good quality business units that are ready for occupation Discounted Option

Assessment of Options for i3 - Short List

Option 1 Do Nothing	Option 2 (Preferred) Flexible Space, Phased	Option 3 (Ambitious) Flexible Space, Accelerated
Delivers no additional floorspace Attracts 0 occupiers Delivers 0 gross jobs	Delivers 8,830 sqm floorspace (NIA) Attracts 8 to 16 occupiers Delivers 162 net jobs	Delivers 8,830 sqm floorspace (NIA) Attracts 8 to 16 occupiers Delivers 162 net jobs
Investment Level AGD NAC & SG £0 Other Funding £0	Investment Level AGD NAC £4M AGD SG £11M	Investment Level AGD NAC £4M AGD SG £11M
Delivery Timescale N/A	Delivery Timescale (21/22) to (27/28)	Delivery Timescale (21/22) to (24/25)

Investment Objectives & Stakeholder Benefits

1.4.3 The investment objectives for this project are set out below. In addition, attached at Appendix C is a Benefits Realisation Logic Chain.

Investment Objectives & Stakeholder Benefits

Objectives	Benefits for Stakeholder Groups
1. To create flexible business space capable of meeting manufacturing requirements for chemical and life sciences, but also for a wide range of other high value sectors.	<ul style="list-style-type: none"> • New business units will be occupied by Ayrshire/ Scottish/ UK/ overseas businesses • Created/safeguarded jobs will generate economic value – jobs, GVA, turnover for Ayrshire and Scotland • Supply chain outcomes will be created for other Ayrshire and Scottish businesses • Design and construction contracts will generate turnover for Ayrshire and Scottish contractors • Construction jobs and training outcomes will be created primarily for Ayrshire people and particularly drawn from disadvantaged or Protected Characteristic Groups.
2. Create a centre of digital innovation which offers digital tools, support and innovation scaled to a national market supporting a restructure of the regional economy to deliver advanced manufacturing.	<ul style="list-style-type: none"> • University and College presence at i3 offering training and business development opportunities. • Cluster of R&D and spin off opportunities • Providing employment, skills development, community wealth building and supply chain growth opportunities • Providing the private sector with opportunities for upskilling, business transformation and increased productivity
3. To create serviced industrial land and capable of immediate development.	<ul style="list-style-type: none"> • Development plot will be available for indigenous Ayrshire/ Scottish, UK-owned and foreign investors • Design and construction contracts will generate turnover and jobs for Ayrshire and Scotland
4. To create opportunities for employment and inclusive growth with particular emphasis on making connections to local communities, schools and colleges in preparation for employment, particularly in areas of deprivation and targeting people drawn from disadvantaged or Protected Characteristic groups including women and young people.	<ul style="list-style-type: none"> • New employment outcomes – direct and indirect through supply chains • Work experience and training places for school and college students • Job market entrants and low skilled workers increasing soft and basic skills through provision of local jobs. • Residents of deprived areas gaining access to opportunities • University presence enabling additional educational and training opportunities • Delivery of enhanced public transport connection that opens up employment opportunities

<p>5. To attract mobile and private sector investment both from abroad and from indigenous companies.</p>	<ul style="list-style-type: none"> • New employment and training outcomes • Demonstrate attractiveness of Scotland as excellent location for life sciences manufacturing • Increased investment confidence
<p>6. To create a sustainable, high quality business location and R&D cluster, capable of meeting and keeping pace with the changing demands of high value manufacturing sectors and complementing national initiatives including NMIS</p>	<ul style="list-style-type: none"> • Enhancement and maintenance of attractiveness of Ayrshire as a location, meeting modern business needs and promoting Industry 4.0 services. • Large, visible and modern development that clearly shows Ayrshire is Open for Business • Recognised as part of a national strategy for improving digital technology

1.4.4 The i3 Flexible Space project proposal aims to have an impact across a number of inclusive growth drivers which were identified as part of the Ayrshire Inclusive Growth Diagnostic work. Appendix A highlights the inclusive growth drivers in green, that are relevant to the i3 Flexible Space project. The AGD Programme Management Office is currently working with AGD Project Leads to develop a consistent programme approach to ensure that inclusive growth, equalities and community wealth building outcomes are embedded in each AGD business case. This approach will ensure explicit commitment to how the project will achieve inclusive growth and reduce inequality.

1.4.5 In addition to the above objectives, the following outcomes and targets are anticipated:

Outcomes and Targets

OUTCOME	BASELINE	TARGET	DATE
Amount of business space created (NIA)	Nil	8830, sq m (NIA)	2027/28
No. of new jobs created (Net Direct & Indirect)	n/a	162	2027/28
No. of construction jobs created	n/a	150	2027/28
No. of SMEs supported	0	5	2028
Amount of GVA 25 year NPV (Net Direct & Indirect)	TBC	£80m	2045/46
No. of people accessing jobs through Employability & Skills Programme	Nil	18-35 *	2028
Amount of Vacant and Derelict Land brought back into use/removed from SVDL Register	current 20ha V&DL	remove 20ha V&DL	2027/28

*based on capex impact of construction; plus follow on activity (Both at 5-10%)

1.5 Commercial Case

1.5.1 The Procurement Strategy will follow the Council's Standing Orders in respect of procurement and/or those of the AGD Regional Model. NAC will appoint specialists through appropriate procurement processes, to secure the required professional support. In addition, NAC has the in-house people resources and skills that, subject to confirmation, may have available resource to manage the project. The potential allocation of risks is set out in the Commercial Case within the main report. Commissioned services may include the following:

- Quantity surveying
- Architecture
- Geotechnical
- Cost consultants
- M&E

- Site investigation work
- Land based engineering works
- Office / Industrial building construction company

1.6 Financial Case

1.6.1 The table below is a current summary of the project's financial appraisal. Proposed investment is in three phases with the AGD project completed by Year 8 (2027/28). NAC will be responsible for ongoing maintenance of the buildings and management, through an appointed agent. A financial breakdown of assumptions will be provided within the detailed Full Business Case, including approximate levels of rental income per annum and revenue costs. At the moment, rental income is estimated to be in the region of £400,000 by 2032, A full analysis of this will be undertaken at Full Business Case stage, to provide detail and accuracy and consider how this would support the Digital Hub.

1.6.2 The project involves purchase of land from Scottish Enterprise. As this involves another public agency it is not anticipated to be of significant risk. The process will involve approval from each organisation. The cost of purchase is being covered separately by the Vacant and Derelict Land Fund.

Financial Profile (updated)

Year	0 19/20	1 20/21	2 21/22	3 22/23	4 23/24	5 24/25	6 25/26	7 26/27	8 27/28	9 28/29	10 29/30	Total
£ millions	£	£	£	£	£	£	£	£	£	£	£	£

Capital	0	0.1	0.4	2.95	1.0	1.45	2.8	1.8	4.5	0	0	15m
Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0.1	0.4	2.95	1.0	1.45	2.8	1.8	4.5	0	0	15m

AGD SG.	0	0	0	1.7	0.7	1.15	2.5	1.5	3.45			11m
AGD NAC	0	0.1	0.4	1.25	0.3	0.3	0.3	0.3	1.05			4m
Total	0	0.1	0.4	2.95	1.0	1.45	2.8	1.8	4.5			15m

1.6.3 It is anticipated that the completed project will generate income from the following:

- Ongoing rental income through the lease of completed units; and
- One-off capital receipts from the sale of buildings and/or development plots.

1.6.4 The option of re-investing the rental income back into the i3 Enterprise Area will be considered by the Council, to ensure longer term benefits for the area and the potential to reinvest in additional floorspace, as a way of addressing market failure.

1.6.5 A draft Risk Register is included at Appendix F. The main financial risks are expected to be:

- Design and technical studies result in additional costs beyond the contingencies and optimism bias allowed for;
- Slippage / delay in the programme that incurs additional costs;
- Unforeseen project complexities that require additional funding;

- Insufficient availability of non-financial resources for the delivery of the project;
- Risks that the key milestones are not achieved; and
- Risk that the project does not proceed as an AGD project.

1.7 Management Case

1.7.1 The three Ayrshire Councils (East, North and South) have agreed to implement a new governance structure to oversee the delivery of the Ayrshire Growth Deal and to promote the main drivers for the Regional Economic Partnership, namely:

- to promote and deliver regional economic and inclusive growth on an Ayrshire-wide basis, in line with the Scottish Government's aim of having a Regional Economic Partnership for every region of Scotland;
- to provide the robust shared governance which will enable the Scottish and UK Governments and other funding sources to dispense monies on an Ayrshire basis;
- To encourage the meaningful involvement of private sector partners as well as the public sector;
- The structure should be as simple as possible, but be capable of adaptation as required; and
- To recognise that the funding element is being delivered through Councils, and consequently democratic accountability will be required for key investment decisions.

1.7.2 The governance for the AGD programme includes the following listed below. These committees have oversight of the AGD both at a programme level and in terms of approval of detailed business cases for individual projects as well as continued monitoring and evaluation of the AGD programme post Deal document sign off:

- The Economic Joint Committee – comprising Elected Members, representatives from SE, SDS, business and education.
- The Ayrshire Regional Economic Partnership Board – comprising Elected Members, representatives from public sector partners including SE, SDS, HIE, VisitScotland, HE, FE, the third sector and the business community.
- In addition, projects are subject to internal Gateway Review Boards at key stages.

1.7.3 It is anticipated that over time the 3 Councils will develop more regional responses to the needs of our businesses and communities to complement the AGD investment.

1.7.3 Overall responsibility for the delivery of the project will rest with Director of Growth and Investment, reporting to the Council's Chief Executive. All personnel will be experienced and professionally qualified in their respective roles. The project will be managed in accordance with NAC project management procedures. The Senior Responsible Officer for the project in NAC is the Senior Manager, Growth and Investment with support from a Growth and Investment Manager.

1.7.4 A full multi-disciplinary and experienced Design Team will be procured and appointed to advance the project to completion. A detailed project plan and detailed risk management system will be prepared for the Full Business Case. Current summaries of both are provided below. The Council's Project Management and Implementation (PMI) Team have been assigned recently to develop detailed design and procurement for the first unit.

Indicative Project Milestones

DELIVERABLE	DUE DATE
Procure professional team to progress detailed design, Phase 1 (20,000 sq ft unit)	Q1 2021
Consultation with Planning and stakeholders on draft masterplan	Q1 2021
Completion of flexible space outline designs through masterplan process	Q1 2021
Approval of Outline Business Case	Q2 2021
Transfer of land from SE	Q2 2021
Ground investigations complete	Q2 2021
Submission of detailed planning application	Q2 2021
Planning permission granted	Q3 2021
Completion of Full Business Case and approvals	Q4 2021
Tender advertised	Q4 2021
Contract award and construction begins, Phase 1 (20,000 sq ft unit)	Q1 2022
Construction works complete, Phase 1 (20,000 sq ft unit)	Q1 2023
Building available for occupation	Q1 2023
Delivery of subsequent Phases (incl revision & approval of any OBCs/FBCs)	22/23 to 27/28

Main Business and Service Risks

RISK	MITIGATION
Detailed Business Case fails	<ul style="list-style-type: none"> • Development of OBC in accordance with Green Book • Partner/Stakeholder Risk Assessment • Early Market Input/ Partner & Commercial Input • Review CAPEX and OPEX costs • Review Governance Arrangements • Adjustments to spec at each phase to meet changing demands.
Planning approval risks	<ul style="list-style-type: none"> • Zoned & Allocated Site • Pre-App Discussion with NAC Planning • Assess Protected Species/Habitat risk • Review planning challenge/ appeals • Formally agree programme for consents • Advance programme of Local & Stakeholder Engagement
Cost overruns	<ul style="list-style-type: none"> • Develop and validate Project Brief and Specification • Benchmark costs • Ensure early infrastructure cost tested/ informed SI • Provide Green Book compliant Optimism Bias allowances • Provide for contingency
Delays to procurement	<ul style="list-style-type: none"> • Seek early agreement on appropriate procurement routes. • Include anticipated tender packages within the Council's Procurement Wave Plan.
Failure to deliver anticipated outputs and outcomes	<ul style="list-style-type: none"> • Ensure BC addresses sensitivity of outcomes • Clear Evaluation & Monitoring Framework

1.8 Recommendation

1.8.1 This Outline Business Case recommends investment of £15m from the Ayrshire Growth Deal in flexible advanced manufacturing space at i3 Irvine Enterprise Area.

Signed: _____ (On behalf of Growth & Investment Directorate, NAC)

Date: _____

2.0 STRATEGIC CASE

2.1 Introduction

- 2.1.1 This report provides the Outline Business Case (OBC) for the **i3 Advanced Manufacturing Space** project (as set out in the Ayrshire Growth Deal (AGD) Heads of Terms, March 2019). This has been developed with input from property advisors and feedback from stakeholders. Since the previous version of the Outline Business Case (July 2020), the project site has undergone masterplanning and the proposed Digital Processing Manufacturing Centre (DPMC) project at i3 has been developed to Outline Business Case stage. This version of the i3 Flexible Space OBC has removed the combined DPMC and flexible space option from the economic model to demonstrate that both projects can be delivered independently of each other. The financial profile has also been updated. The anticipated impacts of the continuing COVID pandemic on the project are still unknown at this stage, however there is still evidence of ongoing demand for space within North Ayrshire.
- 2.1.2 The Outline Business Case is to approve the investment of £15m in the delivery of approximately 97,000 square feet (9,000 square metres) of flexible advanced manufacturing space at i3, Irvine's Enterprise Area (see Figure 1). The proposal includes the delivery of business space in various configurations, as well as a serviced development plot and related road and pedestrian access, servicing, site information and landscaping to meet demand in an area of acute market failure. It will focus on the delivery of space for high value sectors, including chemical and life science manufacturing, more general local demand and opportunities for space emerging from the development of a Digital Processing Manufacturing Centre (DPMC) at i3, with links to the National Manufacturing Institute Scotland (NMIS). Underpinning this investment is the strength of demand, current issues with the local property market, including high build costs and low rental values and a new strategy with academic partners focussing on digital automation.
- 2.1.3 This project is part of an overall investment of £21m that is being sought for i3 through the AGD, with committed funding secured from UK Government (£5m), Scottish Government (£11m) and North Ayrshire Council (£5m). Part of the allocation includes £6m focussed on the creation of the DPMC and supporting services. This is the subject of a separate Outline Business Case.

2.2 Business Case

- 2.2.1 The Ayrshire Growth Deal Framework defines the purpose of the OBC as part of staged approval process in which the project detail, level of analysis and its readiness for delivery and implementation are sufficiently advanced to allow a full and independent project appraisal.
- 2.2.2 This Business Case has been compiled to meet the requirements of the Ayrshire Growth Deal Framework and presents the rationale for AGD investment at i3 against the Five Case Model:
- **Strategic Case** – reviews the policy environment at local, regional, Scottish and UK levels and identifies the fit with, and contribution toward, strategy aims and aspirations;

- **Economic Case** – considers a range of alternative options for investment set against the key project objectives to ensure that the selected approach addresses future needs/ opportunities and optimises value for money;
- **Commercial Case** – describes the content and structure of the project proposal in detail and outlines the market context within which it will be delivered;
- **Financial Case** – presents the forecast capital costs and revenue income that will be generated, profiling the funding sources, beneficiary recipients and impact on the balance sheet; and
- **Management Case** – outlines the delivery approach, demonstrating that the project is achievable and can be delivered successfully to cost, time and quality.

2.2.3 Key changes since the preparation of the previous OBC have been the progress of a masterplan to consider the location of the AGD flexible space and DPMC proposals.

PART A: STRATEGIC CONTEXT

2.3 Background

2.3.1 The original Ayrshire Growth Deal Outline Business Case for i3 Irvine Enterprise Area had focused on the delivery of 120,000 square feet of advanced manufacturing floorspace and related road access, servicing and site formation. Since then, discussions with partners and stakeholders has identified the opportunity for i3 to include within its Growth Deal proposal, the provision of a centre of excellence in digital processing (DPMC) for which a separate OBC is being developed. The estimated scale of flexible space proposed is lower than that stated in the AGD Heads of Terms document which was 150,700 square feet or 14,000 square metres. The reduction in space reflects the division of the i3 programme into two separate business cases and the development of estimated project costs, including allowances for inflation, optimism bias and staff costs.

2.3.2 The Heads of Terms agreed in March 2019, now supports investment of £21m in new developments at i3 in Irvine. Part of this investment will create a regionally significant and nationally recognised centre of excellence for digital automation – a Digital Processing Manufacturing Centre (or DPMC for short), developed in partnership with NMIS, Strathclyde University, MMIC, Ayrshire College and industry and seeking to link to nationally recognised innovation centres and to complement other AGD projects. This will build on current Life Science clustering at the site, and facilitate start up, spin out, and growth of Life Science businesses and other advanced manufacturing opportunities, through the provision of approximately 97,000 sq feet of floorspace.

2.3.3 The overall i3 proposal has included engagement with the following partners and local stakeholders through discussions and through two pieces of commissioned research relating to evidence of demand for floorspace and the rationale for a DPMC. This has included the following groups:

- AGD / PMO Team
- Key Advisors (Scottish Enterprise)
- Local businesses
- Local Industry Leaders
- Academia – NMIS, University of Strathclyde and Ayrshire College

- MMIC

2.4 Strategic Need

- 2.4.1 A number of studies have been commissioned recently to inform the development of the i3 AGD projects. These studies highlight the key strengths of the local economy in terms of manufacturing activity (particularly around life sciences and engineering), industrial heritage, the role of international businesses, key infrastructure assets and proximity to Glasgow. However, it is well recognised that the area is underperforming economically and has some serious challenges around depopulation, productivity, economic growth rates, skills levels and lack of fit for purpose modern business space.
- 2.4.2 The priority for the i3 project is to build on the area's key strengths and help to address these longer-term challenges. Through the Growth Deal, partners are looking to support 'transformational' and 'catalytic' projects that can change perceptions and turn around the long-term economic performance of the area.
- 2.4.3 The advanced manufacturing space proposed will complement the DPMC and provide modern space in a number of phases. While separate business cases, the two are linked, as the DPMC will help to raise the profile of i3 and to encourage business investment and growth with a focus on Industry 4.0. The proposed investments are part of a new strategy for i3 that allows:
- The central Riverside Way area to be developed as a core commercial space and service area for i3, including, subject to masterplanning, the majority of the proposed flexible space and proposed DPMC within a statement building also offering associated central services; and
 - The scale of installed infrastructure and public sector land ownership offered by the large Strategic Investment Campus site identified in Figure 1, above, to be offered for major company relocation or inward investment, which may require some investment from the flexible space programme.
- 2.4.4 There is also an ambition between the Council and its partners and stakeholders to create a pilot project for the DPMC. This would recognise the fast moving pace of digital technology and the priority for the Council to work with the local business base to adopt new technologies. This is a project that is being considered as part of current discussions and to help contribute to the Scottish Government's Manufacturing Recovery Plan.
- 2.4.5 A further Digital Outline Business Case includes investment towards a subsea fibre optic cable and associated infrastructure, that may have opportunities for Irvine as a potential landing point. The AGD digital proposal will 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, enable the potential creation of a datacentre cluster of national significance and make Ayrshire a world-class digitally connected region that is attractive to investors across many elements of the digital economy. The Heat Map at Appendix A illustrates the strengths of relationships between the AGD projects and the i3 project.

2.5 Economic Baseline

- 2.5.1 Set out below are some of the key characteristics of the North Ayrshire Economy within the context of this proposal and as identified within a research report for I3, commissioned by NAC and Scottish Enterprise which scoped out opportunities linked to digital automation.
- 2.5.2 Population
North Ayrshire had a population of 135, 800 people in 2017, of which 61 percent are working age (slightly lower than the Scotland average of 64 percent). Over the last decade the local population has declined by one percent, compared to growth in Scotland of five percent. The local population is forecast to decline further over the next 10 years.
- 2.5.3 GVA
Between 2006 and 2016 total GVA in North Ayrshire fell by seven percent, to just over £2,000m. This was in contrast to the 12 percent growth in GVA in Scotland and 13 percent growth in the UK over the same period. Productivity as measured by GVA per job is also lower in North Ayrshire – around £43,000 per job compared to £48,000 for Scotland as a whole and £53,000 for the UK.
- 2.5.4 Manufacturing
The manufacturing sector accounts for 14 percent of the total North Ayrshire GVA, which shows the sector’s strong influence on the economy. This is higher than Scotland (11 percent) and the UK (10 percent). Around seven percent of North Ayrshire’s 3,300 businesses are also in manufacturing, compared to five percent of all Scottish businesses in the sector. In addition, 4,500 people were employed in the manufacturing sector in 2017, which represented 11 percent of total employment and significantly higher than Scotland (seven percent) and GB (eight percent). The number of people employed in manufacturing between 2010 and 2017 also grew by 13 percent, more than double the growth of employment in manufacturing in Scotland as a whole over this period.
- 2.5.5 Employment Levels
Overall employment levels in North Ayrshire have also increased since 2010, up five percent to 42,500. This employment growth was broadly similar to Scotland as a whole (six percent).
- 2.5.6 Digital Technology Companies
There are currently estimated to be around 85 digital technology businesses based in North Ayrshire which represents three percent of the business base, slightly lower than the average for Scotland (five percent). These businesses employ 230 people which represents one percent of the workforce, lower than Scotland (two percent) and GB (four percent). Although clearly small-scale, employment in the digital technology sector has grown by 10% in North Ayrshire since 2015, double the growth experienced in Scotland and matching the same level of growth across Great Britain as a whole.
- 2.5.7 Business Start-Ups
Business start-up rates are lower in North Ayrshire. In 2017, there were over 400 new businesses set up in North Ayrshire. This represents 30 per 10,000 population which was lower than the average of 40 per 10,000 people for Scotland. The level of business expenditure on R&D (a key metric for innovation) is significantly lower in North Ayrshire - £38 per 1,000 population compared to £230 for Scotland.
- 2.5.8 Unemployment
North Ayrshire has a higher unemployment rate than national averages and has a lower proportion of economically active population – 75 percent in North Ayrshire compared to 78 percent nationally. Although residence-based earnings are similar to Scotland at £564 per

week, workplace earnings are lower at £537 per week. The area also has a lower number of people qualified to graduate level (37 percent compared to 44 percent for Scotland). Female labour market participation and those unable to work due to long term sickness are key inclusive growth issues for North Ayrshire. Young people and females are particularly excluded from growth.

- 2.5.9 The data summarised above clearly sets out the challenging economic context for North Ayrshire but at the same time reinforces the need to try new approaches and be more ambitious in order to drive economic growth in the local economy. Research has identified that the i3 project has the potential to act as a catalyst for new investment, create more higher quality higher skilled jobs, and help to maintain and grow the local area's strong manufacturing sector.

2.6 Market Failure

- 2.6.1 Market failure arises when a market mechanism fails to deliver economically efficient or optimum outcomes. HM Treasury identifies market failure and equity considerations as the key reasons for public sector intervention (investment) in the market – with the focus on addressing the root cause rather than the effect or symptom. Market failure is defined “... where the market has not and cannot of itself be expected to deliver an efficient outcome”.

- 2.6.2 The context of market failure for this project is explained in the Strategic Case. The general market failure rationale is as follows:

- Market externalities, where there is a reduced incentive for the private sector provision of public realm infrastructure as they are unable to fully commercialise the direct financial and wider strategic benefits that the investment will provide. Without AGD funding, there is insufficient return/ rationale for private sector to deliver the project; and
- Equity – there are high levels of economic and social deprivation and dereliction within the area. Over-arching Scottish Government economic policy identifies investing in people/ place / infrastructure/ assets, promoting inclusive growth as two of its four key priorities.

2.7 Property Market Assessment

- 2.7.1 Property market consultants have assessed and reviewed the potential to invest in new industrial and office property at i3 through the AGD funds. This included assessment of supply and demand in North Ayrshire. The tables below show the differences between current supply of office and industrial and what is significant demand, in particular, for industrial space. However, whilst there is significant demand, the report highlights that rental values are insufficient to support financially viable, new build speculative industrial and office development.

Industrial Supply and Demand in North Ayrshire (Source: Ryden / Costar)

Sizeband	Current Supply			Demand (since Jan 2014)	
	Sq. M.	No. Units	Avg Age	Sq. M.	No. Units
0-99	268	4	41	5,391	74
100-199	1,495	10	36	4,793	30
200-499	1,379	5	19	12,023	40
500-999	6,790	9	38	13,270	21
1000-1999	5,196	4	42	14,748	11
2000-4999	3,368	1	39	13,549	4
5000-10000	0	0	-	0	0
10000+	0	0	-	10,219	1
Total	18,496	33	36	73,993	181

Office Supply and Demand in North Ayrshire (Source: Ryden / Costar)

Sizeband	Current Supply		Demand (since Jan 2014)	
	Sq. M.	No. Units	Sq. M.	No. Units
0-99	888	16	1717	43
100-199	1354	9	1688	12
200-499	1174	4	3901	13
500-999	4621	7	1856	3
1000-1999	2522	7	5263	4
2000-4999	2616	1	-	-
Total	13,175	39	14,425	75

2.8 Strategic and Policy Context

2.8.1 This section provides a summary of key policies and strategies and their relevance to the project. In addition, a series of tables set out a comprehensive list of the main national and regional policies and/or strategic documents. The i3 project has a strong fit with and contribution towards the policy aspirations of the AGD and regional and national strategies. In particular, this project and the DPMC project fits well with the aims of the Scottish Government's recent consultation draft – **Making Scotland's Future: A Recovery Plan for Manufacturing**, which puts forward a series of actions to secure a strong, sustainable future for the manufacturing sector across four priorities areas of Collaboration and Networks, Supply Chains and Competitiveness, Adaptation and Transformation and Skills and Workforce. DPMC clearly supports the Plan across the aims of collaboration and networks and adaptation and transformation, whilst the flexible space project with the provision of modern business space to assist manufacturing companies to expand and grow.

2.8.2 Within the UK context, the **UK Industrial Strategy 2018** aims to create an economy that boosts productivity and earning power throughout the UK. The Strategy is built on five foundations of productivity (Ideas, People, Infrastructure, Business Environment and Places and four grand challenges (AI & Data, Clean Growth, Future of Mobility and Ageing Society). This project is closely aligned to all of these foundations and challenges, as outlined below:

Ideas – creating a collaborative and supportive environment. I3 represents key life sciences opportunities bringing together an established Ayrshire cluster, excellent workforce skills, major development incentives and high quality land.

People – enhancing Scotland’s reputation as a key location for life sciences, and attracting manufacturing activity based on embedded skills and expertise of Ayrshire’s workforce.

Infrastructure – enabling growth in life sciences sector by addressing a critical market failure in the provision of high quality modern business sites and premises to attract and retain business activity.

Business Environment – building on recognised strengths by creating the infrastructure that will attract new manufacturing activity.

Places – land available for offices and factories is identified within the Industrial Strategy as a key attribute for a strong economy. The i3 project delivers on this element.

UK INDUSTRIAL STRATEGY, 2018								
Relationship to i3 Advanced Manufacturing Space Project								
Five Foundations of Productivity					Grand Challenges			
Ideas	People	Infrastructure	Business Environment	Places	AI & Data Economy	Clean Growth	Future of Mobility	Ageing Society
The world’s innovative economy.	Good jobs and greater earning powers for all..	A major upgrade to the UK’s infrastructure.	The best places to start and grow a business.	Prosperous communities across the UK (inc local Industrial 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.

2.8.3 **Scotland’s Economic Strategy 2015** has a dual purpose of increasing economic growth and tackling inequality with four broad priority areas where actions will be targeted to make a difference – investment, innovation, inclusive growth and internationalisation. The Government recognises that certain sectors offer particular opportunities for growth due to comparative advantage or through the potential to capitalise on Scotland’s unique natural assets. These sectors which include Life Sciences, are the ones where Scotland typically has distinctive capabilities and businesses with the potential to be internationally successful. The Scottish Government has recently announced a Refreshed Economic Action Plan 2019 -20 which sets out the steps being taken to create a climate neutral and inclusive economy. The Action Plan recognises that Growth Deal projects can act as enablers to unlocking economic assets.

2.8.4 **A Manufacturing Future for Scotland 2016** is an Action Plan committed to raising productivity through increased investment and innovation and a long-term partnership between government, industry, enterprise agencies and other key stakeholders. Emerging from the Action Plan include opportunities for i3 to link up to the National Manufacturing Institute Scotland (NMIS) and other centres of excellence and for collaboration between businesses and academia to promote innovation, which aims to boost productivity among manufacturing firms, including through the stimulation of innovation and investment to help firms compete globally.

2.8.5 **Life and Chemical Sciences Manufacturing Strategy for Scotland** is an industry led strategy supplementing both sectors’ existing industry strategies: *Scottish Life Sciences Strategy, 2011* and *Platform for Growth – A strategic plan for the Chemical Sciences in Scotland 2012*. The aim of this Plan is to achieve the objectives of the strategies for both chemical sciences and life sciences through increasing the contribution manufacturing makes in both of these sectors

with a focus on leadership confidence and promoting manufacturing, research commercialisation, technology development and scaling supply chains and investing in Scotland.

- 2.8.6 **Realising Scotland’s Full Potential in a Digital World: a Digital Strategy for Scotland 2017**, replaces *Scotland’s Digital Future: A Strategy for Scotland*, 2011 and sets out plans for ensuring that digital is at the heart of delivering inclusive economic growth, reforming public services and preparing our children for the workplace of the future.
- 2.8.7 **The Ayrshire Regional Growth Deal Vision Statement** is clearly based on achieving economic growth through increased business and tourist activity. This project will provide the necessary infrastructure (modern manufacturing space and serviced development land) that will accommodate Scottish, UK and international business investment, focused on one of the Scottish Government’s six key growth sectors, Life Sciences. The i3 project specifically contributes to the AGD objectives for manufacturing strength and industrial connections. Ayrshire, and Irvine in particular, has recognised market strengths in the Advanced Manufacturing and Life Sciences sectors with a number of globally recognised organisations. As defined in the AGD Prospectus, the presence of these global operators demonstrates “that the area has a great deal to offer as a location for international businesses”. The key gap, as discussed in later sections, is the availability of appropriate high quality premises to attract and accommodate more of these operators. Ayrshire has the profile, the skills and the international travel connections – i3 will provide the accommodation.
- 2.8.8 Through the Ayrshire Growth Deal, there is a regional economic vision for Ayrshire that focusses on unlocking local potential for the wider benefit of the Scottish and UK economies:
- “Our 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.”*
- 2.8.9 The AGD will contribute to this regional vision, creating a growing, innovative, smart, more productive and inclusive economy, by developing Ayrshire’s core strengths and ensuring that communities benefit from economic growth. The AGD proposals, to which both i3 projects contribute, seek to re-shape Ayrshire’s economy and overcome the barriers to growth by:
- Attracting and developing more innovative and internationally focussed companies that are more likely to have higher levels of productivity through developing key infrastructure and targeted business support programmes;
 - Positioning Ayrshire as the “go-to” region for SMART manufacturing and digital skills;
 - Improving key elements of strategic transport and digital infrastructure to help businesses get goods to market and people to work (physically and virtually); and
 - Working with our communities to raise aspiration and ambition, provide employment and skills support, and improve access to jobs through innovative community empowerment and employability programmes.
- 2.8.10 The preparation of A draft prototype for the **Regional Economic Strategy for Ayrshire** was approved by the Partnership Board and the Ayrshire Joint Economic Committee in December 2019 as the basis for focused stakeholder consultation and further development towards a draft document. However, the baseline for strategy preparation has been fundamentally altered through the Covid-19 pandemic, which is predicted to give rise to one of the deepest

recessions facing the modern economy. The global pandemic will have profound effects on the local, regional, national and global economy. Evidence is already emerging that the impact of the pandemic will not be equal across Scotland; but is likely to have a disproportionately negative impact on regions, like Ayrshire, with lower economic resilience.

2.8.11 In terms of the sectoral impact of Covid-19, this is predicted to hit some of Ayrshire's most important sectors hard including aerospace and aviation, manufacturing, retail, accommodation and food services, and construction, which will impact on production and labour markets across Ayrshire. Ayrshire's concentration of its economy in some of those sectors is proportionately higher than the Scottish average, underlining the requirement to act to support those sectors.

2.8.12 Themes, initially identified 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 initiation of lockdown 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. Appendix G provides an initial analysis of inclusive growth objectives for the project which will be developed as the project progresses. The key themes identified in the Strategy as being critical to economic recovery and renewal phases are:

- Advance Manufacturing
- Aerospace/space
- Clean
- Growth
- Community Wealth Building
- Food & Drink
- Life Sciences
- Visitor Economy
- Business
- Connectivity
- Digital
- Innovation
- Skills

2.8.13 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.

2.8.14 **South and East Ayrshire Economic Development Strategies** – while the project is located in North Ayrshire it is recognised that it will deliver impacts and benefits across Ayrshire and therefore contribute to the aims and objectives of economic development strategies for both South and East Ayrshire Councils. By attracting new business activity to i3 there is an opportunity for people across Ayrshire (and beyond) to take up new employment opportunities and for businesses to develop supply chain linkages, thereby supporting growth and increasing economic value across Ayrshire.

2.8.15 **North Ayrshire Local Development Plan (LDP)** – the LDP is the land use document that indicates where certain types of development should, and should not, happen. It sets a long-

term vision for growth and provides the policy framework for determining planning applications, and provides the strategic framework to work out the best for new homes, businesses and other developments. The i3 site is identified as Strategic Development Area that would support a range of industrial uses.

National Policy and Strategies

National Policy and Strategies		
Policy	Objectives	Relevance for i3 Project
UK Industrial Strategy 2018	<ul style="list-style-type: none"> Building on strengths and extending excellence into the future Closing the gap between UK's most productive companies, industries, places and people Making UK one of the most competitive places in the world to start or grow a business Recognises the importance of cross-sector collaboration & opportunities of Grand Challenges. 	<ul style="list-style-type: none"> Using innovation to drive productivity and earnings, A broader focus encouraging collaboration between sectors (e.g. life sciences, pharma, processing industries) helping address Grand Challenges.
Scotland's Economic Strategy 2015	<ul style="list-style-type: none"> Increasing growth & tackling inequality through investment, innovation, inclusive growth and regeneration Need for locally-focused and community-based approaches, specifically recognising the persistent economic challenges in North Ayrshire 	<ul style="list-style-type: none"> Developing capability in key growth sector of life sciences Helping foster a culture of innovation and R&D Supporting inclusive growth and opportunities through regional cohesion
Refreshed Economic Action Plan 2019/20	<ul style="list-style-type: none"> Creating a climate neutral and inclusive economy based on Scotland's Economic Strategy. 	<ul style="list-style-type: none"> Supports investment through AGD to enable unlocking of economic assets, including i3.
A Manufacturing Future for Scotland 2016	<ul style="list-style-type: none"> Innovative manufacturing and utilisation of leading edge technologies, driving competitive advantage Co-ordinating national innovation resources and assets to be appropriate for manufacturing base Creating an environment where businesses of all sizes, in all manufacturing sectors can innovate and adopt new novel technologies 	<ul style="list-style-type: none"> Linking up with NMIS and other centres of excellence Enabling collaboration between businesses, RTOs & academia by providing a focal point and promoting an open innovation ethos
Life and Chemical Sciences Manufacturing Strategy for Scotland	<ul style="list-style-type: none"> Establishing a strong platform for manufacturing growth through strong communication between the Life and Chemical Sciences sectors Improving the translation of research into application Strengthening UK's case (including supply chains) for manufacturing businesses 	<ul style="list-style-type: none"> Enabling commercialisation of research by providing a focal point between academia and industry Building up service offering at i3 to attract businesses
Scotland's Digital Strategy 2017	<ul style="list-style-type: none"> Recognising that digital is at the heart of economic growth in Scotland. 	<ul style="list-style-type: none"> Support for focus on digital automation.
Chemical Sciences Scotland Strategic Plan 2015	<ul style="list-style-type: none"> Establishing Scotland as a world class centre of high value manufacturing through increased industrial engagement with the centres of innovation directly related to manufacturing 	<ul style="list-style-type: none"> Developing Scotland's chemical sciences capability Linking up with NMIS and other centres of excellence, e.g. CMAC at the University of Strathclyde
Life Sciences Strategy for Scotland 2025, Vision	<ul style="list-style-type: none"> Making Scotland the location of choice for Life Sciences businesses, researchers, healthcare professionals and investors while increasing Life Sciences contribution to Scotland's economic growth Four key priority areas: business environment, innovation & commercialisation, internationalisation, and sustainable production 	<ul style="list-style-type: none"> Developing Scotland's life sciences capability Linking with the Life Sciences Innovation Centres.
Skills & Investment	<ul style="list-style-type: none"> Four priority areas: addressing specific skill shortages, ensuring national coverage of skills and training 	<ul style="list-style-type: none"> Developing Scotland's life and chemical sciences capability

Plan for Scotland's Life and Chemical Sciences	provision, increasing exposure to, and understanding of, industry, enhancing practical experience	<ul style="list-style-type: none"> Encouraging engagement between HE/FE and industry
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Regional & Local Policy & Strategies

Regional and Local Policy and Strategies		
Policy	Objectives	Relevance for i3 Project
Ayrshire Growth Deal Heads of Terms Agreement	<ul style="list-style-type: none"> Focus on aerospace, space and life sciences, as well as building on Ayrshire's existing strengths in food and drink, tourism, manufacturing and engineering Driving inclusive economic growth through creation of new high quality jobs and opportunities Up to £11m from the UK Government for a subsea fibre optic cable to have its landing point in Irvine Digital infrastructure – up to £3m investment from the Scottish Government to attract global businesses, enable the potential creation of a datacentre cluster of national significance and make Ayrshire a world-class digitally connected region that is attractive to investors across many elements of the digital economy 	<ul style="list-style-type: none"> Linking in with the digital infrastructure agenda Possible links with the sustainability agenda In partnership with Strathclyde University and industry, a Digital Hub facility will be developed at i3 to incorporate relevant testing/ R&D equipment and specialist staff
Regional Economic Strategy for Ayrshire, Draft	<ul style="list-style-type: none"> Identifying strategic growth opportunities over a ten year period and across a number of themes including – Advanced Manufacturing, Digital Business Support, Academic Partnerships and Low Carbon Economy. 	<ul style="list-style-type: none"> i3 will be identified as a site with significant growth opportunity for the Strategy
NAC Local Development Plan 2	<ul style="list-style-type: none"> Safeguards key business & industrial sites Identifies ways to support areas for specific new residential development to cross fund new or improved employment space 	<ul style="list-style-type: none"> i3 is identified as a strategic business location, including opportunities for a large single user or major multiple investments, as well as a high amenity business park
NAC Council Plan 2019 - 2024	<ul style="list-style-type: none"> Has priorities linked to Aspiring Communities and Inspiring Places including inclusive growth and an enterprising local economy and effective infrastructure and digital connectivity. 	<ul style="list-style-type: none"> The i3 project would strongly support these priority outcomes.
LOIP – Irvine Locality Plan	<ul style="list-style-type: none"> The Irvine Locality Planning Partnership has identified their key priorities as: <ul style="list-style-type: none"> Mental Health Employability Increased residents' sense of control and influence 	<ul style="list-style-type: none"> The i3 project will support the Partnerships priority of employability.
North Ayrshire Community Wealth Building Strategy 2020-2025	<p>Working in partnership with communities and businesses to create a fair local economy, reducing poverty and inequality. 5 Pillars seek to strengthen existing local resources based on:</p> <ul style="list-style-type: none"> Procurement Employment Land and Assets Financial power Plural Ownership 	<p>Working within localities to facilitate place-based Community Wealth Building activities on procurement, employment, assets and ownership. Promote Fair Work practices and position Ayrshire as a Fair Work region.</p>
NAC Economic Recovery and Renewal Approach 2020	<p>The Covid-19 pandemic has had a major impact on our local economy and the Council has acted decisively to support our local businesses and communities who have been negatively affected by the economic impact. The approach recognises that as we emerge from the Covid-19 health and economic crisis, we cannot return to business as usual, and that is particularly the case with our economy where we must build back better, fairer and greener. We will use our economic levers across the</p>	<p>The approach to economic recovery and renewal will support an inclusive and green economic recovery. Green Jobs Fund to support just transition and green adaptation Investing in our commercial estate including improving the sustainability of assets</p>

	Council and our new economic model of Community Wealth Building to develop a Green New Deal for North Ayrshire.	
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2.8.16 The i3 Advanced Manufacturing Space project fits with these strategies through;

- supporting the growth of key sectors to build competitive advantage & economic contribution;
- enabling sector growth by addressing a critical market failure in the provision of high quality modern business sites and premises to attract and retain business activity;
- creating jobs and economic value (GVA), filtering through the rest of the economy via sector supply-chain activity;
- enhancing Scotland’s reputation as a key location for life sciences, and attracting manufacturing activity based on embedded skills and expertise of Ayrshire’s workforce;
- making best use of existing embedded infrastructure assets and investments at i3;
- positioning i3 as a key strategic location within the Glasgow City Region, providing opportunities for major investment;
- realising new investment and jobs in North Ayrshire arising from Enterprise Area status;
- providing high quality development space and opportunities, set within a highly competitive infrastructure and quality environment;
- supporting the two overarching goals for economic development in North Ayrshire – becoming a leading location for doing business – and creating employment opportunities (and multiplier benefits) that will help to reduce worklessness and inequality;
- delivering economic impacts and outcomes spread across Ayrshire (and beyond) and contributing to business and job growth targets, through direct and indirect/induced supply chain linkages; and
- delivering a completed development that meets the LDP site designation for business and industrial use

2.8.17 In summary, as demonstrated, there is a good strategic rationale for the i3 project. It contributes to the aims, objectives and aspirations of the AGD, of the UK and Scottish Life Science Strategies and Manufacturing Strategy, of regional economic strategies, and of local policies.

2.8.18 NMIS & MMIC

Of significance for both i3 AGD projects are the potential opportunities linked to the development of the National Manufacturing Institute Scotland (NMIS) and the Medicines Manufacturing and Innovation Centre (MMIC). Both facilities are being located at the Advanced Manufacturing Innovation District Scotland (AMIDS) which will be an internationally recognised centre for innovation, research and high value manufacturing. It is led by Renfrewshire Council, in partnership with Scottish Enterprise and the Scottish Government, with the Council receiving £39m from the Glasgow Airport Investment Area (GAIA) City Deal Infrastructure Fund to help realise the AMIDS vision.

2.8.19 NMIS which is the future of manufacturing in Scotland, is an industry-led international centre of manufacturing expertise led by Scottish Government in partnership with its enterprise and skills agencies. It is as a national facility for Scotland, where research, industry and the public

sector work together to transform skills, productivity and innovation to attract investment and make Scotland a global leader in advanced manufacturing. The NMIS facility is not expected to work in isolation, and collaboration with R&D clusters and facilities, nationally, will form part of a strategic network, which will develop the UK and Scottish economic resilience by transitioning Industry 4.0.

- 2.8.20 The NMIS facility will not have a focus on digital processing and there is a market gap across the UK for digital processing technology research and development. There is a clear opportunity for the i3 proposals to develop market share in digital processing technologies to provide increased regional and national capabilities in supporting businesses meet Industry 4.0 requirements, by developing close working ties with the NMIS facilities. It is imperative that Ayrshire responds to this market gap quickly to establish a position where its assets can be orientated towards market growth and to support existing businesses and inward investment to take advantage of this opportunity. This would support the Ayrshire Growth Deal to deliver inclusive growth, increased productivity, improved skills and employment opportunities for Ayrshire. Failing to act in the immediate horizon would not only mean that Ayrshire businesses remain disadvantaged in terms of digital processing capabilities, but that inward investment would be harder to attract. Good progress is being made by the Council and its partners with NMIS leading on the preparation of an Outline Business Case for the DPMC and the development of a Collaboration Agreement recognising the opportunity for DPMC to be part of the NMIS hub and spoke model.
- 2.8.21 I3 was short-listed as the preferred location for Medicines Manufacturing Innovation Centre (MMIC) and substantial effort and resource was committed by NAC to bring MMIC to Irvine. However, the state-of-the-art facility will be located in Renfrewshire, Scotland, led by the Centre for Process Innovation (CPI) in partnership with the University of Strathclyde, the Medicines Manufacturing Industry Partnership (MMIP), and founding industry partners, AstraZeneca and GSK. The Centre will ensure the UK is a technology and innovation leader in small molecule pharmaceutical and fine chemical manufacturing, thereby boosting the competitiveness of both sectors.
- 2.8.22 In terms of opportunities, it's feasible that manufacturing developments from any smaller companies might locate at i3. This may be one of the more likely direct links between MMIC and i3; along with any shared development and activities on the digitisation agenda, important and central to both. There may be other opportunities between CPI and i3 linked to future MMIC developments that the i3 AGD projects are currently exploring.

PART B: THE CASE FOR CHANGE

2.9 Investment Objectives

2.9.1 Investment objectives for the i3 Advanced Manufacturing Space are:

1. To create flexible business space capable of meeting manufacturing requirements for chemical and life sciences, but also for a wide range of other high value sectors.
AGD investment will overcome market failure barriers and deliver 97,000 square feet of high quality business by 2030
2. To complement planned AGD investment in a Digital Hub and related services at i3 and the proposed new National Manufacturing Institute Scotland (NMIS) development.

AGD investment will provide a new focus for modern industry at i3 and for Ayrshire. In particular, the proposed Digital Hub has the potential to operate as a satellite of NMIS, focussing on specialised sectors.

3. To create serviced industrial land capable of immediate development.
AGD investment will make best value use of a key asset by enabling prime industrial land to be developed by 2030.
 4. To attract mobile investment both from abroad and from indigenous companies.
AGD investment will meet identified market opportunities for mobile investment and could accommodate between 8 to 16 companies at i3 by 2030.
 5. To create opportunities for employment and inclusive growth with particular emphasis on making connections to local communities, schools and colleges in preparation for employment
AGD investment will create floorspace that will accommodate 162 net jobs by 2031. Through the wider AGD project activity, businesses will be engaged in activities that seek to maximise opportunities for local people and local people will be engaged to ensure they have the skills, qualifications and aspirations to take advantage of these opportunities.
 6. To create a sustainable, high quality business location capable of meeting and keeping pace with the changing demands of high value manufacturing sectors.
AGD Investment will remove a market constraint and create modern and flexible business accommodation that will be attractive to occupiers long into the future.
- 2.9.2 These key objectives form the basis of what we seek to achieve from the i3 Advanced Manufacturing Space project. While they will continue to be reviewed and refined as the project moves forward towards Final Business Case.

2.10 Existing Arrangements

- 2.10.1 North Ayrshire has a rich industrial history, particularly in chemicals and life science manufacturing industries that continue to thrive today. Irvine was the last Scottish New Town and benefits from sunk investment in good quality roads and utility capacity which was not fully utilised. Many of the businesses attracted to Irvine in the 1980s (e.g. Volvo Bus and many computer industry sub-contractors) have moved away. The recession, and its continued effects, have seen the private sector engage in large scale demolition of obsolete industrial property and seek conversion of industrial land to residential use.
- 2.10.2 Ayrshire and Irvine in particular, has recognised market strengths in the Advanced Manufacturing and Life Sciences sectors. The area has a great deal to offer as a location for international businesses with a number of current globally recognised organisations including DSM, GSK, Merck and Chemring. However, the key gap is the availability of appropriate high quality premises to attract and accommodate more of these operators.
- 2.10.3 The former Irvine Bay Regeneration Company (IBRC) acquired a number of distressed assets from financial institutions in 2010 and carried out a programme of refurbishment. Seven buildings were acquired, extending to some 300,000 sq ft, all of which were let or sold. However, even when refurbished, these buildings did not meet the needs of high value manufacturing and were occupied for more general manufacturing and storage uses.

2.10.4 In addition, in 2012, 132 hectares of land in the area known as Riverside Business Park in Irvine, was designated as part of Scotland's Life Sciences Enterprise Area, and branded i3 Irvine Innovation and Industry. The Enterprise Area is currently zoned, where some areas are covered by business rates relief for life science businesses and accelerated capital allowances for all businesses. The area also benefits from accelerated planning arrangements, business development support, skills and training support and relocation support.

2.10.5 Responsibility for regeneration transferred to North Ayrshire Council in March 2017. Prior to that IBRC sought to provide modern flexible office and industrial space through various funding mechanisms to address need and market failure. Recent space has been delivered at:

- Annickbank Innovation Campus – a second phase of two office pavilions consisting of 343 square metres and 1,312 square metres; and
- Gateway Building, Riverside Avenue – an industrial unit of 3,168 square metres capable of expansion with parking and yard space.



Recent developments – offices pavilions at Annickbank Campus and the Gateway Building

2.10.6 The i3 Enterprise Area represents key life sciences opportunities to bring together an established Ayrshire cluster, excellent workforce skills, major development incentives and high quality land. The aim of the i3 Advanced Manufacturing Space project is to provide the accommodation (site and business space) to support the ongoing growth of the Life Sciences sector, in line with the Scottish Government's aim of increasing growth in turnover.

2.11 Limitations on Existing Arrangements

2.11.1 Our strategic objective is to create jobs and bring economic activity to Ayrshire. In order to do this we need to improve the offer that we can make to investors by providing well-serviced development sites and business space that is ready for occupation.

2.11.2 AGD funding is required in order to meet demand for modern industrial accommodation in the face of acute market failure. This is preventing private sector investment in speculative industrial development across Ayrshire and most non-prime locations in Scotland. Currently gap funding for speculative development is in the order of 70%. Recent research commissioned by NAC has identified the following issues that demonstrate the requirement for investment:

- High demand for industrial and office space;
- 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 (average 36 years) of existing industrial premises that is facing obsolescence;
- Constraints due to companies being less accessible to disabled or mobility impaired job seekers / trainees; and
- Growing pressure through changes in legislation and customer demand, to create better configured, more energy efficient building stock and eliminate hazardous building materials.

Evidence of Demand

2.11.3 Local Business Survey

A recent survey of existing Irvine business occupiers, undertaken as part of work commissioned to provide evidence for this OBC, identified that there is demand for new business property within Irvine. Many respondents indicated that their existing business property is/ are too small and/or poorly configured for their operations. i3 was considered to be an attractive location particularly due to its road connections. This suggests that the development of new business space at i3 would help to meet future requirements and assist with business growth and expansion. The majority of recent property enquiries to NAC for new premises and/or land is from the manufacturing sector. Over half of the respondents indicated a preference for new premises that provide a mix of both industrial and office space, with sizes ranging from 372 sq.m. to 1,394 sq.m. The principle reason for occupiers to move is that the property is too small for their requirements, followed by existing building configuration is not suitable.

2.11.4 Digital Context linked to i3 Digital Hub AGD Project

Digital manufacturing is identified as a key enabler for growth for Scottish Life Sciences, Chemical Sciences, FMCG and Food and Drink sectors. The PwC Annual Manufacturing Report 2019 highlights that although 74% of companies understand that they need to adopt digital technologies in order to prosper, 1 in 4 companies are unsure how to implement digital technologies. A series of demystifying digital workshops run through the Life Sciences Scotland Industry Leadership Manufacturing Sub-group has had a very positive response, illustrating a demand for the provision of information, advice and demonstrations of how digital technologies can transform a business.

2.11.5 A recent study on the development of i3 identified feedback from stakeholder consultations that there is demand and interest for the project, with broad agreement that i3 should develop as a campus for digital life sciences / pharma and processing, with the potential to broaden out to other advanced manufacturing. In North Ayrshire approximately 60 growth companies have a strong interest in digital technologies and are likely to be expanding. They will require the types of services on offer at the Hub. The Council is currently supporting the development of digital technologies for local companies, as shown in the figure below.

Support Available

Currently Available	Coming soon
<ul style="list-style-type: none">• NAC Consultancy Framework<ul style="list-style-type: none">• Digital Marketing• Digital Boost (workshop & Consultancy support)• Scottish Enterprise ICT review• Digital Loan Scotland• SMAS Ind 4.0 Review 	<ul style="list-style-type: none">• New digital NAC Framework lots<ul style="list-style-type: none">• Financial & Data Analysis Support• Digital Strategy & Transformation Support• Microsoft SME workshops• Google training with UWS• Pilot workshop with Ayrshire College• SMAS pilot• NMIS workshops• OU Pilot• Advanced Manufacturing Campus (digital demonstrator)

2.11.6 The provision of flexible advanced manufacturing space will complement the Digital Hub project which will address demand for support and services and issues including:

- challenges around low productivity, growth rates and skills levels;
- encouraging greater business innovation;
- supporting manufacturing sectors & supply chains; and
- improving the performance of the local economy.

2.11.7 General Survey Evidence

In a recent non-sector specific survey 44% of respondents rated their usage of digital technology as fair to low and 82% indicated they have plans for future digital investment. When asked of their current digital application, 27% are analysing their data and 54% percent indicated that they want to know more. Only 25% of respondents thought their systems were providing adequate information to run their business, with 50% saying that they would like their system to be more accurate, more real time data and cloud based with better security. Equally only 19% are using digital for training and development. In addition, a survey of Manufacturing / Engineering Businesses shows that 57% do not have a digital strategy but indicated the following would add value to their business:

Digital Improvement Theme	Percentage Respondents +ve
Industrial Internet of Things	60 %
Technology (System) Integration	74 %
Simulation	61 %
Augmented Reality	36 %
Additive Manufacturing (eg. 3D Printing)	60 %
Autonomous Robotics	47 %
Big Data / Data Analysis	70 %
Cloud Storage	80 %
Cyber-Security	91 %

Further,

- 93% are planning to or given the right circumstances grow their business in next 2 years
- 86% plan to invest in new machinery next 2 years
- 73% do not feel they have the right skills within their business to take advantage of Digital Technologies
- 70% would benefit from more real time data

The top barriers to improving digital technologies

- Knowledge 77%
- Cost 77%
- Skills 70%
- Access 53%

Top areas of support needed:

- Expert technical support 70%
- Staff Training 67%
- Awareness Sessions 60%
- Links to academic expertise 53%

2.11.8 Scottish Manufacturing Advisory Service (SMAS) Industry 4.0 Review

In addition to the above survey, a more recent Industry 4.0 Review has been undertaken by SMAS with over 180 companies participating. The key findings of the Review are set out below but further illustrate the need for companies to obtain the correct support to adapt to Industry 4.0 processes:

- 70% of companies are yet to engage staff in Industry 4.0 concepts;
- 81% are yet to include Industry 4.0 in their strategy;
- 84% are yet to create an Industry 4.0 resource or training plan;
- Only 1% of companies view their current software as having benefit; and
- Over 60% cannot easily analyse or share data within their company.

2.11.9 Wider Interest

Recent interest in i3 from beyond Ayrshire and Scotland has been limited. The site was shortlisted for the Medicines Manufacturing and Innovation Centre and general enquiries have included data centres, food production and medicinal cannabis production

Constraints on Company Growth and Inward Investment

2.11.10 At present, indigenous companies within North Ayrshire looking to grow and expand are struggling to find suitable space. There is a risk that these companies may end up relocating out of the area due to lack of suitable modern premises for them. In addition, the lack of availability of modern premises and sites is limiting potential inward investment to the area.

2.11.11 These constraints are likely to persist until new development becomes available and they are also reflected in the current record level of interest in space from a variety of indigenous and potential inward investment companies.

Economic Growth and Transformation

2.11.12 The GVA of North Ayrshire has been consistently well below the Scottish average at around £15,000, compared to a Scottish average of around £25,000. Furthermore, the gap between average Scottish productivity and that of North Ayrshire has been growing. Projects that focus on enhancing innovation levels and productivity at i3 will make a valuable contribution to achieving an inclusive Scottish economy. North Ayrshire also suffers from much lower levels of Business Research and Development (BERD) spending at less than a quarter of the Scottish average, with no higher education institute and no innovation centre. Support for growth/adaptive capacity in traditional sectors such as manufacturing and engineering is required to ensure these sectors have the finance and infrastructure needed to transform for Industry 4.0. SCDI (2018) and the OECD, amongst others, have warned that automation could impact post-industrial regions disproportionately and that pre-emptive action should be taken to prevent this. North Ayrshire is the home of sectoral strengths in life sciences, manufacturing and process engineering, however the resilience of these industries is at risk without investment to embrace new technologies. Further investment in the innovation of these sectors at a local place-based level is critical to ensure Scotland is at the forefront of the digital, low carbon economy. The combination of the advanced manufacturing space and Digital Hub projects and potential opportunities from the proposed subsea cable will seek to address this.

Market Failure and Rental Values

2.11.13 North Ayrshire has a low industrial property vacancy rate of 6% and a stock of industrial floorspace which on average is older than the West Central Scotland regional market, in large, partly due to the former Irvine New Town. Despite this low vacancy rate and more severe obsolescence, market demand (at an average 33 units taken-up annually across North Ayrshire) and rental values are insufficient to support financially viable, new-build speculative industrial development. Rents for industrial space average at £4.50 per square foot or £48 per square metre. This is significantly below the viable rent for new development, which is currently around £86-92 per square metre.

Little or No Alternative Funding

2.11.14 There are very limited funding sources available for the public sector to intervene where there is market failure to deliver the scale of modern development required to meet demand. The level of funding required is significant to construct one building. In addition, funding can be extremely competitive with other projects.

2.11.15 At present, indigenous companies within North Ayrshire looking to grow and expand are struggling to find suitable space. There is a risk that these companies may end up relocating out of the area due to lack of suitable modern premises for them. In addition, the lack of availability of modern premises and sites is limiting potential inward investment to the area. These constraints are likely to persist until new development becomes available and they are also reflected in the current record level of interest in space from a variety of indigenous and potential inward investment companies.

Ageing Building Stock

2.11.16 Within the wider context, many existing industrial occupiers are currently located within ageing, sometimes even obsolete buildings. In North Ayrshire, the average age of industrial premises is 36 years. While there is a steady pressure upon occupiers to modernise, it is likely to take a significant shift in energy performance legislation, or complete obsolescence, to create a market-wide push towards new build options. Even those occupiers with high-value plant and processes to accommodate may continue to occupy dilapidating premises for many years before considering relocation. Over the medium to long-term though, it is likely that an increasing number of industrial occupiers will require modernised premises. Modern premises will help address particular issues with the configuration of older buildings, that can restrict companies from recruiting employees or training apprentices that may have a disability. This is a group that currently experiences significant under employment and unemployment.

2.12 Potential Project Scope and Options

2.12.1 This section describes the potential scope for the project, in relation to the above project needs (including any capacity constraints). Through options and scenario analysis, a range of alternative options were considered in terms of location, interventions and scale of interventions, funding sources and timescales, shown in the table below. A preferred option is identified for each category and three alternative options are then considered in greater detail, within the Economic Case.

Assessment of Options at i3 – Long List

		OPTIONS		
		1.1 i3 Enterprise Area (EA)	1.2 Other North Ayrshire Site	1.3 Other Ayrshire Sites
1. LOCATION		i3 is one of two locations in Scotland marketed by SDI for manufacturing linked to life sciences & related sectors. It has key locational benefits for investors, with existing established businesses. Preferred Option	A limited number of other North Ayrshire sites have capacity to accommodate new development but are unable to offer the locational advantages of i3, installed infrastructure capacity and existing business base. Discounted Option	Irvine has key sector and cluster strengths in life sciences, and is therefore an attractive proposition for investors in comparison to other Ayrshire sites. Discounted Option
	2.1 Site Preparation Only		2.2 Flexible Space on all Sites	2.3 Flexible Space
3. INTERVENTION		Create prepared site platforms at i3, ready for immediate development. This would offer a low-cost option but would fail to meet the needs of life sciences and related manufacturing businesses for premises. Discounted Option	Flexible space across the whole i3 area, including the large Strategic Investment Campus could mean the space would be too dispersed, reducing its impact and chance to create a central cluster of activity. Potential Future Option	Delivering flexible space on a phased basis that complements the DPMC proposal, and that addresses market need for business space with the opportunity to review the specification after Phase 1. Preferred Option
	3.1 Small-Scale / Cautious		3.2 Mid-Scale Market Ready	3.3 Large-Scale / Ambitious
3. SCALE		Developing 1 or 2 shell buildings to test market interest but discounted due to value for money factors i.e. there is clear demand for the units proposed but developing in smaller phases will	Similar to Option 2.3, a market-ready proposition that balances forecast demand, level of risk, cost efficiencies and future flexibility.	Similar to Option 2.2, cost savings could be made if large-scale flexible space was delivered. This could significantly increase costs and risks, overstep the known level of demand and is likely

4. FUNDING SOURCES	ultimately increase costs. Discounted Option	Preferred Option	to be in advance of need. Discounted Option
	4.1 Seek AGD Funding	4.2 Seek Other Public Funds	4.3 Seek Private Partner
	AGD funding through the public sector allows business space to be provided in the face of market failure as development is not viable for the private sector. Consideration to be given to a rolling development programme utilising development income. Preferred Option	There are no alternative public sector funding sources identified to deliver this scale of intervention. We will continue to scan the market to identify other funding sources and respond accordingly. Potential Future Option	Attracting private investment to develop new business space was considered but has been discounted due to its lack of viability in Ayrshire. This option will be reviewed as a future option. Discounted Option
5. TIMESCALES	5.1 Immediate	5.2 Phased Approach	5.3 Postpone
	Similar to 2.2 and 3.3, there is potential to develop the whole of the i3 site immediately. This would deliver cost savings to the public sector but would also increase risk and remove the option to adapt the size/ layout of proposed space on demand. Discounted Option	Delivering the AGD investment through a phased approach minimises risk – this creates flexible manufacturing space, alongside the DPMC project, to meet immediate demand and allows further phases of flexible space, based on take-up of Phase 1. Preferred Option	The project could be planned, designed, costed, approved and all relevant permissions secured but construction postponed til occupier interest is secured. This option fails to meet the current market need for good quality business units that are ready for occupation Discounted Option

The Counterfactual Option

- 2.12.2 Its important that the counterfactual option is reviewed to understand the difference that the public sector intervention will have. Doing nothing through AGD does not necessarily mean that nothing will happen. However, based on detailed market information it is considered that for this project, it is unlikely that any significant activity would happen at the i3 Enterprise Area over the next ten years without public sector intervention.
- 2.12.3 The counterfactual option assumes that over the next ten years, there would be no development interest without public sector intervention.

The Shortlisted Options

- 2.12.4 The Shortlisted Options are shown in the table below, including the Do Nothing Option described above and the Preferred Option is delivered over a series of phases. Alternative Options for the flexible space include delivery over one phase in a shorter timescale (accelerated) or over three phases. These are explained further in the Economic Case.

Assessment of Options for i3 - Short List

Option 1 Do Nothing,	Option 2 Flexible Space, Phased	Option 3 Flexible Space, Accelerated
Delivers no additional floorspace Attracts 0 occupiers Delivers 0 gross jobs	Delivers 8,830 sqm floorspace (NIA) Attracts 8 to 16 occupiers Delivers 162 net jobs	Delivers 8,830 sqm floorspace (NIA) Attracts 8 to 16 occupiers Delivers 162 net jobs
Investment Level AGD NAC & SG £0 Other Funding £0	Investment Level AGD NAC £4M AGD SG £11M	Investment Level AGD NAC £4M AGD SG £11M
Delivery Timescale N/A	Delivery Timescale (21/22) to (27/28)	Delivery Timescale (21/22) to (24/25)

2.13 Main Benefits Criteria

2.13.1 The investment objectives for this project are set out below.

Investment Objectives and Stakeholder Benefits

Objectives	Benefits for Stakeholder Groups
<p>1. To create flexible business space capable of meeting manufacturing requirements for chemical and life sciences, but also for a wide range of other high value sectors.</p>	<ul style="list-style-type: none"> • New business units will be occupied by Ayrshire/Scottish/ UK/ overseas businesses • Created/safeguarded jobs will generate economic value – jobs, GVA, turnover for Ayrshire and Scotland • Supply chain outcomes will be created for other Ayrshire and Scottish businesses • Design and construction contracts will generate turnover for Ayrshire and Scottish contractors • Construction jobs and training outcomes will be created ,primarily for Ayrshire people and particularly drawn from disadvantaged or Protected Characteristic groups.
<p>2. Create a centre of digital innovation which offers digital tools, support and innovation scaled to a national market supporting a restructure of the regional economy to deliver advanced manufacturing.</p>	<ul style="list-style-type: none"> • University and College presence at i3 offering training and business development opportunities. • Cluster of R&D and spin off opportunities • Providing employment, skills development, community wealth building and supply chain growth opportunities • Providing the private sector with opportunities for upskilling, business transformation and increased productivity
<p>3. To create serviced industrial land and capable of immediate development.</p>	<ul style="list-style-type: none"> • Development plot will be available for indigenous Ayrshire/ Scottish, UK-owned and foreign investors • Design and construction contracts will generate turnover and jobs for Ayrshire and Scotland
<p>4. To create opportunities for employment and inclusive growth with particular emphasis on making connections to local communities, schools and colleges in preparation for employment, particularly in areas of deprivation.</p>	<ul style="list-style-type: none"> • New employment outcomes – direct and indirect through supply chains • Work experience and training places for school and college students • Job market entrants and low skilled workers increasing soft and basic skills through provision of local jobs. • Residents of deprived areas gaining access to opportunities • University presence enabling additional educational and training opportunities • Delivery of enhanced public transport connection that opens up employment opportunities

<p>5. To attract mobile and private sector investment both from abroad and from indigenous companies.</p>	<ul style="list-style-type: none"> • New employment and training outcomes • Demonstrate attractiveness of Scotland as excellent location for life sciences manufacturing • Increased investment confidence
<p>6. To create a sustainable, high quality business location and R&D cluster, capable of meeting and keeping pace with the changing demands of high value manufacturing sectors and complementing national initiatives including NMIS</p>	<ul style="list-style-type: none"> • Enhancement and maintenance of attractiveness of Ayrshire as a location, meeting modern business needs and promoting Industry 4.0 services. • Large, visible and modern development that clearly shows Ayrshire is Open for Business • Recognised as part of a national strategy for improving digital technology

2.14 Main Risks

2.14.1 The main business and service risks associated with the potential scope for this project are shown in the table below, together with their counter measures.

Main Business and Service Risks

RISK	MITIGATION
Detailed Business Case fails	<ul style="list-style-type: none"> • Development of OBC in accordance with Green Book • Partner/Stakeholder Risk Assessment • Early Market Input/ Partner & Commercial Input • Review CAPEX and OPEX costs • Review Governance Arrangements • Adjustments to spec at each phase to meet changing demands.
Planning approval risks	<ul style="list-style-type: none"> • Zoned & Allocated Site • Pre-App Discussion with NAC Planning • Assess Protected Species/Habitat risk • Review planning challenge/ appeals • Formally agree programme for consents • Advance programme of Local & Stakeholder Engagement
Cost overruns	<ul style="list-style-type: none"> • Develop and validate Project Brief and Specification • Benchmark costs • Ensure early infrastructure cost tested/ informed SIs • Provide Green Book compliant Optimism Bias allowances • Provide for contingency
Delays to procurement	<ul style="list-style-type: none"> • Seek early agreement on appropriate procurement routes.
Failure to deliver anticipated outputs and outcomes	<ul style="list-style-type: none"> • Ensure BC addresses sensitivity of outcomes • Clear Evaluation & Monitoring Framework

2.15 Internal Constraints

2.15.1 There are no significant internal constraints to the delivery of the i3 Advance Manufacturing Space project. North Ayrshire Council has considerable experience in delivering these types of projects and will bring together with an experienced delivery team supported by internal or external design, project management and contract skills as required.

2.15.2 The completed units will be owned and managed by NAC in line with existing estates management and will be marketed via a number of appropriate sources.

2.16 Dependencies

2.16.1 The project is subject to the following dependencies. These will be carefully monitored and managed throughout the lifespan of the scheme:

- Market interest from potential occupiers for the completed units / plot;
- Availability of skilled workforce to take up job opportunities;
- Support from SE and SDI in marketing the completed proposition to potential investors and offering appropriate business support;

2.16.2 In addition, the success of the project is dependent on a number of factors including:

- Input from local schools and college (s) for work placements and training outcomes; and
- Seeking the support from a public transport provider for a new bus route to ensure the location and the job opportunities can be accessible to and affordable for local people, including people with disabilities.

2.17 Interdependencies

2.17.1 The AGD proposes a set of projects that sit alongside each other and are reinforcing in their impact and contribution to the shared vision for Ayrshire. A case of the whole being greater than the sum of the parts. In this important respect the AGD needs to be seen as a cohesive programme sitting alongside partners' day to day delivery both supporting and enhancing that activity. It has been identified there is a need to understand project interdependencies, both to assess the anchor projects within the AGD and also to aid discussion with Governments and partners.

2.17.2 A heat map (Appendix A) has been produced which shows the strength of relationship between projects allowing partners to clearly understand the role of each project to support the whole Ayrshire Growth Deal programme. While the i3 Flexible Space project is not dependent on any other project, there are particularly strong links with the i3 DPMC project AGD project and the following AGD projects and the links are explained further in Appendix B;

- **The Digital Infrastructure Fund** seeking £3m to ensure Ayrshire has the digital infrastructure in place which is critical to the region's future growth;
- **The Ayrshire Skills Investment Fund** seeking £3.5m for the establishment of a responsive skills fund to drive Inclusive Growth. This would provide £3M to support skills interventions directly and for £500k to provide for officer support to the fund and associated research; and
- **The Fibre Optic Subsea Cable** project seeking £11m of funding required towards the cable and associated infrastructure to ensure Ayrshire has the fastest possible connection to the global digital network.
- **AMIC** – this project and the Flexible Space and DPMC i3 projects will complement the manufacturing industry in general across Ayrshire and the south west of Scotland while focusing on different areas of industry.

2.17.3 The AGD presents an opportunity to exploit higher value industries such as Aerospace, Space, Life Sciences, Advanced Manufacturing and Light Engineering. Therefore, the AGD must ensure that there are sufficient skills and training programmes in place within the region to avoid a skills gap and to ensure that employment opportunities are filled by individuals within

the region. The Digital Infrastructure Fund includes an allocation of £2m towards upgrading key sites including i3 and a Digital Skills and Equipping a Future Workforce initiative to ensure Ayrshire businesses and residents have the skills required to create and access the opportunities that digital infrastructure has to offer, whilst being equipped to participate in the economy through enhanced access to employment, education and services.

2.17.4 In addition, there are opportunities for a fibre optic cable to land at Irvine and this would have the potential to make Ayrshire a globally connected region capable of delivering services to a level equivalent to anywhere in the world with the impact including;

- Establishment of a key Scottish Digital Infrastructure site with potential to attract future industries, which would not have been possible previously i.e., Data Centre companies;
- Presenting Inward investment opportunities for key industry sectors to cluster; and
- Improvements on latency to accommodate the increasingly more latency-critical requirements of the business sector i.e., Spaceport, NATS.

3.0 ECONOMIC CASE

3.1 Introduction

3.1.1 In recent years major initiatives have been advanced within North Ayrshire through the partnership of NAC and Irvine Bay Regeneration Company (from 2006 to 2016), driving a transformational programme to ensure the area contributes to a successful, vibrant and economically active place. This included the development and promotion of the i3 Enterprise Area in Irvine and investment in new and existing floorspace and related infrastructure.

3.1.2 A series of transformational projects are being advanced through the AGD with a number of partners, to ensure capacity for growth and enable economic restructuring. These include business space and digital initiatives at i3, employment initiatives, skills development and place-making.

3.2 Project Options

3.2.1 In accordance with the Capital Investment Manual and HM Treasury’s Green Book, a range of options were considered within the Strategic Case and shown the long list of options table within the Strategic Case. Three of these options are considered in greater detail in this Section, namely:

- **The Counterfactual Option: Do Nothing**

- **The Preferred Option: Flexible Space, Phased**

AGD funding (4.1) to deliver flexible space (2.3) at i3 Enterprise Area (1.1) through a mid-scale intervention (3.2) within a phased timescale (5.2), as follows:

4.1 Seek AGD Funding	2.3 Flexible Space	1.1 i3 Enterprise Area	3.2 Mid-Scale Market Ready	5.2 Phased Approach
AGD funding through the public sector allows business premises to be provided in the face of market failure as development is not viable for the private sector. Consideration will be given to a rolling development programme utilising development income.	Delivering flexible space on a phased basis that complements the DPMC proposal, and that addresses market need for business space with the opportunity to review the specification after Phase 1.	i3 is one of two locations in Scotland marketed by SDI for manufacturing linked to life sciences & related sectors. It has key locational benefits for investors, with existing established businesses.	Similar to Option 2.3, a market-ready proposition that balances forecast demand, level of risk, cost efficiencies and future flexibility.	Delivering the AGD investment through a phased approach minimises risk – this creates flexible manufacturing space and the Digital Hub to meet immediate demand and allows further phases of flexible space, based on take-up of Phase 1.

- **The Ambitious Option: Flexible Space, Accelerated**

AGD funding (4.1) to deliver floorspace (2.3) at i3 Enterprise Area (1.1) through major intervention (3.3) in one phase (5.1), as follows:

4.1 Seek AGD Funding	2.3 Flexible Space	1.1 i3 Enterprise Area	3.3 Large Scale / Ambitious	5.1 Immediate
AGD funding through the public sector allows business premises to be provided in the face of market failure as development is not viable for the private sector. Consideration be will be given to a rolling development programme utilising development income.	Delivering flexible space on a phased basis that complements the DPMC proposal, and that addresses market need for business space with the opportunity to review the specification after Phase 1	i3 is one of two locations in Scotland marketed by SDI for manufacturing linked to life sciences & related sectors. It has key locational benefits for investors, with existing established businesses.	Similar to Option 2.2, cost savings could be made if large-scale flexible space was delivered. This could significantly increase costs and risks, overstep the known level of demand and is likely to be in advance of need.	Similar to 2.2 and 3.3, there is potential to develop the whole of the i3 site immediately, thereby delivering cost savings to the public sector but also increasing risk and reducing flexibility to change size/ layout on demand.

3.3 Critical Success Factors

- 3.3.1 A number of critical success factors are identified in the Five Case Model which are relevant to the Advanced Manufacturing Space AGD project. These are identified in the table below with measures to address the critical success factors.

Critical Success Factors

Critical Success Factors	Measures to Address Critical Success Factors
BUSINESS NEEDS: How does the option satisfy the AGD Vision & key themes?	<ul style="list-style-type: none"> Supporting economic growth for Ayrshire and Scotland by attracting next generation manufacturing businesses.
STRATEGIC FIT: How does the option provide a holistic fit and synergy with other national, regional and local strategies?	<ul style="list-style-type: none"> Supporting growth of the life sciences sector Delivering net additional economic outcomes
BENEFITS OPTIMISATION: How does the option optimise value for money?	<ul style="list-style-type: none"> Cost per job for public sector
POTENTIAL ACHIEVABILITY: Is the option viable and can it be delivered?	<ul style="list-style-type: none"> Site capacity to accommodate floorspace
MARKET CAPACITY: Will the option meet an identified market demand, remove a constraint and how will it affect existing supply?	<ul style="list-style-type: none"> Level of market demand to take the completed units / development plots
POTENTIAL AFFORDABILITY: Can the option be funded both the up-front capital and future revenue?	<ul style="list-style-type: none"> Availability of AGD or other public / private funding

3.4 Assessment of Short-Listed Options

3.4.1 The following tables provide a review of each of the short-listed options, considering how each performs against the Critical Success Factors for the i3 project.

3.4.2 The outcome of assessing the Do Nothing option shown below, is that it is discounted. This option fails to take advantage of the opportunity that AGD funding creates. It represents a missed opportunity to deliver flexible business units that will attract next generation manufacturing uses to Ayrshire and to Scotland and the net additional outcomes that would support economic growth.

Do Nothing Option

1. Do Nothing Option	Review of Critical Success Factors
BUSINESS NEEDS: How does the option satisfy the AGD Vision & key themes?	<ul style="list-style-type: none"> Delivers no additional floorspace
STRATEGIC FIT: How does the option provide a holistic fit and synergy with other national, regional and local strategies?	<ul style="list-style-type: none"> Attracts no business occupiers Delivers no jobs
BENEFITS OPTIMISATION: How does the option optimise value for money?	<ul style="list-style-type: none"> There is no value for money as the project is not delivered.
POTENTIAL ACHIEVABILITY: Is the option viable and can it be delivered?	<ul style="list-style-type: none"> N/A
MARKET CAPACITY: Will the option meet an identified market demand, remove a constraint and how will it affect existing supply?	<ul style="list-style-type: none"> Market demand not met.
POTENTIAL AFFORDABILITY: Can the option be funded both the up-front capital and future revenue?	<ul style="list-style-type: none"> N/A

3.4.3 The outcome of assessing the option below, is that this is identified as the **Preferred Option**. However, there is a need to undertake further review based on the likely level of AGD funding and the property market analysis. Any changes will be clearly notified within the Full Business Case.

Preferred Option: Flexible Space, Phased

2. Preferred Option	Review of Critical Success Factors
BUSINESS NEEDS: How does the option satisfy the AGD Vision & key themes?	<ul style="list-style-type: none"> Delivers 8,830 sq metres (NIA) of advanced manufacturing floorspace that will support economic growth
STRATEGIC FIT: How does the option provide a holistic fit and synergy with other national, regional and local strategies?	<ul style="list-style-type: none"> Attracts approx. 8 to 16 occupiers Delivers 162 net jobs (Direct & Indirect) Strong synergy with national Advanced Manufacturing and Chemical and Life Science Strategies.

BENEFITS OPTIMISATION: How does the option optimise value for money?	<ul style="list-style-type: none"> • The option delivers floorspace on a phased basis allowing time for review and ensuring the accommodation meets market requirements.
POTENTIAL ACHIEVABILITY: Is the option viable and can it be delivered?	<ul style="list-style-type: none"> • This development option can be accommodated at i3.
MARKET CAPACITY: Will the option meet an identified market demand, remove a constraint and how will it affect existing supply?	<ul style="list-style-type: none"> • This development option has been profiled against detailed market knowledge.
POTENTIAL AFFORDABILITY: Can the option be funded both the up-front capital and future revenue?	<ul style="list-style-type: none"> • £15m AGD funding is required. Future revenue costs will be met from revenue returns (rent and plot sales).

3.4.4 The outcome of assessing the Ambitious Option below is that this accelerates the delivery of the project to deliver it in one phase in comparison to the Preferred Option which is recommended to be delivered over three phases with a review following the delivery of phases 1 and 2.

Ambitious Option: Flexible Space, Accelerated

3. Ambitious Option	Review of Critical Success Factors
BUSINESS NEEDS: How does the option satisfy the AGD Vision & key themes?	<ul style="list-style-type: none"> • Delivers 8,830 sq metres of advanced manufacturing floorspace in one phase.
STRATEGIC FIT: How does the option provide a holistic fit and synergy with other national, regional and local strategies?	<ul style="list-style-type: none"> • Attracts 8 to 16 occupiers • Delivers 162 net jobs (Direct & Indirect) • Strong synergy with national Advanced Manufacturing and Chemical and Life Science Strategies.
BENEFITS OPTIMISATION: How does the option optimise value for money?	<ul style="list-style-type: none"> • The option delivers all floorspace within one phase but at risk and with possible financial liabilities.
POTENTIAL ACHIEVABILITY: Is the option viable and can it be delivered?	<ul style="list-style-type: none"> • This development option can be accommodated at i3.
MARKET CAPACITY: Will the option meet an identified market demand, remove a constraint and how will it affect existing supply?	<ul style="list-style-type: none"> • This development option is likely to be in advance of market need.
POTENTIAL AFFORDABILITY: Can the option be funded both the up-front capital and future revenue?	<ul style="list-style-type: none"> • £15m AGD funding is required. Future revenue costs will be met from revenue returns (rent and plot sales).

3.5 Project Outputs

3.5.1 The table below lists the potential project outputs that could be delivered by the Preferred Option by 2028:

Project Outputs (in GIA)

Project Output	Area	Notes
Terraced industrial units created	697 sq m	5 units at 46 sq m each 5 units at 93 sq m each
Modular industrial units created	7,432 sq m	2 units at 1,858 sq m each 1 unit at 3,716 sq m each
Office pavilions	850 sq m	2 units at 425 sq. m each
Serviced plot created	5 acres	A serviced plot to accommodate bespoke inquiries
New landscaping and enabling infrastructure created	tbc	To be confirmed as part of detailed design work.
Jobs safeguarded	tbc	
New inward investment	tbc	
Private businesses supported	tbc	
Local apprenticeships	tbc	
Vacant and derelict land brought back into use.	20 hectares	

3.6 Economic Impact

- 3.6.1 To date, the economic modelling for Ayrshire Growth Deal (AGD) projects has been performed on a local / regional level. Direct jobs have been calculated at the local level using employment space to calculate the provision of additional jobs in the local area. Whilst employment multipliers assume an element of uplift in the regional functional economy owing to the possibility of supply chain and labour market, working within a regional functional economy. For the purposes of the Ayrshire economy, this has been assumed to include the Ayrshire region but also to include the Greater Glasgow conurbation.
- 3.6.2 HM Treasury issued revised Green Book guidance on national economic appraisals in March 2018. The revised guidance requests that for each project a national (UK) economic appraisal is completed in addition to any local/regional appraisal. The revised guidance around the national appraisal assumes 100% displacement (and no multiplier effect). The AGD PMO has agreed a methodology with economists in both UK and Scottish Governments to calculate national employment impacts. A national appraisal for the preferred and alternative options for the project has been prepared. This appraisal identifies both quantitative and qualitative benefits of the possible investments and considers alignment to project and AGD programme aims and objectives.

Methodology

- 3.6.3 The economic outputs displayed within the Table below are as at March 2020. As the project develops, these outputs will be updated to take account of current evidence, changes to the project scope and the associated financial case. A note of the sources and assumptions can be found in Appendix D. The technical detail for each stage can be found at Appendix E.
- 3.6.4 Costs for the manufacturing space were estimated by consultants in accordance with BCIS Cost Indices rebased for stock within Scotland. Costs for the office space are estimates benchmarked against similar recent development undertaken by North Ayrshire Council at Annickbank Innovation Campus, Irvine

High-level Economic Outcomes

STAGE 1 - Scotland Impacts - Standard Analysis as calculated before (traditional)					
Outcome	Short Listed Options				
	Option 1 Do nothing	Option 2 Preferred	Preferred (sensitivity check - negative impact)	Preferred (sensitivity check - positive impact)	Option 3 (accelerated)
Business space created (NIA)	0	8672 sq m	8672 sq m	8672 sq m	8672 sq m
Capital Expenditure	n/a	£15,000,000	£15,000,000	£14,000,000	£15,000,000
Net Present Cost		£12,764,649	£12,764,649	£11,978,658	£13,545,157
Optimism bias		5%	5%	5%	5%
Direct Jobs	0	111	100	111	111
Indirect Jobs	0	51	26	51	51
Total Jobs	0	162	126	162	162
Construction jobs	0	150	150	140	150
Construction GVA £000	£0	£5,008,507	£5,008,507	£4,700,105	£5,314,757
Direct GVA (Present Value of Benefits) 25 year NPV	£0	£54,552,693	£50,233,326	£55,882,327	£56,223,953
Indirect GVA 25 year NPV	£0	£25,428,207	£13,338,450	£26,045,489	£26,184,461
Total GVA 25 year NPV	£0	£79,980,900	£63,571,776	£81,927,816	£82,408,414
Present Value of Costs to Government	n/a	£12,764,649	£12,764,649	£11,978,658	£13,545,157
NPV		£41,788,044	£37,468,676	£43,903,669	£42,678,796
BCR		4.27	3.94	4.67	4.15
Rank based on BCR		1	n/a	n/a	2
STAGE 2- Scotland Impacts - Spatially Adjusted Analysis to align 'traditional' results with Inclusive Growth approach within Scottish Government's Economic Strategy					
Spatial Adjustment factor	n/a	1.11	1.11	1.11	1.11
NPV		£60,376,266	£55,595,800	£61,847,840	£62,225,935
BCR		4.73	4.36	5.16	4.59
STAGE 3- UK Impacts - calculate extent of UK level impacts by taking Scotland level impacts and calculating proportion of them which remain after applying UKG guidance					
Spatial Adjustment factor (d)	n/a	1.22	1.22	1.22	1.22
STAGE 4- UK Impacts - A high employment area can be thought of as drawing labour from UK whereas low employment area will draw from the local area					
Steady State Direct Employment - Jobs	0	111	100	111	111
Steady State GVA	£0	£9,377,900	£8,440,110	£9,377,900	£9,377,900
GVA per head for project	£0	£84,486	£84,401	£84,486	£84,486
Productivity Adjustment factor (r)	n/a	2.03	2.03	2.03	2.03
Overall UKG Adjustment Factor (UKAF) (g)		2.48	2.48	2.48	2.48
Scottish BCR Factor (b)		1.23	1.25	1.21	1.24
Rank based on Overall UKG Adjustment Factor		1	n/a	n/a	2

- 3.6.5 The Economic case at a Scotland level (as required by Scottish Ministers) is presented in the table above. The Present value of benefits and costs are shown for each option and a Net Present Value and Benefit Cost Ratio are calculated. The BCR shows a positive economic impact ranging from 4.15 to 4.27 for the preferred and alternative options.
- 3.6.6 The spatially adjusted analysis uses standard HMT Green Book techniques (See HMT Green Book, Annex A3) to adjust the results to account for the local income distribution compared with the country as a whole (for full technical detail see Appendix D). This is in line with the Scottish Government view of the importance of Inclusive Growth. The BCR after this adjustment (5.28) again shows a positive economic impact for both the preferred and alternative options.
- 3.6.7 Using a methodology developed by Scottish Government Economists, further analysis has been undertaken to examine the likely impacts at a UK level (as required by UK government). UK guidance is specific about the limited extent to which any employment impacts should be treated as additional at the UK level and so the approach looks at the proportion of the Scottish level BCR which remains after applying UK treatment of jobs.
- 3.6.8 This approach combines two components – an adjustment for the relative productivity of the jobs created, taking into account the economic profile of the area and a more formal representation of the spatial impact. Combining these two factors together gives a “UKG Adjustment Factor” which is compared with the “Scottish BCR Factor” the fraction of the Scottish level impact that is required to result in a BCR of 1, termed β .
- 3.6.9 The UKG Adjustment Factor’ for the preferred and alternative options is 2.8 for both options which in each case is greater than the ‘Scottish BCR Factor’ demonstrating that the proportional impact in productivity through "better" jobs weighted for distributional impacts for each option is sufficient to ensure a BCR > 1 under 100% displacement resulting in both options providing value for money. The alternative option, however, delivers all floorspace within one phase but at risk and with possible financial liabilities and therefore has been discounted.

3.7 Option Appraisal Conclusion

- 3.7.1 The key findings are as follows:

Option 1 – do nothing/do minimum/status quo

This option ranks third. It provides no build out.

Option 2 – reference project/ outline PSC (flexible space, phased)

This option ranks first and delivers the following:

- 162 net jobs (Direct and Indirect)
- 150 construction jobs
- £79.98m GVA (excluding construction) discounted over the next 25 years
- The GVA per head for the project is £84,486
- It provides a positive economic impact with an estimated Benefit-Cost ratio of £4.27:£1.
- After spatial adjustment, the estimated Benefit Cost ratio increases to £4.73:£1
- A distributional weight of 1.22 (d) > 1 shows a positive impact from the component.

- A productivity adjustment factor of 2.03 (ρ) > 1 shows a positive impact from the component. Also as $2.03 - 1 > \beta$ (0.23) value for money holds.
- As Υ is $\geq 1 + \beta$ (1.2) or $2.4(\Upsilon) - 1 = 1.4 \geq 0.2$ demonstrates that the proportional impact in productivity through "better" jobs weighted for distributional impacts is sufficient to ensure a BCR > 1 under 100% displacement

Option 3 – reference project/ outline PSC (flexible space – accelerated)

This option ranks second and delivers the following:

- 162 net jobs (Direct and Indirect)
- 150 construction jobs
- £82.40m GVA (excluding construction) discounted over the next 25 years
- The GVA per head for the project is £84,486
- It provides a positive economic impact with an estimated Benefit-Cost ratio of £4.15:£1
- After spatial adjustment, the estimated Benefit Cost ratio increases to £4.59:£1
- A distributional weight of 1.22 (d) > 1 shows a positive impact from the component.
- A productivity adjustment factor of 2.03 (ρ) > 1 shows a positive impact from the component. Also if $2.03 - 1 > \beta$ (0.24) value for money holds.
- As Υ is $\geq 1 + \beta$ (1.2) or $2.4(\Upsilon) - 1 = 1.4 \geq 0.2$ demonstrates that the proportional impact in productivity through "better" jobs weighted for distributional impacts is sufficient to ensure a BCR > 1 under 100% displacement.
- Although the same outputs are produced for both options 2 and 3, option 3 ranks lower because Option 3 delivers all the floorspace within one phase at risk and with possible financial liabilities.

3.8 Sensitivity Testing

3.8.1 Sensitivity tests have been undertaken to demonstrate where there could be a negative impact (results displayed in the High Level Economic Outcomes Table above). The sensitivities tested were:

Negative impact of Option 2 (preferred option):

- A decrease of 10 percentage points in the modelled occupancy rate
- Multiplier Type 1 used (direct & indirect but exclude induced effects)

Positive impact of Option 2 (preferred option):

- Project is delivered at lower cost (£14million)
- Occupancy reaches 75% in 2028

Key Observations

3.8.2 Estimates range from:

- Direct jobs - 100 to 111 jobs
- Indirect jobs – 26 to 51 jobs
- Direct GVA - £50.2m to £56.2m

- Indirect GVA - £13.3m to £26.2m
- BCR 3.94 to 4.67

3.9 Qualitative Benefits Appraisal

3.9.1 A number of qualitative benefits will also be generated through the project proposal as set out in the table below. Sensitivity testing has been undertaken for the Economic Appraisal and will be conducted further as the OBC continues to develop, to test how changes in key assumptions will impact on the project's outcomes.

Qualitative Benefits Criteria

Objectives	Benefits for Stakeholder Groups	Weight
<p>1. To create flexible business space capable of meeting manufacturing requirements for chemical and life sciences, but also for a wide range of other high value sectors.</p>	<ul style="list-style-type: none"> • New business units will be occupied by Ayrshire/ Scottish/ UK/ overseas businesses • Created/safeguarded jobs will generate economic value – jobs, GVA, turnover for Ayrshire and Scotland • Supply chain outcomes will be created for other Ayrshire and Scottish businesses • Design and construction contracts will generate turnover for Ayrshire and Scottish contractors • Construction jobs and training outcomes will be created ,primarily for Ayrshire people and particularly drawn from disadvantaged or Protected Characteristic groups. 	20%
<p>2. Create a centre of digital innovation which offers digital tools, support and innovation scaled to a national market supporting a restructure of the regional economy to deliver advanced manufacturing.</p>	<ul style="list-style-type: none"> • University and College presence at i3 offering training and business development opportunities. • Cluster of R&D and spin off opportunities • Providing employment, skills development, community wealth building and supply chain growth opportunities • Providing the private sector with opportunities for upskilling, business transformation and increased productivity 	20%
<p>3. To create serviced industrial land and capable of immediate development.</p>	<ul style="list-style-type: none"> • Development plot will be available for indigenous Ayrshire/ Scottish, UK-owned and foreign investors • Design and construction contracts will generate turnover and jobs for Ayrshire and Scotland 	10%
<p>4. To create opportunities for employment and inclusive growth with particular emphasis on making connections to local communities, schools and colleges in preparation for employment, particularly in areas of deprivation.</p>	<ul style="list-style-type: none"> • New employment outcomes – direct and indirect through supply chains • Work experience and training places for school and college students • Job market entrants and low skilled workers increasing soft and basic skills through provision of local jobs. • Residents of deprived areas gaining access to opportunities • University presence enabling additional educational and training opportunities • Delivery of enhanced public transport connection that opens up employment opportunities 	20%
<p>5. To attract mobile and private sector investment both from abroad and from indigenous companies.</p>	<ul style="list-style-type: none"> • New employment and training outcomes • Demonstrate attractiveness of Scotland as excellent location for life sciences manufacturing 	15%

	<ul style="list-style-type: none"> Increased investment confidence 	
<p>6. To create a sustainable, high quality business location and R&D cluster, capable of meeting and keeping pace with the changing demands of high value manufacturing sectors and complementing national initiatives including NMIS</p>	<ul style="list-style-type: none"> Enhancement and maintenance of attractiveness of Ayrshire as a location, meeting modern business needs and promoting Industry 4.0 services. Large, visible and modern development that clearly shows Ayrshire is Open for Business Recognised as part of a national strategy for improving digital technology 	15%

3.9.2 The benefits scores were allocated on a range of 0-9 for each of the short-listed options as follows:

- 0 No benefits
- 1-3 Low benefits
- 4-6 Some benefits
- 7-9 Good benefits

3.9.3 The results of the benefits appraisal are shown in the table below:

Benefits Appraisal Results (updated)

Benefit Criteria & Weight	Option 1 Do Nothing		Option 2 Preferred		Option 3 Ambitious	
	R	W	R	W	R	W
Raw (R) & Weighted (W) scores						
1. Create flexible business space to meet manufacturing needs 20%	0	0	8	1.6	7	1.4
2. To complement planned AGD investment in the DPMC project 20%	0	0	8	1.6	6	1.2
3. To create serviced industrial land for immediate development. 20%	0	0	7	1.4	8	1.6
4. To create opportunities for employment and inclusive growth. 20%	0	0	7	1.4	7	1.4
5. To attract mobile and private sector investment. 10%	0	0	7	0.7	7	0.7
6. To create a sustainable, high quality business location and R&D cluster. 10%.	0	0	8	0.8	7	0.7
Total	0	0	45	7.5	42	7
Rank	3		1		2	

3.9.4 There were key considerations that influenced the score for the various options. Option 1 – Do Nothing ranked last with a zero score as this option provided no benefits. Option 2, the Preferred Option scored higher than the Ambitious Option, as its phased approach is more likely to meet manufacturing needs, to complement the planned investment related to the

DPMC project and to align with the benefits of creating a high quality business location that encourages an R&D cluster. Overall, Options 2 and 3 were viewed as having good benefits.

3.9.5 In summary, outcomes from the DPMC project, supplemented by the provision of flexible space, will include:

- an increase in BERD of participating companies;
- an increase in productivity of the participating SMEs through operational efficiencies
- an increase in the number of new B2B customers and suppliers through improved data utilisation, measured by numbers of new contracts and the increase in the value of contracts;
- an increase in the number of businesses adopting digital processes; and
- an increase in the number of businesses expanding digital technology applications.

3.10 Risk Appraisal

3.10.1 A number of key risks have been identified within this OBC and will be developed into a detailed risk management plan for the project. A high level risk appraisal has been undertaken for the **three** options for the main risks identified for the project. A summary of the risk appraisal results is shown in the table below. Scoring for the scale of risk was as follows:

- Low equals 2
- Medium equals 3
- High equals 5

Summary of Risk Appraisal Results

Risk Descriptions (Pr = probability)	Impact	Option 1 Do Nothing		Option 2 Preferred		Option 3 Ambitious	
		Pr	Tot	Pr	Tot	Pr	Tot
Detailed business cases fail.	5	2	10	2	10	3	15
Site purchase risk.	5	2	10	2	6	2	6
Planning risks.	5	2	10	3	15	3	15
Delays to procurement processes	3	2	6	3	9	3	9
Cost overruns.	5	2	10	3	15	3	15
Delays to delivery programme.	3	2	6	3	9	3	9
No interest from occupiers.	5	5	25	2	10	3	15
Failure to deliver outputs and outcomes.	5	5	25	2	10	3	15
Failure to secure a local transport provider.	3	5	25	3	15	5	25
Total			127		99		124
Rank			3		1		2

3.10.2 There were key considerations that influenced the scores achieved by the various options in relation to risk. Option 1 – Do Nothing, inevitably scored lowest for most risks given that there would be no activity, however it scored higher in terms of not achieving any interest from occupiers and failing to deliver any outputs or outcomes. The Preferred Option scored lowest out of all options. This was mainly due to low scores relating to failure of the business case, site purchase and the low risk of there being no interest from occupiers and failing to deliver outputs and outcomes. The Ambitious Option to deliver the flexible space in a shorter timescale scored higher for these risks due to the space being provided ahead of market demand and as there would be limited time to co-ordinate related outcomes.

3.11 The Preferred Option

3.11.1 The results of the investment appraisal are as follows:

Evaluation Results	Option 1 Do Nothing	Option 2 Preferred (Phased)	Option 3 Ambitious (Accelerated)
Economic Appraisal	3	1	2
Benefits Appraisal	3	1	2
Risk Appraisal	3	1	2
Overall Ranking	3	1	2

3.11.2 The Preferred Option is Option 2, flexible space delivered on a phased basis. The Preferred Option will be considered further in the Commercial, Financial and Management Cases of this OBC.

4.0 THE COMMERCIAL CASE

4.1 Introduction

4.1.1 This proposal is seeking delivery of advanced manufacturing floorspace and related works, over a series of phases that relates to the preferred option outlined in the Economic Case. The commercial opportunities relate to the design, site analysis/investigation and costings development work, site preparation work and roads and building construction work. All development work will be undertaken for all three phases at the beginning of the project. However, delivery of each phase will take place after a review of the success of earlier phases.

4.2 Required Services

4.2.1 The project requires a land acquisition process from Scottish Enterprise. As a key partner and public organisation, the Council does not anticipate any risk or challenges with this acquisition.

4.2.2 The project will be delivered by North Ayrshire Council. The procurement route for the contract or contracts eg direct build through a design and build contract, has yet to be determined. In addition, the Council will review the market following the delivery of phases one and two, including the potential to bring in a delivery partner.

4.2.3 Discussions have taken place with the Council's Project Management and Implementation (PMI) Team to determine if they can assist with the delivery of the contract and they are taking forward the detailed design of the first phase. This involves mainly architecture and quantity surveying services. At the stage it is anticipated that the Council would procure a number of professional services to develop and deliver the works, as listed below:

- Geotechnical
- Cost consultants
- M&E
- Site investigation work
- Land based engineering works
- Office / Industrial building construction company

4.3 Potential for Risk Transfer

4.3.1 The table below provides an assessment of how the associated risks might be apportioned between NAC, the design team, the contractor and the end occupier. The general principle is that risks should be passed to the organisation that is best able to manage that risk subject to value for money. For this project it is anticipated that the associated risks may be apportioned between the Council, design team, contractor and occupier. This is shown in the table below.

Risk Transfer Analysis

Risk Category	Potential Allocation			Comments
	Public	Private	Shared	
1. Design Risk			✓	Depends on contract type and conditions.
2. Construction & Development Risk			✓	Depends on contract type and conditions.
3. Transition & Implementation Risk			✓	Both parties will establish and agree change management procedures if not dictated by contract type.
4. Availability & Performance Risk		✓		Performance of design team and contractor will be monitored by NAC.
5. Operating Risk	✓			NAC will manage the completed units.
6. Variability of Revenue Risks	✓			Rental income profiled at market rate but NAC will retain risk of variance.
7. Termination Risks	✓			NAC will hold risk if contractor or tenant terminate their agreements.
8. Technology & Obsolescence Risks			✓	NAC and occupier carry risks relating to obsolescence of property and equipment.
9. Control Risks	✓			NAC holds overall control for the delivery and ongoing management of the project.
10. Residual Value Risks	✓			The completed floorspace will hold a residual value for which NAC is responsible for maintaining the value.
11. Financing Risks	✓			Limited – major costs relate to up-front capital construction and potentially empty rates obligation. Tenants will be responsible for property maintenance.
12. Legislative Risks	✓			N/A. Likely only to apply to initial planning and building warrant – risks will be off-set by securing permissions in advance of construction.
13. Other Project Risks				Covid-19 and Brexit impacts on tenders/costs and programme.

4.4 Potential Income Generation

4.4.1 The completed project will generate income from two key sources:

- Ongoing rental income from the lease of completed units with rent charged at appropriate rates in line with market conditions; and
- One-off capital receipts from the sale of buildings and/or development plots with disposals at market value.

4.4.2 It is anticipated that NAC will not consider selling buildings initially, to ensure NAC benefits from income generated. The Council will be responsible for the ongoing maintenance of the buildings and subject to design, the management and maintenance of the site landscaping.

NAC will also be responsible for any Non-Domestic Rates charges accruing against any vacant units.

4.5 Proposed Contract Lengths

- 4.5.1 Building contracts are envisaged to endure for a period of construction only.
- 4.5.2 Occupier contracts are envisaged to be leases to occupiers on terms that are appropriate to secure the investment i.e. at the maximum term that the occupier will accept. This is expected to enhance financial and economic returns to the public sector and provide a return on capital investment.

4.6 Proposed Key Contractual Clauses

- 4.6.1 All relevant consultant and contract appointments will include contractual obligations to provide community benefits. This will include opportunities to offer jobs, trainee or apprenticeship positions to local people, particularly drawn from disadvantaged or Protected Characteristic groups, work-place training, school visits, and career events. Contracts will require tenderers to submit clear and deliverable proposals on their community benefit programme and co-ordination of pre-employability programmes ahead of site work.
- 4.6.2 It would be inappropriate to incorporate contract clauses for occupiers of the completed units. However, there is an opportunity to work with tenants to maximise impacts and benefits for local people and local businesses through supply chains and local procurement mechanisms.

4.7 Personnel Implications (including TUPE)

- 4.7.1 It is anticipated that the TUPE – Transfer of Undertakings (Protection of Employment) Regulations 1981, will not apply to this investment as outlined above.

4.8 Procurement Strategy and Implementation Timescales

- 4.8.1 A procurement strategy will be developed as appropriate to the location, timing, type and scale of the various construction elements of the programme with the aim of maximising value for money and reducing risk. It is anticipated that the implementation milestones to be agreed for the scheme with the service provider. Indicative Project Milestones are shown at 6.5. COVID 19 may also have an impact on timescales and procurement approach which will be considered further as the project develops.

4.9 FRS 5 Accountancy Treatment

- 4.9.1 It is envisaged that the assets underpinning the delivery of the service will be on the balance sheet of the organisation should the development remain in the ownership of NAC.

5.0 FINANCIAL CASE

5.1 Introduction

5.1.1 The purpose of this section is to set out the forecast financial implications of the options being considered and the proposed deal (as described in the Commercial Case).

5.2 Impact on the Delivery Vehicle's Income and Expenditure Account

5.2.1 The anticipated payment stream for the project over its intended life span is set out in the following table, which will be updated as the project progresses and has been updated since the last version of the OBC to reflect estimated spend linked to delivery of each phase.

Financial Profile (updated)

Year	0	1	2	3	4	5	6	7	8	9	10	Total
	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	
£ millions	£	£	£	£	£	£	£	£	£	£	£	£

Capital	0	0.1	0.4	2.95	1.0	1.45	2.8	1.8	4.5	0	0	15m
Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0.1	0.4	2.95	1.0	1.45	2.8	1.8	4.5	0	0	15m

AGD SG.	0	0	0	1.7	0.7	1.15	2.5	1.5	3.45			11m
AGD NAC	0	0.1	0.4	1.25	0.3	0.3	0.3	0.3	1.05			4m
Total	0	0.1	0.4	2.95	1.0	1.45	2.8	1.8	4.5			15m

5.3 Impact on the Balance Sheet

5.3.1 Discussions are ongoing as to the underlying commercial principles of the project. Therefore, at this stage it is not possible to determine the impact on the balance sheet until Full Business Case stage.

5.4 Overall Affordability

5.4.1 The capital cost of the project is £15m for the AGD made up of the following indicative costs set out in the table below. Any proposed early spend will be supported by North Ayrshire Council, prior to any draw down of AGD spend. It should be noted that the capital costs have not factored in any additional cost for private sector tenants to fit out a completed unit for their specific purposes, including for example the provision of office space or toilets within industrial buildings.

Summary of Capital Costs for i3 Advanced Manufacturing Space Project

Cost Element	Total
Phase 1, construction cost	£3,191,425
Phase 2, construction cost	£5,152,000
Phase 3, construction cost	£1,860,000
Sub total	£10,203,425
Contingency @ 10%	£1,020,343
Professional fees @ 10%	£1,122,377
Staff Costs	£450,000
Sub total	£12,796,145
Inflation @ 3%	£383,884
Optimism Bias @ 5%	£639,807
Allowance for infrastructure & utilities work	£1,180,164
Overall Total	£15,000,000

5.4.2 NAC will be responsible for ongoing maintenance, marketing and management of the buildings and any surrounding curtilage, until they are let, and will cover any related costs. This will be off-set by income generated from the completed project from the following:

- Ongoing rental income through the lease of completed units; and
- One-off capital receipts from the sale of buildings and/or development plots.

5.4.3 A financial breakdown of assumptions will be provided within the detailed Full Business Case as required, including approximate levels of rental income per annum. At the moment, rental income is estimated in the region of £400,000 by 2032. A full analysis of this will be undertaken at Full Business Case stage, to provide detail and accuracy and consider how this would support the Digital Hub.

5.5 Main Financial Dependencies and Risks

5.5.1 The project is dependent on the funding from the AGD secured through the approval of this OBC and the Full Business Case. The main financial risks are expected to be:

Main Financial Risks

- Design and technical studies result in additional costs beyond the contingencies and optimism bias allowed for;
- Slippage / delay in the programme that incurs additional costs;
- Unforeseen project complexities that require additional funding;
- Insufficient availability of non-financial resources for the delivery of the project;
- Risks that the key milestones are not achieved
- Risk that the project does not proceed as an AGD project.

6.0 MANAGEMENT CASE

6.1 Introduction

6.1.1 This section addresses the achievability of the project, setting out in more detail the actions required to ensure the successful delivery of the project in accordance with best practice. This Section will continue to be updated through to full business case.

6.2 Programme Governance Arrangements

6.2.1 The three Ayrshire Councils (East, North and South) have agreed to implement a new governance structure to oversee the delivery of the Ayrshire Growth Deal and to promote the main drivers for the Regional Economic Partnership, namely:

- to promote and deliver regional economic and inclusive growth on an Ayrshire-wide basis, in line with the Scottish Government's aim of having a Regional Economic Partnership for every region of Scotland;
- to provide the robust shared governance which will enable the Scottish and UK Governments and other funding sources to dispense monies on an Ayrshire basis;
- To encourage the meaningful involvement of private sector partners as well as the public sector;
- The structure should be as simple as possible, but be capable of adaptation as required; and
- To recognise that the funding element is being delivered through Councils, and consequently democratic accountability will be required for key investment decisions.

6.2.2 The governance for the AGD programme includes the following:

- The Economic Joint Committee – comprising Elected Members, representatives from SE, SDS, business and education.
- The Ayrshire Regional Economic Partnership Board – comprising Elected Members, representatives from public sector partners including SE, SDS, HIE, VisitScotland, HE, FE, the third sector and the business community.
- These committees have oversight of the AGD both at a programme level and in terms of approval of detailed business cases for individual projects as well as continued monitoring and evaluation of the AGD programme post Deal document sign off.
- The projects also have internal Gateway Review Boards to monitor and review progress and reach agreement on key aspects of the project.

6.2.3 It is anticipated that over time the 3 Councils will develop more regional responses to the needs of our businesses and communities to complement the AGD investment

6.3 Project Management Arrangements

6.3.1 NAC has established internal governance arrangements for the management of its AGD project(s) organised through a Project Board. The NAC Project Board has overall authority and responsibility for Project Delivery including the Business Case prior to submission to the NAC

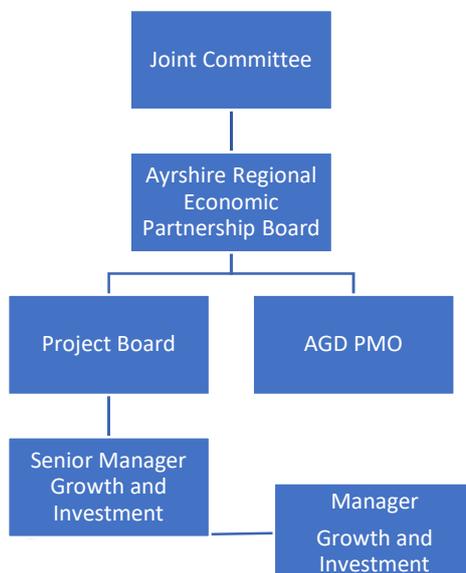
Executive Leadership Group for approval and prior to submission to the Programme Management Office (PMO).

6.3.2 The Board has a Project Management responsibility but no decision-making powers. The Project Board provides a mechanism for accountable Project Management delivered by regular progress reporting and updates and coordination of all design teams and initiatives associated with infrastructure, employability, business and innovation strands. The Project Board will be responsible for coordinating activities and between officers and Elected Members. The AGD Project Board meets and reports to Council on a regular basis.

6.3.3 The AGD Project Board will co-ordinate the overall delivery of the project. Overall responsibility will rest with Director of Growth and Investment reporting to the Chief Executive. All personnel will be experienced and professionally qualified in their respective roles. The project will be managed in accordance with NAC project management procedures. The Senior Responsible Officer for the project in NAC is the Senior Manager, Growth and Investment, with support from a Growth and Investment Manager. A full multi-disciplinary and experienced Design Team will be procured and appointed to advance the project to completion. Key roles are summarised below:

Project Sponsor	NAC Chief Executive
Project Director	NAC Director, Growth & Investment
Chief Financial Officer	NAC Head of Finance
Senior Responsible Officer	Senior Manager, Growth and Investment
Project Manager	Manager, Growth and Investment

Figure 2: Organisational chart, showing governance of the project



6.4 Project Plan

6.4.1 A detailed project plan system will be prepared for the Full Business Case. A current summary is provided below:

Indicative Project Milestones

DELIVERABLE	DUE DATE
Procure professional team to progress detailed design, Phase 1 (20,000 sq ft unit)	Q1 2021
Consultation with Planning and stakeholders on draft masterplan	Q1 2021
Completion of flexible space outline designs through masterplan process	Q1 2021
Approval of Outline Business Case	Q2 2021
Transfer of land from SE	Q2 2021
Ground investigations complete	Q2 2021
Submission of detailed planning application	Q2 2021
Planning permission granted	Q3 2021
Completion of Full Business Case and approvals	Q4 2021
Tender advertised	Q4 2021
Contract award and construction begins, Phase 1 (20,000 sq ft unit)	Q1 2022
Construction works complete, Phase 1 (20,000 sq ft unit)	Q1 2023
Building available for occupation	Q1 2023
Delivery of subsequent Phases (incl revision & approval of any OBCs/FBCs)	22/23 to 27/28

6.5 Use of Special Advisers

6.5.1 Special advisers have been used in a timely and cost effective manner in accordance with the Treasury Guidance: Use of Specialist Advisers. The project will involve further input from specialist consultants in its development, with further details supplied at FBC stage.

Specialist Area	Adviser
Financial	N/A
Technical	Fairhurst, Austin Smith Lord, Doig Smith (masterplan phase) NAC PMI Team, detailed design, Phase 1
Procurement and Legal	N/A
Business Assurance	Ryden, property consultant
Other	N/A

6.6 Outline Arrangements for Change and Contract Management

6.6.1 The strategy, framework and plan for dealing with change and associated contract management will follow best practice and where possible and appropriate, follow the requirements of the AGD. An Assurance Framework will be established at FBC that sets out a clear governance structure for the delivery of the project.

6.7 Outline Arrangements for Benefits Realisation

6.7.1 A Benefits Realisation Logic Chain is shown in Appendix B. A detailed Benefits Realisation Plan will be developed and will link into other AGD programme activities as appropriate.

6.8 Outline Arrangements for Risk Management

6.8.1 The main business and service risks are identified in the table below. A risk management approach will be established that covers the project from design and procurement through to delivery and future operations and maintenance. A draft Risk Register has been shown in Appendix F. A more detailed project risk register will be established for the FBC.

Main Business and Service Risks

RISK	MITIGATION
Detailed Business Case fails	<ul style="list-style-type: none"> • Development of OBC in accordance with Green Book • Partner/Stakeholder Risk Assessment • Early Market Input/ Partner & Commercial Input • Review CAPEX and OPEX costs • Review Governance Arrangements • Adjustments to spec at each phase to meet changing demands.
Planning approval risks	<ul style="list-style-type: none"> • Zoned & Allocated Site • Pre-App Discussion with NAC Planning • Assess Protected Species/Habitat risk • Review planning challenge/ appeals • Formally agree programme for consents • Advance programme of Local & Stakeholder Engagement
Cost overruns	<ul style="list-style-type: none"> • Develop and validate Project Brief and Specification • Benchmark costs • Ensure early infrastructure cost tested/ informed SI • Provide Green Book compliant Optimism Bias allowances • Provide for contingency
Delays to procurement	<ul style="list-style-type: none"> • Seek early agreement on appropriate procurement routes. • Include anticipated tender packages within the Council's Procurement Wave Plan
Failure to deliver anticipated outputs and outcomes	<ul style="list-style-type: none"> • Ensure BC addresses sensitivity of outcomes • Clear Evaluation & Monitoring Framework

6.9 Contingency Plans

6.9.1 If the project should fail, or where it results in an underspend, the governance arrangements are in place to allow partners to agree an appropriate way forward and to negotiate this with both governments so that the overall impact of the Deal is in no way diminished.

6.10 Outline Arrangements for Post Project Evaluation

6.10.1 Project monitoring and evaluation will be managed through AGD governance arrangements, as established. The project will be subject to regular review meetings to discuss progress, programme, financial and technical matters.

6.10.2 Arrangements for post implementation review and project evaluation review will be established for the FBC in accordance with established governance arrangements for the AGD.

6.11 Monitoring and Evaluation

6.11.1 It will be necessary to monitor the impact of the AGD, including at individual project level. The flexible space project will be monitored through the various Green Book

Business Case Stages by North Ayrshire Council's Growth and Investment Team. The Project Lead will report progress at key stages through a series of Gateway Boards prior to updates to the Council's Executive Leadership Team. Project spend will be monitored on a monthly basis with the Council's Finance Team. A monitoring and evaluation framework will be developed at Full Business Case stage to monitor the project's outputs and outcomes and ensure that those are included, where possible, within the procurement process.

7.0 Review & Signature

This Outline Business Case recommends investment of £15m from the Ayrshire Growth Deal in flexible advanced manufacturing space at i3 Irvine Enterprise Area.

Signed: _____

(On behalf of Growth and Investment Directorate, NAC)

Date: _____

APPENDIX A INCLUSIVE GROWTH HEAT MAP

Ayrshire Growth Deal Project Name	Regional Drivers to Inclusive Growth																
	Intermediate & Advanced Skills	Local Jobs	Health	Basic Digital Skills	Soft & Basic Skills (work-readiness)	Business Support (non-financial)	Childcare	Sustainable Working Population	Structure of Economy (Sectors/Industries)	Advanced Digital Skills/Innovation	Access to Finance	Business Premises	Digital Connectivity	Transport (people to jobs)	Housing	Transport (goods to market)	Inward Investment
Spaceport Infrastructure																	
Aerospace & Space Innovation Centre (ASIC) inc Visitor/STEM Engagement Hub																	
Prestwick Enabling Infrastructure - Roads																	
Prestwick Commercial Workspace & Infrastructure																	
i3 Flexible Space																	
i3 DPMC																	
Industrial Marine Science and Environmental Centre (IMSE)																	
The Great Harbour, Irvine Harbourside-Ardeer																	
Marine Tourism																	
Hunterston Strategic Development Area																	
HALO Kilmarnock																	
Ayrshire Engineering Park (Moorfield)																	
Ayrshire Manufacturing Investment Corridor (AMIC)																	
National Energy Research Demonstrator (NERD)																	
Digital Subsea Cable																	
Digital Infrastructure																	
Working for a Healthy Economy																	
Ayrshire Skills Investment Fund																	
Community Wealth Building																	
Regional Transport Appraisal																	

APPENDIX B AGD PROJECT LINKS

Project Link	What is the Link?	Key Actions to Maximise Link	Expected benefits of the link	Targets
Digital Processing Manufacturing Centre, i3	The DPMC at i3 will provide a unique facility for processing manufacturing sector companies to improve their productivity and modernise their processes through digital automation. This will be linked to the i3 Flexible space that will be provided mainly around the proposed location of the DPMC to create a cluster and accommodate business opportunities arising from the DPMC project eg business incubation units.	<ul style="list-style-type: none"> Dialogue required across AGD projects to established differentiation between projects, complementarity opportunities and wider understanding of partner roles in each project (eg NMIS, University of Strathclyde, Ayrshire College) 	<ul style="list-style-type: none"> Creation of cluster area at i3 with DPMC and business space that complements each other and accommodates spin off opportunities from the DPMC facility being located at Irvine. Opportunities for referral from DPMC to more specialised F&D facility at AMIC 	TBC as project develops
Project Link	What is the Link?	Key Actions to Maximise Link	Expected benefits of the link	Targets
Digital Infrastructure	This project is seeking £3m to ensure Ayrshire has the digital infrastructure in place which is critical to the region's future growth. By improving connectivity, local businesses and investors will not be restricted from using robotics or digital programmes which require excellent connectivity connections.	<ul style="list-style-type: none"> Ensure attendance of Officer representing Flex Space/DPMC at relevant working group meetings. 	<ul style="list-style-type: none"> Information sharing and opportunities for joint working. Ensuring i3 connectivity requirements, including that of DPMC partner NMIS, have high visibility as part of the Digital Infrastructure project. 	TBC as project develops
Project Link	What is the Link?	Key Actions to Maximise Link	Expected benefits of the link	Targets
Fibre Optic Subsea Cable	The project seeking £11m of funding required towards the cable and associated infrastructure to ensure Ayrshire has the fastest possible connection to the global digital network. There are opportunities for a fibre optic cable to land at Irvine and this would have the potential to make Ayrshire a globally connected region capable of delivering services to a level equivalent to anywhere in the world.	<ul style="list-style-type: none"> Ensure attendance of Officer representing Flex Space/DPMC at relevant working group meetings 	<ul style="list-style-type: none"> Information sharing and opportunities for joint working. Ensuring i3 connectivity requirements, including that of DPMC partner NMIS, have high visibility as part of the Subsea Cable project. Identification of related investment opportunities for i3 e.g. data centres. 	TBC as project develops

	This will help attract and be of benefit to new businesses occupying flexible space at i3 and for the DPMC project.			
Project Link	What is the Link?	Key Actions to Maximise the Link	Expected Benefits of the Link	Targets
Ayrshire Skills Investment Fund	The Ayrshire Skills Investment Fund seeks £3.5m for the establishment of a responsive skills fund to drive Inclusive Growth. The fund can help support people on the programme to develop skills. The Ayrshire Skills Investment Fund will add flexibility and responsiveness to the skills system to address related i3/DPMC industry needs and can also ensure that disadvantaged sectors of the community have access to career opportunities through the i3/DPMC AGD projects	<ul style="list-style-type: none"> • Ensure attendance of Officer representing Flex Space/DPMC at relevant working group meetings • Joint discussions with local Colleges to ensure a collaborative approach • Sharing of information regarding skills gaps identified through business engagement 	<ul style="list-style-type: none"> • Direct link to skills training that is not currently available • Support to prepare those out of labour market to new jobs • Achievement of key outcome to raise skills levels within the local area 	TBC as project develops
Project Link	What is the Link?	Key Actions to Maximise the Link	Expected Benefits of the Link	Targets
AMIC	With Links to NMIS the AMIC centre will provide pilot plant facilities to allow F&D manufactures to test and development new production and manufacturing practices. While the DPMC at i3 will provide a unique facility for processing manufacturing sector companies to improve their productivity and modernise their processes through digital automation. AMIC and DPMC will complement the manufacturing industry in general across Ayrshire and the south west of Scotland while focusing on different areas of industry. The Development of Advanced manufacturing space as part of AMIC, will attract inward investment to the Ayrshire Region.	<ul style="list-style-type: none"> • Set up referral routes from the project • Working group oversees both projects and responsible for integration. • Sharing of information and joint discussions with NMIS to ensure a collaborative approach and avoid duplication. • Sharing of learnings and studies which would benefit or transfer across sub sectors to benefit the wider manufacturing sector in Ayrshire. 	<ul style="list-style-type: none"> • Sharing of information and resource. • Collaboration on projects which can be developed with mass benefit to the wider manufacturing sector in Ayrshire. • Provision of flexible space in both North and East Ayrshire which will drive inward investment to the area providing greater choice to investors and collaborative working across the councils. 	TBC as project develops

Ayrshire Growth Deal Project Name	Spaceport Infrastructure	Enabling Infrastructure - Roads	Commercial Workspace & Infrastructure	Aerospace and Space Innovation Centre (ASIC) inc Visitor/STEM	i3 Advanced Manufacturing Space & Digital Processing	HALO Kilmarnock	Ayrshire Engineering Park (Moorfield)	Ayrshire Manufacturing Investment Corridor (AMIC)	National Energy Research Demonstrator (NERD)	Hunterston Strategic Development Area	Marine Tourism	Industrial Marine Science and Environmental Centre (IMSE)	The Great Harbour, Irvine Harbourside - Ardeer	Digital Subsea Cable	Digital Infrastructure	Working for a Healthy Economy	Ayrshire Skills Investment Fund	Community Wealth Building
Spaceport Infrastructure		3	3	3	1	1	1	1	0	0	0	0	0	2	3	2	2	2
Prestwick Enabling Infrastructure - Roads	3		3	3	0	0	0	0	0	0	1	0	0	1	1	1	1	2
Prestwick Commercial Workspace & Infrastructure	3	3		3	2	1	1	1	1	1	0	0	0	2	3	2	2	2
Aerospace & Space Innovation Centre (ASIC) inc Visitor/STEM Engagement Hub	3	3	3		1	1	1	1	1	1	0	0	0	2	3	3	3	2
i3 Advanced Manufacturing Space & Digital Processing Manufacturing Centre	1	0	2	1		1	2	2	1	2	0	0	0	2	3	2	2	2
HALO Kilmarnock	1	0	1	1	1		1	1	1	0	0	0	0	2	2	2	2	2
Ayrshire Engineering Park, Moorfield	1	0	1	1	2	1		2	1	0	0	0	0	2	3	2	2	2
Ayrshire Manufacturing Investment Corridor (AMIC)	1	0	1	1	2	1	2		1	1	0	0	0	2	2	2	2	2
National Energy Research Demonstrator (NERD)	0	0	1	1	1	1	1	1		1	0	1	0	2	3	2	2	2
Hunterston Strategic Development Area	0	0	1	1	2	0	0	1	1		1	2	1	2	3	2	2	2
Marine Tourism	0	1	0	0	0	0	0	0	0	1		2	2	2	2	2	2	2
Industrial Marine Science and Environmental Centre (IMSE)	0	0	0	0	0	0	0	0	1	2	2		1	2	3	2	2	2
The Great Harbour, Irvine Harbourside - Ardeer	0	0	0	0	0	0	0	0	0	1	2	1		2	2	2	2	2
Digital Subsea Cable	2	1	2	2	2	2	2	2	2	2	2	2	2		3	2	2	2
Digital Infrastructure	3	1	3	3	3	2	3	2	3	3	2	3	2	3		2	2	2
Working for a Healthy Economy	2	1	2	3	2	2	2	2	2	2	2	2	2	2	2		3	3
Ayrshire Skills Investment Fund	2	1	2	3	2	2	2	2	2	2	2	2	2	2	2	3		3
Community Wealth Building	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	3	3	

Relationship	Number of Points
Primary Relationship (Absolutely Contingent)	3
Secondary Relationship (Strong obvious link)	2
Tertiary Relationship (Weak link)	1
No Relationship	0

APPENDIX C BENEFITS REALISATION LOGIC CHAIN

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
<p>AGD £15million Scot Govt £11m NAC £5m</p>	<ul style="list-style-type: none"> • Planning applications submitted • Site remediation work • New link/access roads developed • Construction of SUDS/sewerage systems • Improved junctions to enhance access to sites • New junctions to open up access to sites • Construction of flexible business space in phases. 	<ul style="list-style-type: none"> • Total Area reclaimed, (re)developed or assembled (20 Ha) as a result of the project • Total Area of Opportunity Sites (20 Ha) • New Industrial & Business Space (9000sq m) • Individuals supported into work • Private businesses supported • Jobs safeguarded • Wide range of employment opportunities • Improved pedestrian linkages • Vacant and Derelict Land brought back into use/removed from SVDL Register (20 ha) • Flexible business space for start-up or needs • Well-connected flexible business space within close proximity to central belt region supply chains and workforce 	<ul style="list-style-type: none"> • Altered perception and market sentiment in regard to Ayrshire's advance manufacturing and digital offer • Improved market sentiment • 20 Ha land unlocked for development • Increased levels of investment, including FDI • Uplift in commercial rental/sales values (£) • Increased supply of commercial space • Strengthening key business clusters • Increased employment and development of skills in local workforce • Increased GVA • Reduced levels of deprivation in local areas • Enhanced accessibility - employment/business locations • Widening of labour market • Improved business productivity • Strengthening key business clusters • Businesses attracted to the locality and increase in inward investment • Reduction in level of vacant and derelict land • 18-35 People from Employability & Skills Programme Accessing Jobs • Sustainable work location with services and amenities to support employees (e.g. child care/creche facility/café/retail) 	<ul style="list-style-type: none"> • Increase employment opportunities • Increase in GVA across region • Lever in private sector investment • Spread the benefits of economic growth across region, ensuring deprived areas benefit from this growth. • Job market entrants and low skilled workers increasing soft and basic skills through provision of local jobs • Attract skilled workers to the region and support local people entering skilled employment opportunities

APPENDIX D

ECONOMIC APPRAISAL ASSUMPTIONS

Assumption	Option 2 Preferred	Preferred (sensitivity check - negative impact)	Preferred (sensitivity check - positive impact)	Option 3 (accelerated)	Source
Capital Expenditure	£15,000,000	£15,000,000	£14,000,000	£15,000,000	NAC
Discount rate	3.5%	3.5%	3.5%	3.5%	GreenBook
Model length	25 years	25 years	25 years	25 years	EY
Payment profile	Years 2021/22 - 2027/28 Years 1 - 7	Years 2021/22 - 2027/28 Years 1 - 7	Years 2021/22 - 2027/28 Years 1 - 7	Years 2021/22 - 2024/25 Years 1 - 4	NAC
Project specification					
Build Up - R&D (Class 4b)	560 sqm	560 sqm	560 sqm	560 sqm	NAC
Build out - Office	680 sqm	680 sqm	680 sqm	680 sqm	NAC
Build out - Industrial and Manufacturing	7432 sqm	7432 sqm	7432 sqm	7432 sqm	NAC
Total	8672 sqm	8672 sqm	8672 sqm	8672 sqm	NAC
Project Build-out					
Build Up - R&D (Class 4b)	Years 3-4	Years 3-4	Years 3-4	Years 3-4	NAC
Build out - Office	Years 6-7	Years 6-7	Years 6-7	Years 5-6	NAC
Build out - Industrial and Manufacturing	Years 2-7	Years 2-7	Years 2-7	Years 2-7	NAC
Project Occupancy					
Build Up - R&D (Class 4b)	Year 4: 23% Year 5: 25%	Year 4: 23% Year 5: 25%	Year 4: 23% Year 5: 25%	Year 3: 25%	NAC
Build out - Office	Year 6: 27% Year 7: 49%	Year 6: 27% Year 7: 49%	Year 6: 27% Year 7: 49%	Year 4: 25%	NAC
Build out - Industrial and Manufacturing	Year 8: 57% Year 9 onwards: 100%	Year 8: 57% Year 9 onwards: 90%	Year 8: 75% Year 9 onwards: 100%	Year 5: 50% Year 6 onwards: 100%	NAC
Employment multipliers					
Office (Business Support Services (SIC 82))	0.240012825				Source: Scottish Government, Type 11 Employment Multipliers, Scotland, 1998-2017 https://www.gov.scot/publications/input-output-latest/
Industrial (Other Manufacturing (SIC 32))	0.485449032				
Scientific Activities (Research and Dev (SIC 72))	0.87653852				
Employment multipliers (sensitivity analysis)					
Office (Business Support Services (SIC 82))	n/a	0.122623413	n/a	n/a	
Industrial (Other Manufacturing (SIC 32))	n/a	0.273954346	n/a	n/a	
Scientific Activities (Research and Dev (SIC 72))	n/a	0.576486933	n/a	n/a	
GVA per head					
Office (Business Support Services (SIC 82))	70,554				Source: SABS 2018, Scottish Government, Local Authority Tables https://www.gov.scot/publications/scottish-annual-business-statistics-2018/
Industrial (Other Manufacturing (SIC 32))	89,860				

Scientific Activities (Research and Dev (SIC 72))	68,658	
GVA per head uplift	3.95%	HMT GDP Deflator https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2020-budget
Part time adjustment	87.5%	APS Scotland from www.nomisweb, 2019-20 and Homes & Communities (2015) Employment Density Guide (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/484133/employment_density_guide_3rd_edition.pdf)
Employment Densities		
Office (Business Support Services (SIC 82))	12	Source: Homes & Communities Agency (2015) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/484133/employment_density_guide_3rd_edition.pdf
Industrial (Other Manufacturing (SIC 32))	36	
Scientific Activities (Research and Dev (SIC 72))	32	
Construction		
Spend per FTW	£100,000	Scottish Government / Community Benefits Guidance Note 2008 https://www.gov.scot/publications/scottish-government-community-benefits-public-procurement-guidance-note/
Construction GVA per FTE	42,032	Scottish Government ABI Statistics https://www.gov.scot/publications/scottish-annual-business-statistics-2018/
Additionality	48.7%	Source: Homes & Communities Agency, Additionality Guide, 4th Edition 2014 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/378177/additionality_guide_2014_full.pdf
Persistency	90%	EY

Geography	Median Earnings	Source
LOCAL (NUTS 3 - East, North - ex Islands, South)	£ 18,103	Regional Gross Household Disposable Income 2018
REGIONAL (NUTS 2 - Southern Scotland)	£ 18,745	
SCOTLAND	£ 19,572	
UK	£ 21,109	
Distributional Weight Co-ef		1.30

APPENDIX E TECHNICAL DETAIL

Stage 1:

Local and Scottish impacts can be calculated as under 2003 Green Book and associated guidance (equivalent to local and regional impacts in current HMT Guidance). The Scotland level impacts are what is considered important for Scottish Ministers.

Stage 2:

To align the standard results with the Inclusive Growth approach within the Scottish Government's Economic Strategy it is recommended that a spatial distributive sensitivity analysis is undertaken.

The way to do this is as follows:

$$\text{Distributional Weight } d = \left[\frac{\text{Median earnings}_{\text{Scotland}}}{\text{Median earnings}_{\text{Area of impact}}} \right]^{1.3}$$

Where 1.3 is the value for the marginal distribution of income in the Green Book. This weight should be applied to the benefits of the scheme that accrue to the local area. It may be necessary to perform a more complicated calculation if there is a wider distribution of impacts:

$$\text{Distributional Weight } d = \sum_{i=1}^n \left[\frac{\text{Median earnings}_{\text{Scotland}}}{\text{Median earnings}_{\text{Area of impact } i}} \right]^{1.3} \cdot \alpha_i, \text{ where } \alpha_i \text{ is the proportion of impact in area of impact } i.$$

This should be reported, by being applied to the Net Present Value of Benefits of the project as a sensitivity.

Stage 3:

UK level impacts are important for UK Ministers and will need to reflect updated Green Book guidance, specifically the assumption of 100% displacement of labour demand effects. However, the suggested approach is to take into account the likely differential impacts in low and high unemployment areas.

The approach, that minimises the additional effort and calculations required, calculates the extent of UK level impacts by taking the Scotland level impacts and calculating what proportion of them remain after applying UKG guidance. To make this comparison simple, the fraction of the Scottish level impact that is required to result in a BCR of 1¹, termed β , is calculated. β is simply the inverse of the BCR at the Scotland level. If the BCR at the Scotland level is 2, then the fraction of the Scotland level BCR that is required is 1/2.

$$\beta = \frac{1}{BCR} = \frac{NPC}{NPB}$$

This is compared with a "UKG adjustment factor" that is calculated by looking at the productivity, spatial distribution and potentially, labour supply impacts of the intervention.

Note that the Scotland level impacts will already contain some degree of displacement.

Stage 4:

The next step is to determine if the area of impact is a low or high unemployment area. A reasonable way to do this is to compare the employment rate with the Scotland average.

A high employment area will take labour from the UK as a whole whereas a low employment area will take employment from the local area.

Productivity

Thus the productivity adjustment factor, ρ , is given by:

High employment area	Low employment area
$\rho = \frac{(g_x)}{(g_{UK})}$	$\rho = \frac{(g_x)}{(g_l)}$

¹ A BCR of 1 is used rather than accounting for the Marginal Social cost of public funds as it is argued that under the assumptions now explicit in the Green Book the MSCPF would be close to 1.

Where g = GVA/head and x is the project under consideration, and UK and I represent the UK and the local area respectively. Note that GVA/head is used in order to be able to calculate sector comparisons.

Spatial distribution

This follows the same approach as for Scotland but makes the comparison with UK median income per head;

Distributional Weight $d = \sum_{i=1}^n \left[\frac{\text{Median earnings } x^i}{\text{Median earnings } \text{UK of impact } i} \right]^{11} \cdot \alpha_i$, where α_i is the proportion of impact in area of impact i .

Stage 5

Combining the analysis and presenting the results

The overall adjustment factor, γ , is given by:

$$\gamma = (\rho), (d)$$

This should be compared with the inverse BCR or β parameter discussed above and the value for money condition is if:

$$VFM \text{ if } \gamma \geq 1 + \beta \text{ or } \gamma - 1 \geq \beta$$

APPENDIX F DRAFT RISK REGISTER

AYRSHIRE GROWTH DEAL RISK REGISTER: I3 ADVANCED MANUFACTURING SPACE						
Outline Business Case Stage, February 2021						
OBJECTIVES & PROJECT OUTCOMES						
Risk Ref	Risk Description	Impact	Probability	Counter Measure	Owner	Date Reviewed
R1	Anticipated outputs and outcomes are not delivered.	High	Medium	Ensure BC addresses sensitivity of outcomes and prepare a clear Evaluation & Monitoring Framework	NAC	
R2	The overall impact of i3 AGD programme is limited, as the Business Case for the i3 DPMC facility fails.	High	Low	The DPMC proposal has a strong supporting evidence base.	NAC / NMIS	
R3	The project fails to achieve more inclusive growth and/or reduce poverty by increasing the income of people in deprived areas or protected characteristic groups	High	Medium	Prepare overall strategy for achieving inclusive growth.	NAC	
R4						
SCHEDULE / TIMESCALE						
Risk Ref	Risk Description	Impact	Probability	Counter Measure	Owner	Date Reviewed
R5	Delays to the overall project programme and key milestones.	High	Medium	Prepare a detailed project programme with considered time allowances and review regularly.	NAC / contractor	
R6	Delays cause by the procurement process.	Medium	Medium	Seek early agreement on appropriate procurement routes and early notification of contract opportunities.	NAC	

				Include projects within NAC Wave Plan		
R7	Delays caused by environmental considerations.	High	Medium	Assess Protected Species/Habitat risk at early stage. Review and commission all site studies required. Ensure seasonal work/study requirements are accounted for in programme.	NAC	
R8	Delays caused by site investigation work and findings.	High	Medium	Instruct SI work at early stage of project.		
R9	Delays caused by objections.	Medium	Low	Advance programme of local & stakeholder engagement.		
R10	Delays caused by statutory consent processes.	Medium	Low	Early engagement with Planning and Building Standards to agree timetable for award and identify potential issues.		
R11	Delays caused by land acquisition / lease agreement processes.	Medium	Low	Early engagement with land/building owners. Ensure programme allows for third party approvals	NAC	
R12	Potential delays in Full Business Case approval.	Medium	Medium	Development of OBC in accordance with Green Book Partner/Stakeholder Risk Assessment Early Market Input/ Partner & Commercial Input Review CAPEX and OPEX costs Review Governance Arrangements Adjustments to spec at each phase to meet changing demands.	NAC / SG	
R13	Delays when the contractor is on site.	High	High	Identify appropriate construction contract to remove/ reduce risk of cost over-run.		

R14	Delays caused by resource management and project management issues.	High	Medium	Internal AGD team has been identified. Review project resource requirements regularly. Seek specialist support from partner agencies. Ensure external teams have robust procedures in place for replacing resource if required.		
REGULATORY						
Risk Ref	Risk Description	Impact	Probability	Counter Measure	Owner	Date Reviewed
R15	Planning/building warrants are not granted.	High	Low	LDP supports development of site for this use. Ensure local members well briefed and updated on project. Hold pre-app discussion with NAC Planning Assess Protected Species/Habitat risk Formally agree programme for consents Advance programme of local & stakeholder Engagement	NAC	
R16	The project does not comply with State Aid regulations.	High	Low	Engage with State Aid Unit.	NAC	
FINANCIAL						
Risk Ref	Risk Description	Impact	Probability	Counter Measure	Owner	Date Reviewed
R17	Design and technical studies result in additional costs beyond the contingencies and optimism bias allowed for.	High	Medium	Develop and validate Project Brief and Specification. Benchmark costs. Ensure early infrastructure cost tested	NAC / Design Team	

				and informed by SI work. Provide Green Book compliant Optimism Bias allowances. Provide for contingency & inflation.		
R18	Slippage / delay in the programme incurs additional costs.	High	High	Instruct appointed project team to address this within Risk Register. Selected procurement route will seek to ensure contract type has less risk for client.	NAC / contractor	
R19	There are unforeseen project complexities that require additional funding.	High	Low	Provide for contingency Provide Green Book compliant Optimism Bias allowances. Similar project has been delivered previously.		
R20	Rental income lower than forecast	Medium	Low	Market review and comparator analysis to identify appropriate rent but ultimately down to actual market demand on completion	NAC	
R21	Lack of budget to support interested tenants to fit out shell of building	Medium	Medium	Identify at an early stage and with Business Growth Team, how this can be supported.	NAC	
R22	Lack of budget to support maintenance of buildings until tenants take occupancy, if buildings are classified and non -operational.	Low	Medium	Identify at an early stage with Finance and Estates, how this can be supported.	NAC	
PROFESSIONAL						
Risk Ref	Risk Description	Impact	Probability	Counter Measure	Owner	Date Reviewed
R23	Lack of project management experience.	Medium	Low	Ensure experience project management team, both in-house and any external support. Budget allows for appointment of required	NAC	

				expertise.		
R24	Poor change management procedures.	Medium	Medium	Clear and agreed procedures set in place for internal change management and for external processes with design team and contractor.	NAC	
R25	Specification – design issues on-site	High	Low	Adopt best practice design and ensure flexibility for subsequent division/ alteration of premises.	Design Team	
CONTRACTUAL						
Risk Ref	Risk Description	Impact	Probability	Counter Measure	Owner	Date Reviewed
R26	Delays caused by contractor on site.	High	High	Identify appropriate construction contract to remove/ reduce risk of cost over-run	NAC	
R27	Failure to deliver community benefits – training, employment	Medium	Medium	Incorporate appropriate community benefits into contract terms and resource appropriately	NAC	
R28	Issues with co-ordination on-site - contracts, visitors	High	Low	Ensure main contractor has appropriate procedures for site management	Contractor	
REPUTATIONAL						
Risk Ref	Risk Description	Impact	Probability	Counter Measure	Owner	Date Reviewed
R29	The project’s Full Business Case fails.	High	Low	Heads of terms signed with UK and Scottish Governments. Development of OBC in accordance with Green Book and with strong supporting evidence. Commissioned masterplan will provide overall vision.	NAC	

R30	Demand for the project diminishes and there is no interest from occupiers.	High	Low	Flexible design to maximise potential interest from occupiers. Recent research has established demand. Prepare project marketing particulars.	NAC	
R31	Market expectations are not met.	High	Low	Scale/ quality/ design based on identified market needs Recent research has established demand. Continue to review demand and business needs with Partners including SE and SDI. Involve relevant business engagement partners.	NAC	
R32	Businesses interested in units decide not to progress.	High	Medium	Ensure ongoing engagement with businesses to prepare suitable Heads of Terms. SDI Support received from SE and SDI and working closely with both organisations Prepare marketing campaign.	NAC	
EXTERNAL						
Risk Ref	Risk Description	Impact	Probability	Counter Measure	Owner	Date Reviewed
R33	The COVID pandemic has a detrimental impact on the project, including delay to project's development and delivery and a reduction in demand for the project.	Medium	High	Anticipating some delay arising from COVID 19 recovery. Early analysis identifies that the need for the project is unlikely to be diminished (in fact the need may be greater). Continued economic analysis and development of recovery plans should be implemented and robust project	NAC	monthly

				scoping should continue to ensure the project meets needs.		
R34	BREXIT has a detrimental impact on the project, including the overall cost of the project and potential delays eg cost of and timescale for delivery of specific materials.	Medium	High	Cost monitoring as part of projects. Make adjustments to programme and cost areas within budget, based on experience of other relevant projects.	NAC	Monthly

APPENDIX G INCLUSIVE GROWTH & COMMUNITY WEALTH BUILDING

I3 Flexible Advanced Manufacturing Space: Inclusive Growth and Community Wealth Building

Inclusive Growth Ambition/Objective	How?	IG Barrier	IG Action Plan	CWB pillar	CWB theme	Equalities/ Excluded Group
Increase in GVA across region	Deliver modern, flexible business space to provide space to market (97,000 sq ft)	Intermediate & Advanced Skills, Structure of economy, Advanced digital skills, Business premises Inward investment	Maximising benefits for Ayrshire’s business base. Maximising benefits for people – Fair Work. Maximising benefits for places/communities.	Fair employment Land and assets	Promote our investment opportunities to regional and national institutions to gain investment in our communities	
Expenditure in R&D per head	Deliver modern business space which attracts investment from firms spending in R&D	Structure of economy Advanced digital skills Business premises	Maximising benefits for Ayrshire’s business base. Maximising benefits for people – Fair Work. Maximising benefits for places/communities.	Fair employment Land and assets	Promote our investment opportunities to regional and national institutions to gain investment in our communities	
Employment Opportunities	Create employment opportunities for groups that most need them eg disadvantaged groups and protected characteristic groups including women and young people. Detail requirements through Community Benefits in procurement packages. Work with partner organisations to facilitate recruitment of excluded groups.	Intermediate & Advanced Skills, Structure of economy,	Maximising benefits for people – Fair Work. Maximising benefits for places/communities.	Fair employment Procurement	Promote our investment opportunities to regional and national institutions to gain investment in our communities	

<p>Improving skills</p>	<p>Creating pre-employment learning pathways for identified priority groups eg females, living in Ayrshire. Support skills needs of businesses taking space within i3.</p>	<p>Intermediate & Advanced Skills, Structure of economy, Advanced digital skills,</p>	<p>Maximising benefits for people – Fair Work. Maximising benefits for places/communities.</p>	<p>Fair employment</p>	<p>supporting in work progression, and training and skills pipeline</p>	
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APPENDIX H COMMUNITY BENEFIT STATEMENT



AGD Business Cases – Regional Community Benefits Statement

Community Benefits

Community Benefits have been a key component of public procurement policy and practice in Scotland for more than ten years.

To embed best practice and drive public bodies to consider Community Benefits clauses in procurement, The Procurement Reform (Scotland) Act 2014 established a national legislative framework for sustainable public procurement that supports Scotland's economic growth through improved procurement practice.

The Reform Act requires public bodies, including Ayrshire Growth Deal (AGD) Partners, to consider how their procurement activity can improve the economic, social and environmental wellbeing of their communities.

Community Benefits are one of a range of social and environmental requirements that can be included in public contracts, contributing to national outcomes on sustainability including, but not limited to, employment, learning, skills, supply chain development and community engagement.

Contractors, suppliers and Service Providers appointed through AGD projects must demonstrate their organisations' commitment to providing Community Benefits within Ayrshire, over and above their obligations to deliver on the core purpose of a contract.

In accordance with guidance of the Reform Act and always in a relevant and proportionate manner, applicable appointments, through AGD projects, which require procurement activity, will be subject to Community Benefits requirements.

Community Benefits Themes

Through their separate procurement activities and where possible, AGD Partners are committed to assisting both young and unemployed people by encouraging access to quality sustainable employment and providing skills and training opportunities. Organisations appointed to AGD projects must therefore be able to demonstrate their commitment to integrate trainees and long-term unemployed persons into the labour market, without distinction to sex, marital status, race, ethnic origin or political or religious beliefs.

AGD projects will also bring together an extensive range of experienced Professionals who, with minimal sacrifice of time, could provide useful learning and knowledge exchange opportunities for various groups of people in our Ayrshire communities and over a wide range of subject areas and

expertise. Organisations appointed to AGD projects must therefore be able to demonstrate their commitment in providing learning opportunities across the wider Ayrshire community.

Community Benefits pledges from AGD projects should also have a focus on supporting and developing Ayrshire's existing business base and building on this with the aim of increasing the number of new business start-ups and growing sustainable businesses. The long-term sustainable development of Ayrshire's SME business base is vital and AGD Partners recognise the need to support the development of the SME sector through the use of a procurement approach which maximises SME exposure to procurement opportunities.

As such and through the procurement phases of any AGD project, contracting organisations will be asked to consider the following objectives when committing to the delivery of Community Benefits:

- Improving Education and Skills. For example, creation of apprenticeships or delivering knowledge exchange and presentations in schools or community groups.
- Improving Local Employability. For example, creation of new jobs, recruitment of the long-term unemployed, disadvantaged or young people.
- Work Experience Placements/Programmes. For example, providing work experience placements to those in education.
- Delivering Training and Development in the Community. For example, mentoring - private sector suppliers can offer support, normally as part of their CSR activity, where they can offer training and guidance to local organisations and individuals.
- Community Consultation - giving the local community an opportunity to express an opinion and possibly influence the design and delivery of a project or service in an area.
- Enhancing & Improving Local Community and Environmental Projects. For example, providing volunteers or donations to local initiatives.
- Sponsorship and Charity Work
- Supply Chain, Supported Business, Third Sector and Voluntary Initiatives. For example, offering Small and Medium Enterprises and Voluntary Sector organisations opportunities to provide goods, works and/or services as part of a contract.

Tracking & Reporting Community Benefits

Organisations who are successful in being awarded a contract through an AGD project will have their Community Benefits pledges evaluated on an ongoing basis, throughout the duration of their contract and through each of the AGD Partners' contract management procedures, using a shared Community Benefits tracking system.

Along with providing an excellent, flexible and accessible record of business information for those organisations appointed to Growth Deal projects, the AGD Partners' shared, online Community Benefits Tracker will ensure a consistent approach is applied to the monitoring of Community Benefits pledged through AGD procurement.

MEETING – 24 MAY 2021

REPORT BY THE CHIEF EXECUTIVE, NORTH AYRSHIRE COUNCIL

SUBJECT:
Great Harbour, Irvine

PURPOSE OF REPORT

1. To update on the development of proposals for Ayrshire Growth Deal investment in the Great Harbour, Irvine.

RECOMMENDATIONS

2. **The Ayrshire Economic Joint Committee is asked to note the:**
 - a) Progress of the Great Harbour to Full Business Case following the verbal approval of Scottish Government of the Outline Business Case in May 2021;
 - b) Note that the written approval from Scottish Government remains outstanding;
 - c) Engagement with the community to seek their input into the developing proposal.

INTRODUCTION

- 3.1 The report updates the Committee on work to develop proposals for Irvine Harbourside through the Maritime Mile project, supported by funding of £14M through the Ayrshire Growth Deal.
- 3.2 The Maritime Mile proposals involve an investment in placemaking, destination development and tourism through three activity hubs, including:
 - The development of a maritime hub including the creation of event and exhibition space alongside new slip ways and moorings.
 - The development/promotion of an events/arts/leisure/commercial activity zone; and,
 - A major new play/park facility at Irvine Beach Park.
- 3.3 The proposals support the wider development of Irvine Harbourside, with the wider project to be known as the Great Harbour. The area will be developed as a visitor destination and will enable a step change in the number of visitors attracted to Irvine, supporting additional business investment and employment.
- 3.4 The Council has developed concept designs for the Maritime Mile in accordance with the Ayrshire Growth Deal business case process and the adopted Local Development Plan. An Outline Business Case has recently been approved by the Scottish Government, allowing the proposals to be developed in more detail to Full Business Case stage.

DESCRIPTION OF PROJECT

- 4.1 The Great Harbour is a key tourism led regeneration, placemaking and destination development project. Concept design work has been developed to build on earlier community engagement as well as proof of concept work on the tourism potential of the area by Glasgow Caledonian University.
- 4.2 The Great Harbour includes the entire Irvine Harbourside and Beach Park area between the railway station and coast and including the southern end of the Ardeer Peninsula. Historically the area saw major investment through Irvine Development Corporation in the Beach Park and Harbourside Housing Conservation Area. More recently, the area has seen successful investment by local businesses, while the Council are currently constructing a social housing development of 71 units.
- 4.3 Within this, the Maritime Mile area at connects Irvine town centre in the east, to the beach in the west. The funding secured for the Maritime Mile through the AGD will be focused on three hub areas. The AGD investment through the Maritime Mile project will seek to enable or lever further private sector investment in the area, including commercial, leisure/tourism and residential development in line with the adopted Local Development Plan. The plan attached at Appendix 1 illustrates the proposals for the Maritime Mile which are described further below.

AGD Investment - The Maritime Mile

- 5.1 The Maritime Mile will see a significant investment in placemaking that is intended to be an enabler for wider investment. It will offer an enhanced visitor experience and draw people into the Harbour Waterfront and Beach Park. Key aims for the Maritime Mile include:
- Improved connections between the town centre and the Beach Park through enhanced public realm and park/greenspace.
 - The creation of hubs for activity that drive, visitors (with a range of interests), investment and employment; and,
 - Support for the Council's Community Wealth Building strategy through the creation of jobs, expansion of local businesses and best use of land and assets.
- 5.2 The Design Concept for the Maritime Mile includes three activity hubs, described below:
- i) Coastal Hub**
- This aims to create improved facilities for play and outdoor activity through the provision of a new play facility within the Beach Park. The development framework will also make provision for the development of projects in the longer term including:
- the re-use of the Pilot House,
 - the re-development of the Beach Pavilion as a commercial café
 - a facility for the Coastwatch organisation
 - new residential development on land allocated within the adopted LDP
 - consideration of a future for the Big idea building

ii) Marina/Arts/Events/Food Hub

This will see the creation of enhanced public realm within the Central Harbourside area which contains the Harbour Arts Centre/Watersports Club/Ship Inn and GRO. A new waterfront Plaza will help to support events and better access to marine activities through an upgrading of the existing pontoons and slipways.

The former Harbourmasters Office and land to the rear offers the potential to accommodate new business in food production and sale, and to help create an area that increasingly becomes a destination for its food offer.

iii) Maritime HUB

The Maritime Hub will aim to create expanded facilities for the National Maritime Museum Scotland, with a broadening of its offer through new exhibitions, and additional event and exhibition space including space for the NMMS Arts Collection. NMMS are developing proposals for an application to the Heritage Lottery Fund within a view to securing a funding contribution towards the capital investment required. It is envisaged that new facility will be developed adjacent to the existing Puffer Café.

Wider Development Framework

- 6.1 As noted above, the Maritime Mile proposals will be the first phase of development within the wider Great Harbour area. The proposals will create an enhanced place, increased visitor numbers and hence a context for additional private sector investment. The Great Harbour area will include provision for commercial and residential development opportunities, with the exact scale and location of these to be considered further through public engagement. This will inform the production of a development framework for the area.
- 6.2 It is recognised that any development framework will require careful consideration of parking and road infrastructure, given the potential development of areas currently occupied by parking. Parking provision of at least an equivalent level will require to be provided. In addition, any new road or parking infrastructure will require to consider:
- Access to areas of demand to ensure that parking is located where it is required.
 - The requirement of users or special interest groups.
 - The impact of any development on open spaces.
 - Cost, avoiding costly investment in additional road infrastructure if this can be avoided; and,
 - Creating an improved pedestrian and active travel environment.
- 6.3 Specific consideration will be given to parking and access through a transport assessment.

Public Engagement and Next Steps

- 7.1 Approval for an Outline Business Case for the Maritime Mile proposals was indicated by the Scottish Government in May. That provides approval for the principle of the proposals and associated expenditure and will allow the proposals to proceed to

detailed design work and the tender returns required for Full Business Case approval/project implementation.

- 7.2 As part of this process the Maritime Mile concept will be the subject of public engagement, building on earlier engagement in 2017. This will also inform work to develop a development framework for the Great Harbour area which will be presented to the Council's Planning Committee for approval.
- 7.3 The long-term nature of the proposals should be recognised, with some of the proposals (e.g. commercial leisure, residential) following initial investment in placemaking, while the proposals for NMMS will require additional feasibility and funding support. It is envisaged that initial priorities for detailed design will include:
 - Beach Park Play facility.
 - Marine/Arts/Events/Food hub including the development of the former Harbourmasters House and placemaking improvements.
 - NMMS feasibility; and,
 - Transport assessment, considering the impact of the proposals on parking and access in details.

FINANCIAL IMPLICATIONS

8. The budget for investment in the Maritime Mile project within the Great Harbour is £14.0m (AGD £9m / NAC £5m).

£150k for first stage works; the remaining balance up to FBC stage is £485k (total expected cost to FBC is £635k).

In addition, a significant level of flexibility or contingency has been allowed for, reflecting the early stage of project development at Outline Business Case stage.

LEGAL IMPLICATIONS

9. Officers continue to work with external partners in the context of agreed Memorandum of Understandings.

Where the proposals involve the development of land adjacent to Irvine Harbour, the proposals will require to recognise legal conditions relating to the effective operation of the Harbour.

HUMAN RESOURCES IMPLICATIONS

10. There are no human resource implications arising from the report.

EQUALITY IMPACT ASSESSMENT

11. The Maritime Mile will support the regeneration of the Harbourside and Beach Park, supporting local businesses and creating new Community Wealth Building employment and business opportunities. All proposals will ensure compliance with the Equality Act.

CONSULTATIONS

12. The proposals have discussed within NAC, and key partners including NPL and National Maritime Museum. As part of the next stage a more comprehensive engagement is planned.

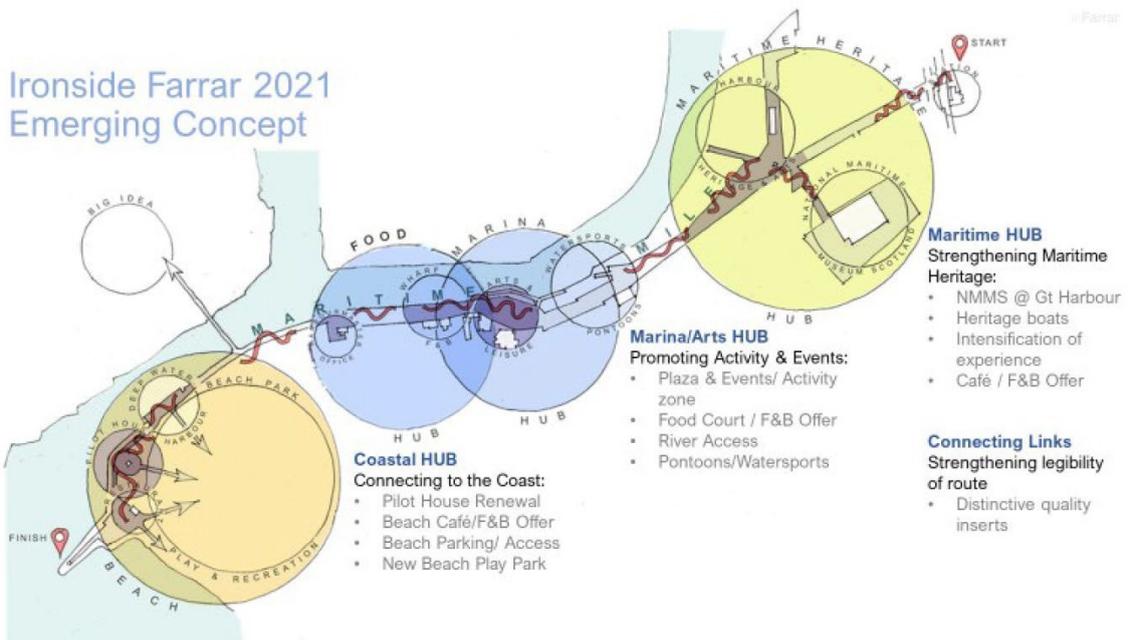
APPENDICES

Appendix 1 – Maritime Mile Concept Plan
Appendix 2 – Great Harbour OBC

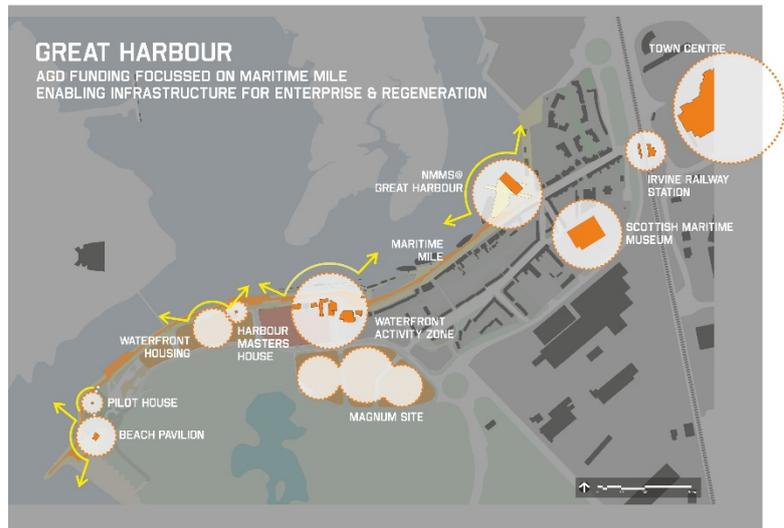
Background Papers:

Members requiring further information should contact:
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Appendix 1 – Maritime Mile Concept Plan



Ayrshire Growth Deal



GREAT HARBOUR Outline Business Case (OBC)

Version No: 021
Issue Date: 26th February 2021

VERSION HISTORY

Version	Date Issued	Brief Summary of Change	Owner's Name
001 Draft	20.09.19	NAC revised Project Scope (GH) & Project Board	NAC G Hunter
002 Draft	07.11.19	NAC post S Govt/SE/ VS – Board feedback	NAC G Hunter
003 Draft	12.11.19	NAC Post GH Board Meeting / Moffat Update	NAC G Hunter
004 Draft	18.11.19	NAC Additional Input (GH)/ Cost Sign-Off (GH)	NAC G Hunter
005 Draft	25.11.19	Conf Call – GH/Nmcl Proof Check	NAC G Hunter
006 Draft	28.11.19	GH Updates	NAC G Hunter
007 Draft	10.12.19	ELT Review forwarded by GH	NAC G Hunter
008 Draft	11.12.19	GH Edit to Exec Summary	NAC G Hunter
009 Draft	16.12.19	Added in Appendices	NAC G Hunter
010 Draft	17.12.19	Corrections /Additions JMCL/Ncl/GH	NAC G Hunter
011 Draft	21.01.20	ELT comment & PM / PMO comment	NAC G Hunter
012 Final	23.01.20	ELT comment & PM / PMO comment	NAC G Hunter
013 Final	24.01.20	Delete PMO / EIA Ref. and E&M.	NAC G Hunter
014 Final	30.01.20	Updated Financial Expenditure Detail	NAC G Hunter
015 Final	05.03.20	Scot Gov & PMO Feedback responses	NAC G Hunter
016 Final	09.03.20	Scot Gov & PMO Feedback responses	NAC G Hunter
017 Final	23.04.20	PMO Feedback Amendments	NAC G Hunter
018 Final	10.06.20	PMO Feedback Amendments. Amnd Ekos.	NAC G Hunter
019 Final	17.07.20	PMO Feedback Amendments.	NAC G Hunter
020 Final	25.08.20	PMO Feedback Amendments.	NAC G Hunter
021 Final	26.02.21	Design Dev. & PMO Feedback.	NAC G Hunter

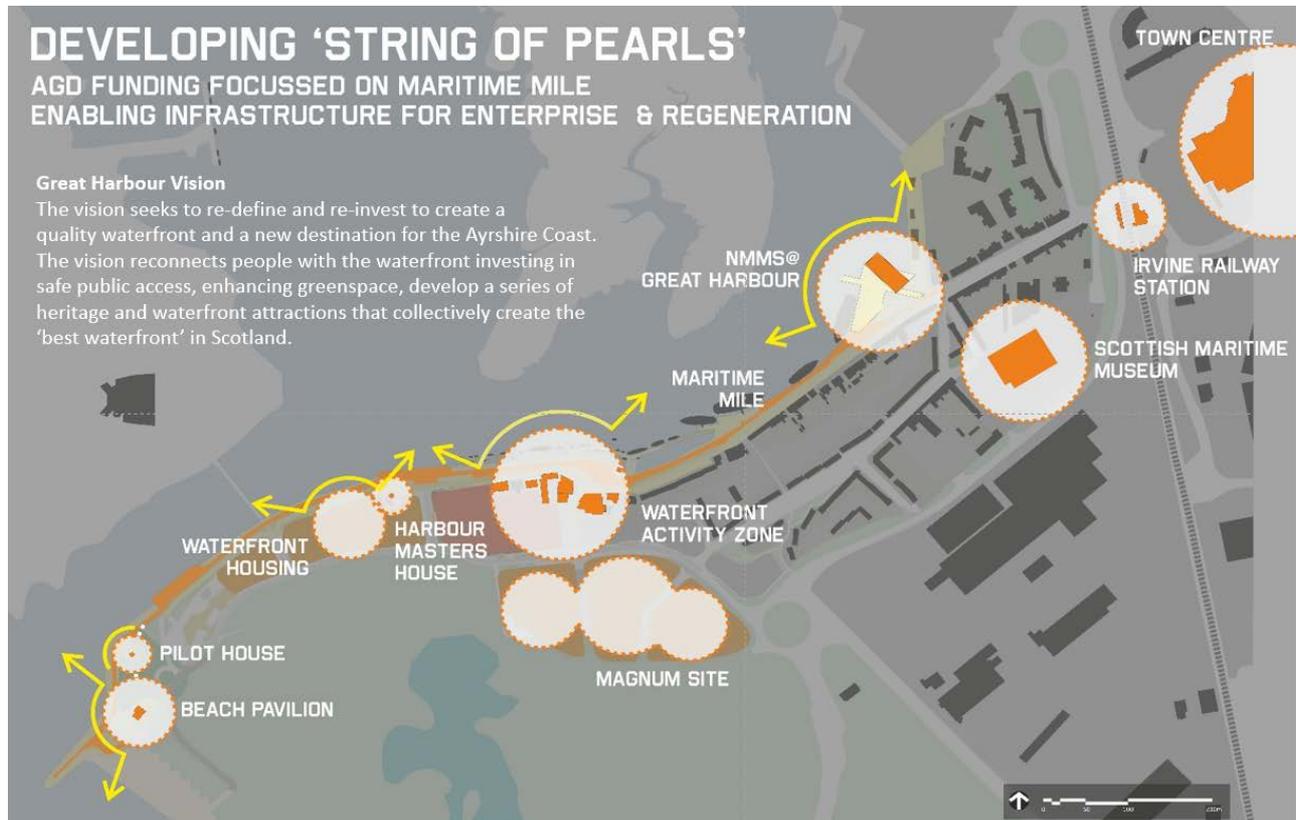
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Developing Place



EXECUTIVE SUMMARY

This report provides the Outline Business Case (OBC) for the Great Harbour project (as set out in the Ayrshire Growth Deal Heads of Terms) and which has been developed by North Ayrshire Council with input and support from commercial, institutional and community partners.

The OBC seeks approval to invest £16.0 million in the Great Harbour Project in Irvine with committed funding secured from AGD Scottish Government £9.0m and AGD North Ayrshire £5.0m and £2.0m uncommitted funding subject to working with NPL in finalising agreements for support funding from the Scottish Landfill Communities Fund.

Description

The Great Harbour project is a transformational project. It will create a new national and regional waterfront destination transforming the tourism and the visitor potential of Ayrshire and the Clyde Coast. The project addresses a regional perspective and is aligned with the Regional Growth Strategy, Community Wealth Building programme.

Great Harbour and the area of Harbourside, Beach Park and Coast is North Ayrshire and Irvine's greatest asset. Investment in the Great Harbour is about 'world class / best in class' investment in place that can support area regeneration. Regeneration requires partner activity unlocked through the catalyst of enabling infrastructure (AGD investment).

The project will transform Ayrshire's tourism offer, secure area-wide regeneration, with a strong focus on community, led by NAC's regional approach on community wealth building and importantly, creating a destination of national appeal. The project will use the AGD funding to unlock wider partner investment (commercial / residential/leisure) in the Great Harbour including future partnership aims in re-purposing the Big Idea site, extending the appeal of the National Maritime Museum, developing a National Centre for Play and developing the Ayrshire Coastal Path. The project deliverables include:

Direct AGD Investment

- a new national / regional waterfront destination at Great Harbour
- quays and a unique waterfront boardwalk with direct marine access
- slipway and active leisure marine access points
- provision for play, active leisure, active travel
- waterfront and town-to-waterfront gateways
- comprehensive streetscape enhancement
- National Ayrshire Coastal Path connections
- community enterprise /community wealth building programme
- investment in a key visitor destination supporting the Coig, route development work

Indirect Partner Investment

- open market waterfront homes
- affordable homes (71No.)
- a care and older people / special needs facility
- enterprise and arts retail workshop facilities

Future Leverage Investment

- re-purposing of the Big Idea / Resort -Village / National Play Facility
- existing business investment for growth
- new specialist waterfront gallery space (NMMS)
- possible market interest in a hotel development and aligned activities
- opportunities for the southern section of the Ardeer peninsula

Private and public sector developments form key elements of the Great Harbour Masterplan. AGD funded elements focus on the enabling place infrastructure as a catalyst for wider investment and the programme for Community Wealth Building/Community Enterprise. Private, public and 3rd sector investment will follow associated with housing, community and 3rd sector business, tourism and destination development.

The Maritime Mile will be the catalyst and driver for the Great Harbour transformation. The Maritime Mile as the focus builds 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.

Animated by boats, people, events and activities the waterfront is transformed into a 'happening place' that is inclusive and appealing to both visitors and residents, families and special interest user groups. A summer Festival-of-the-Coast, heritage, sailing and watersport events and the more day-to-day arts, book and local food events will animate the spaces. Activity will give the Great Harbour a profile with national reach through the Year of Coasts and Waters 2020 and specific funding, including Events Scotland and Scottish Government direct support for the Coig and North Ayrshire tourism.

It should be noted that the majority of AGD/Council funding is aligned with the Maritime Mile concept. This is specifically designed to act as an enabler for the secondary and wider private sector investment within the Great Harbour. The Maritime Mile whilst ambitious in intent, is designed to showcase the potential for the wider beachpark and harbour area. This will support secondary private investment through a traditional public sector role in addressing market failure in the destination and potential of the Great Harbour area. This work is supported through independent proof of concept work undertaken by NAC as part of the AGD due diligence on this initiative.

The masterplan and proof of concept studies in addition include for:

Harbourside Commercial & Public Sector Investment (Leveraged Investment by Others)

Commercial developments with major new investment in the accommodation, food and beverage and hotel offer provided through a new 60-80 bed hotel and new investment in commercial restaurants and food beverage outlets.

This will be complimented by social housing (NAC SHIP Programme) and private sector waterfront housing (NAC-NPL partnership) developing new and inclusive neighbourhoods building on the strength of the existing harbourside community and including local convenience retail.

Re-purposing & Developing Big Idea site (Leveraged Investment by Others)

Commercial private sector investment re-developing and re-purposing the Big Idea as a National Centre for Play and key destination hub linking the coast, beach park with the Ayrshire Coastal Walk and Coig.

The vision envisages a major new facility creating an all-weather visitor attraction creating a new focus for the coast, beach park and Ayrshire Coastal Path. NPL are in addition, seeking to extend the Big Idea and develop a resort village.

The AGD will be the catalyst for change. The major investment programme will build the destination and create the enabling infrastructure to support commercial investment within a phased programme. The key AGD investment phases are tabulated below with future commercial phases advancing in parallel as commercial funding and development agreements allow. This is presented here to demonstrate the intent of the project to provide catalytic change in the funding of core elements intended to kickstart private investment and support Community Wealth Building.

Phase	AGD Project Element
Phase 1	Maritime Mile £10.034million 2022-2024 AGD £7.0m / NAC £3.03m NAC Cost Plan 2020
Phase 2	Community Enterprise Fund / Pilot house - Park Play £ 3.966million 2024-2026 AGD £1.0m / NAC £1.0m / 3 rd Sector £1.5m NAC Cost Plan 2020
Phase 3	Infrastructure / Site Works / Workshop Units £ 2.0million 2024-2027 AGD £1.0m / NAC £0.5m / 3 rd Sector £0.5m NAC Cost Plan 2020

* Updated based on latest design costs. No material change.

A summarised project description is set out in Appendix L

Strategic Case

The following summarise the strategic drivers for this investment with the associated national, regional and local strategy, plan or policy listed below:

UK Policy Agenda Economic	Scottish Government Policy Economic Regeneration Inclusive Growth Place	Ayrshire Regional Policy Economic Regeneration Inclusive Growth Locality Planning & Place
Economic Development Strategy (DFiD 2018)	Scotland's Economic Strategy	Ayrshire Regional Economic Strategy (RES)
	Achieving a Sustainable Future: Regeneration Strategy	NAC Council Plan
	Place Principle	Community Wealth Building (CWB)
	Scottish Planning Policy	NAC Social Enterprise Strategy
	Outlook 2030 (Nat. Tourism Strategy)	NAC Local Development Plan
	Creating Places	NAC Community Planning (SOA)
	Place Standard 2	NAC ED&R Strategy
	Building Stronger Communities	NAC Place Directorate Plan
	Skills Development (RSIP)	NAC Inclusive Growth Diagnostic
	Place Standard 2	LOIP: Irvine Locality Plan
	Designing Streets	Harbourside Community Plan
	Marine Tourism Strategy (ATG)	NAC Making Waves Action Plan
	Cycling Action Plan for Scotland	NAC The Coig Initiative
	National Walking Strategy	NAC Local Transport Strategy
	Awakening the Giant: Marine Strategy + Giant Strides (Update MTS 2020)	North Ayrshire Naturally Active
	SE Business Plan 2019 – 2022 'Building Scotland's Future Today	NAC Local Housing Strategy
	SIMD 2020, SIMD 2016 referenced	NAC Inclusive Growth Diagnostic

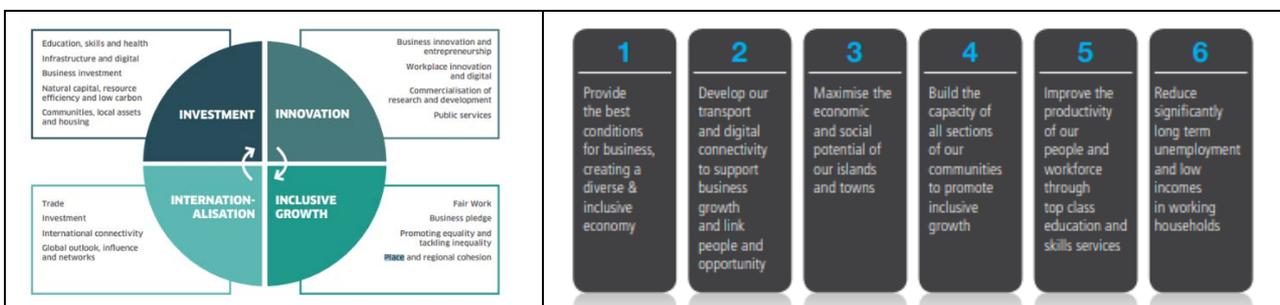
Setting Investment Objectives

The Investment Objectives for this project are set out below:

No.	Objectives
1	<i>To unlock the economic potential within the Clyde Coast creating a regional destination at Irvine Harbourside that supports inclusive economic growth through an approach that focuses on Community Wealth Building.</i>
2	<i>To secure area wide regeneration based on the developing the special qualities of place alongside community participation within a place-based regeneration framework, building on the legacy of the Irvine Development Corporation and advancing NAC objectives on regeneration and a strategic Vision for Irvine.</i>
3	<i>To address place infrastructure deficiencies that constrain investment developing the enabling infrastructure to address market failure created by commercial values that restrict private sector investment. Showcasing the potential through a high quality approach to destination development.</i>
4	<i>To lock in at a local level, the benefits of economic development to ensure NAC communities are actively engaged and supported through enterprise support, skills development, training, community enterprise supporting inclusive growth & community wealth building.</i>
5	<i>To enhance an existing Ayrshire coastal location celebrating a nationally significant approach to place quality and building a destination developed around a Maritime Quarter / Maritime Mile / National Maritime Museum creating a new profile, footfall and spend to the town and supporting wider Marine Tourism objectives.</i>

Regeneration Need & Opportunities for Community Wealth Building

It is widely acknowledged that the Ayrshire economy has under-performed over the last few decades. Low levels of economic growth have seen the region diverge significantly from Scotland and the UK. Over the last 20 years, the number in employment has fallen by 10% and the economy has struggled to make the transition to a more knowledge and services-based economy.



Ensuring all parts of Scotland benefit from sustainable economic growth and contribute to it is essential to Scotland’s prosperity and cohesion. Place making and place quality alongside inclusive growth are recognised as a key component of economic strategy and reflect key issues of equality and our socio-economic duty. Regeneration and projects supporting community wealth building are increasingly utilising holistic place-based approaches based on the Place Principle.

Securing area regeneration and inclusive growth are key issues for North Ayrshire. North Ayrshire faces a range of challenges including: – High unemployment 12,530 people are claiming “out-of-work” benefits; Lack of jobs employment rate of 64.1%; Deprivation a quarter of our area is in Scotland’s 15% most disadvantaged. The Strategy for North Ayrshire 2016 – 2025 identifies the challenge of: Low skills 12% of our population have no qualifications; and, population decline 3.6% projected population decline to 2026. SIMD Data is available on the SIMD <https://simd.scot/2016/#/simd2016/BTTTTT/9/-4.0000/55.9000/>. The economic and regeneration goals set out in the Council’s regeneration strategy are outlined below:

North Ayrshire with Scottish Government are advancing a major programme around Community Wealth Building further developing the Inclusive Growth Diagnostic toolkit. The objective is to identify key factors that prevent many in our communities from benefitting from economic growth and allow this to set priorities for investment. Community Wealth and the IGD will help to inform spending priorities and inform new approaches to regeneration planning and skills development within local communities.

The AGD Programme Management Office is currently working with AGD Project Leads to develop a consistent programme approach to ensure that inclusive growth, equalities and community wealth building outcomes are embedded in each AGD business case. This approach will ensure explicit commitment to how the project will achieve inclusive growth and reduce inequality.

North Ayrshire has significant opportunity to develop its marine environment, coast, beach and related leisure and tourism opportunities. Visitscotland (2016) record a steady increase in domestic tourism volume and value for coastal locations in Scotland. Domestic trips to coastal locations have increased by 6%, while expenditure has increased 9%. North Ayrshire also have opportunity in community arts led area regeneration. Irvine has a strong local arts / creative arts base. WASP studios / Harbourside Arts Centre / Harbourside Festival of light / NMM Arts (SMMART) and numerous smaller groups. Irvine Community Arts (ICA) would focus on international visiting exhibitions / collections / modern arts / maritime & public arts and artistic output from artists in residence.

Economic Case

The OBC develops earlier SBC and Draft OBC documents. The scope and long-list / short-list options have been developed with a stronger spatial and regeneration focus based on Harbourside, community and neighbourhood growth and inclusive, Community Wealth Building and partnership working. The recommended proposals build on place and locality to create and define the destination. The short-listed options are tabulated below:

Assessment of Options

Options 1 Do Nothing	Options 2 Core Site Physical Enhancement Harbourside	Options 3 (Recommended) Promoting a Regeneration Partnership for Harbourside	Options 4 Extended Regeneration Partnership: Harbourside- Ardeer
Existing <ul style="list-style-type: none"> Limited local investments associated with property and local commercial activity Negates partnership arrangement with NPL. 	Place Enhancement <ul style="list-style-type: none"> Maritime Mile – Place Quality Support for Enterprise Investment Platforms Animation / Events Community Outcomes 	Destination Development <ul style="list-style-type: none"> Maritime Mile – Place Quality Waterfront Village NMMS & Arts Cultural Offer Investment Platforms Housing (Private/Social) Community Regen / CWB & Outcomes Marine Hub for Clyde & Connections to Coig 	Ardeer Unlocking Regional Growth <ul style="list-style-type: none"> Ardeer Access Big Idea – Resort Village Maritime Mile Resort Village Investment Platforms Housing Community Outcomes
Investment Level: AGD-NAC £0 Partnership Funding £0 Leverage £0	Investment Level: AGD-NAC £10+million Partnership Funding £0 Leverage £16-18million	Investment Level: AGD-NAC £14million Other Funding £2million Leverage £85-100million	Investment Level: AGD-NAC £14+million Other Funding £10million Leverage £100-140million
Delivery Timescale: AGD Funded Elements Leverage Elements	Delivery Timescale: 2022-2023 2023-2030	Delivery Timescale: 2022-2025 2020-2035	Delivery Timescale: 2022-2028 2020-2040

Detailed discussions have been advanced with NPL, as a commercial investment partner, together with local business interests and investors. These parties have contributed to the Proof-of-Concept reporting and advised on investment levels. Based on the Proof-of-Concept work, the scale of potential leverage in terms of additional development (enabled through AGD investment) is indicated in the table above. This broadly comprises: Resort Village (£20m); Hotel (£2m); Social Housing (£13m); Open Market / Infill Housing (£26m); Commercial (£2m); NMMS Community Arts (£12m); Big Idea (£6m). Investment across leverage projects could be anticipated 2020-2040. Discussions are ongoing with public and private sector investor interests to further develop projects and co-ordinate masterplanning. NAC maintain a Partner Tracker around investment proposals and their status.

Assessment of Benefits / Beneficiary's

Objective	Benefits for Public Sector	Benefits for Communities	Benefits for Private Sector
1. Economic Growth	<ul style="list-style-type: none"> Inward investment Enterprise activity Community wealth 	<ul style="list-style-type: none"> Employment opp. Skills development Community wealth 	<ul style="list-style-type: none"> Partnership investment Tourism sector growth SME enterprise Visitation/Footfall/Spend
2. Area Regeneration	<ul style="list-style-type: none"> Economic sustainability Health & wellbeing Inclusion / Community capacity 	<ul style="list-style-type: none"> Regional regeneration Destination tourism development Economic equity Community Wealth 	<ul style="list-style-type: none"> Platforms for investment Skilled labour force Investment confidence Visitation/Footfall/Spend
3. Place Infrastructure	<ul style="list-style-type: none"> Upgraded public realm Enhanced Neighbourhoods Sustainable Places 	<ul style="list-style-type: none"> Quality of place Stronger / safer neighbourhoods Sustainability 	<ul style="list-style-type: none"> Quality of place Civic infrastructure Platforms for investment Investment sites
4. Community Growth	<ul style="list-style-type: none"> Supports LOIP outcomes Engaged / inclusive community Stronger neighbourhoods Area regeneration 	<ul style="list-style-type: none"> Community wealth & empowerment Participation Inclusive Place Jobs / Skills / Learning 	<ul style="list-style-type: none"> Demand for goods and services Growing population Safe neighbourhoods Market confidence
5. Create a Destination	<ul style="list-style-type: none"> Clyde / Ayrshire Tourism Marine Tourism Active Leisure 	<ul style="list-style-type: none"> Place quality Civic pride Animation & events 	<ul style="list-style-type: none"> Tourism / coast development Promoting Ayrshire / Clyde Destination value

North Ayrshire Council are working with the Scottish Government to explore community wealth building as an approach to deliver inclusive growth across the region. This involves working with partnerships of public and private sector anchor institutions, focussing on their role in the local and regional economies as employers, purchasers, asset owners and enablers of wider economic activity. The development of AGD projects will actively promote wealth building across Ayrshire to maximise the benefits of economic activity for local communities by:

- considering how procurement activity can be better used to support local economic activity; and
- helping local enterprises to supply goods and services relative to the delivery of projects and keep money within communities.

AGD projects will focus on opportunities to use procurement practice a to help increase local spending and support Community Wealth Building and Inclusive Growth across North Ayrshire linked to the Ayrshire Growth Deal funding supporting small and medium enterprises in the across the Ayrshire region.

Overall Assessment

The assessment of options has been supported through internal / external presentations and consultations and Proof of Concept studies (Moffat Centre). The evaluation of project proposals has included presentations to Great Harbour Board; Scottish Government /Scottish Enterprise (Tourism) /Visitscotland; and consultation with private/community/3rd sector partners and stakeholders through the NAC Tourism Industry work. Project board members together with the project team and key stakeholders over a series of facilitated workshops evaluated and scored the primary options. The summary result is tabulated below:

Evaluation Results (scored 1-5 with 5 best)	Options 1 Do Nothing	Options 2 Core Site Physical Enhancement Harbourside	Options 3 Promoting a Regeneration Partnership for Harbourside	Options 4 Extended Regeneration Partnership: Harbourside-Ardeer
Economic appraisals	2	1	4	4
Impacts/ Benefits	2	2	4	4
Risk appraisal	4	2	2	1
Overall ranking	3	4	1	2
Project Proposal			Recommended	

The assessment concludes that the Regeneration Partnership approach based on a strong place-based regeneration framework will deliver the strongest outcomes (economic/social/environmental). Local engagement and LOIP coordination demonstrate significant opportunities for regeneration through community and 3rd sector participation, building additional community capacity / community wealth. The recommended options deliver widest benefits at least risk.

North Ayrshire are developing pioneering approaches to regeneration in partnership with Scottish Government building a major inclusive growth initiative based on Community Wealth Building (CWB). Community Wealth Building and regeneration is coordinated through a cross-directorate partnership. Private sector participation is supported through the NAC/NPL Partnership Agreement with interest in developing open market housing, commercial, resort and commercial leisure developments.



Assessment of Economic Outputs

The net level impacts measure the change that will be generated through the project, taking account of the knock-on effects within the economy – the additionality factors; deadweight, displacement, leakage and multipliers. Net effects are considered at the Ayrshire and Scotland geographic levels.

Moving from Gross to Net Effects

- **deadweight/additionality** - the proportion of total outputs/outcomes that would have been secured anyway in the absence of the public sector intervention;
- **leakage** - the number or proportion of outputs/outcomes that benefit economies outside the target geographies – local, regional, and national;
- **displacement** - the number or proportion of outputs/outcomes that reduce outputs/outcomes elsewhere in within the target geographies. These effects can occur in product markets or in labour markets; and

These 'additionality factors' have been assessed based on the following ready reckoner:

Additionality Factors Ready Reckoner	
None/ Negligible	0%
Low	up to 25%
Moderate	26% - 50%
High	51% - 75%
Very high	76% - 100%

- **multipliers** - supply chain and income effects. These are sourced from Scottish Input/Output Tables. It is assumed that Ayrshire level multipliers are 50% of the Scottish level multipliers.

Net Marine Construction Impacts

Table 8 below summarises the one-off net discounted marine construction impacts that could be generated by the project. Results are presented at the Ayrshire and Scotland levels.

Table 8: Net Discounted Marine Construction Impacts

Region	PYEs	FTEs ¹	Gross Discounted GVA
Ayrshire	50	50	£7m
Scotland	100	100	£14m

Net Visitor Impacts

Table 9 below presents the anticipated net FTEs generated by tourism activity. FTEs are presented at average annual, peak annual and 25-year cumulative measures.

Table 9: Visitor Impacts – Net FTEs

Region	Average Annual	Peak Annual	25-year Cumulative
Ayrshire	140	180	3650
Scotland	110	145	2910

¹ PYEs are converted to FTEs based on Ayrshire construction sector (SIC07 section F) employment patterns sourced from NOMIS. It is assumed that 2 part-time employees equate to 1 FTE and that sole traders/proprietors equate to 1 FTE.

Table 10 below summarises the net discounted GVA impacts that could be generated by the project through increased activity in the marine tourism sector. Results are presented at the 15-year and 25-year time horizons and at the Ayrshire and Scotland levels.

Table 10: Visitor Impacts – Net Discounted GVA

Region	2035	2045
Ayrshire	£34m	£57m
Scotland	£29m	£48m

¹ PYEs are converted to FTEs based on Ayrshire construction sector (SIC07 section F) employment patterns sourced from NOMIS. It is assumed that 2 part-time employees equate to 1 FTE and that sole traders/proprietors equate to 1 FTE.

Net Housing Impacts

Table 11 presents the anticipated net FTEs generated by expenditure from new housing units (retail sector employment). FTEs are presented at average annual, peak annual and 25-year cumulative measures.

Table 11: Housing Impacts – Net FTEs

Region	Average Annual	Peak Annual	25-year Cumulative
Ayrshire	4	6	100
Scotland	2	3	40

Note: Average annual and peak FTEs round to the nearest whole.

Table 12 presents the anticipated net GVA generated by expenditure from new housing units (retail sector GVA). GVA is presented as the cumulative total measured at a 15-year and a 25-year time horizon.

Table 12: Housing Impacts – Net Discounted GVA

Region	2035	2045
Ayrshire	£1m	£2m
Scotland	£0.5m	£1m

Note: Figures rounded to the nearest £0.5m.

Net Ongoing Impacts

Tables 13 and 14 summarise the net ongoing FTEs (sum of visitor and housing generated FTEs) and net ongoing GVA (sum of visitor and housing generated GVA), respectively.

Table 13: Net Ongoing FTEs

Region	Average Annual	Peak Annual	25-year Cumulative
Ayrshire	145	190	3750
Scotland	115	150	2950

Table 14: Net Discounted Ongoing GVA (Cumulative, at 15 and 25 years)

Region	2035	2045
Ayrshire	£35m	£60m
Scotland	£29m	£49m

Commercial Case

Procurement strategy

The procurement strategy will follow the Council's Standing Orders in respect of procurement and/or those of the AGD Regional Model. NAC has commissioned design and technical work associated with design development and will appoint specialists under its Services Framework to secure the necessary professional support. The commissioned services post SBC / Draft OBC include:

- Site investigation, technical engineering; consultation & stakeholder engagement
- Environmental planning & planning/consenting services; engagement
- Place focussed external civic, public realm design and landscape architectural services;
- Marine development / Marine Engineering / Structural Engineering
- Project Coordination / Engagement & Project Management services
- Procurement strategies designed to ensure local benefit through a Community Wealth Building approach.

Potential for risk transfer

The general principle is to ensure that risks should be passed to the "party best able to manage them", subject to value for money (VFM). The potential allocation of risks are tabulated within the main report. All design services include collateral warranties and are covered by professional indemnity insurances.

Financial Case

Financial expenditure

Summary of financial appraisal.

Year	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
£ millions	£	£	£	£	£	£	£	£	£

Capital	0.25m	1.0m	3.0m	4.25m	4.0m	1.5m	1.0m	1.0m	£16.0m
Revenue									
Total	0.25m	1.0m	3.0m	4.25m	4.0m	1.5m	1.0m	1.0m	£16.0m

AGD Scottish Govt.	0.0m	0.805m	1.930m	2.090m	2.250m	0.960m	0.640m	0.325m	£9.0m
AGD NAC	0.250m	0.195m	1.070m	1.160m	1.250m	0.540m	0.360m	0.175m	£5.0m
Partners (SLCF advised -yet to be confirmed funding)				1.0m	0.5m			0.5m	£2.0m
Total	0.25m	1.0m	3.0m	4.25m	4.0m	1.5m	1.0m	1.0m	£16.0m

Overall affordability and balance sheet treatment

The proposed investment in the project is £16.0 million invested in phases. The major phase is in 2022/2024 involving the delivery of the Maritime Mile. Drawdown of AGD funds for both S Govt /NAC is highest 2022/2023. All AGD investment (AGD/NAC) is completed by end 2027. Funding contributions advised through NPL but not formally concluded include funds contributing to environmental works associated with Scottish Landfill Communities Fund (SLCF).

Management Case

Project management arrangements

Overall responsibility for the delivery of the project will rest with NAC Director of Growth & Investment (Karen Yeomans) reporting to the Chief Executive. All personnel will be experienced and professionally qualified in their respective roles.

The project will be managed in accordance with NAC project management procedures. Robust procedures will be in place to ensure the effective management and delivery of the project. The Senior Responsible Officer & dedicated Project Manager within NAC is currently George Hunter. A dedicated project manager will be appointed to lead the project following conclusion of business cases. The Project Board is led by the Director of Growth & Investment supported by Heads of Service within Place Directorate; Communities Directorate; and Finance & Corporate. A full multi-disciplinary and experienced Design Team will be procured and appointed to advance the project to completion.

Benefits realisation and risk management

The project performance data including deliverables, outputs and outcomes will be recorded and monitored through the Council's and wider regional Capital Programme management system. Benefits will also be logged within the Community Benefits commitments within contracts. The Monthly Project Board meetings will oversee performance and monitoring including reporting to the Executive Leadership Team (ELT) and the Ayrshire Economic Partnership.

Performance reporting will be provided in accordance with established governance arrangements. The PMO will provide reports to the CEOs/Directors Group, the REP and the Economic Joint Committee. These will provide updates on a monthly, quarterly and annual basis to the UK and Scottish Governments.

Risk Management

A risk assessment and risk management system has been adopted. Risk management ensures risks will be managed by the assigned project owner in close consultation with the appointed Great Harbour Project Manager. The PM will maintain a risk register for all elements of the project. The Risk Register is a live/working tool with risk owners identified and will be updated every 4 months. The SRO will be responsible for ensuring that risk assessment, risk actions and management are integrated with the project management and contract delivery of the project. This aligns with regional reporting through the Regional Economic Partnership and is consistent across Ayrshire Growth Deal projects to manage risk at programme level.

Post the original OBC Submission (Nov 2019) the global pandemic Covid-19 has created unprecedented socio-economic and health impacts on the UK. A Covid 19 lockdown was instigated by the Scottish government in March 2020 with phased relaxations in June/July/August with continuing disruption and changes to 'normal' activity throughout 2020/2021 and potentially 2022 anticipated. The potential impacts on AGD project management and risks are very uncertain at this time. Programme and project timescales, costs, project benefits and risks may all be impacted. NAC will keep under review and report as soon as the scale and scope of Covid-19 risks are clearer (see also NAC Partner/Investment Tracker).

Project evaluation & monitoring arrangements

Arrangements for Evaluation & Monitoring (E&M) including a Post Implementation Review (PIR) and Project Evaluation Review (PER) have been established in accordance with NAC internal reporting and best practice. Detailed agreement and a protocol for E&M will be agreed within the Project Plan. As above, the Ayrshire Economic Partnership will monitor the reporting of performance.

Recommendation

The Business Case at Outline Business Case stage recommends investment of £16.0million in Great Harbour (£14m AGD funding plus £2m support funding SLCF-NPL not yet formally committed) advancing a partnership project that includes coordinated place and community-based programmes to deliver area regeneration, supporting community wealth building and enabling enterprise activity and delivering inclusive growth. This will create a new waterfront destination on the Ayrshire coast that will drive secondary private sector investment in a successful Great Harbour.

Signed:

Date: 26th February 2021

George Hunter on behalf of Investment and Growth Directorate NAC

Senior Responsible Project Owner

1.0 INTRODUCTION

1.1 Ayrshire Growth Deal

1.1.1 This document sets out the Outline Business Case for Great Harbour under the terms of the Ayrshire Growth Deal. The project involves the development of the Harbourside in Irvine. The project is a partnership project with development, 3rd sector and community organisations.

1.1.2 The Outline Business Case is to approve the investment of £16.00m of funding (AGD Growth Deal £9.0m / NAC £5.0m / 3rd Sector £2.0m) to support economic regeneration of Harbourside within a framework defined by the place principle. Earlier SBC/OBC and Template submissions pre-Heads of Terms have involved significantly larger scale investments that have been discounted to an absolute focus on deliverability and value for money. The focus of investment is delivering enabling place infrastructure capable of supporting regeneration and tourism objectives and delivering a range of place development projects.

Investment Costs	Outline Business Case Stage (SBC/OBC) 2016-2017	Outline Business Case Stage (OBC Feb 2021)
AGD Scottish Government Funding	£36-48 million	£9.0 million
AGD North Ayrshire Council Funding	£0 million	£5.000 million
Partner Funding / SLCF 3rd Sector (confirmation yet to be finalised)	£TBC million	£2.0m
TOTAL	£36-48 million	£16.00 million

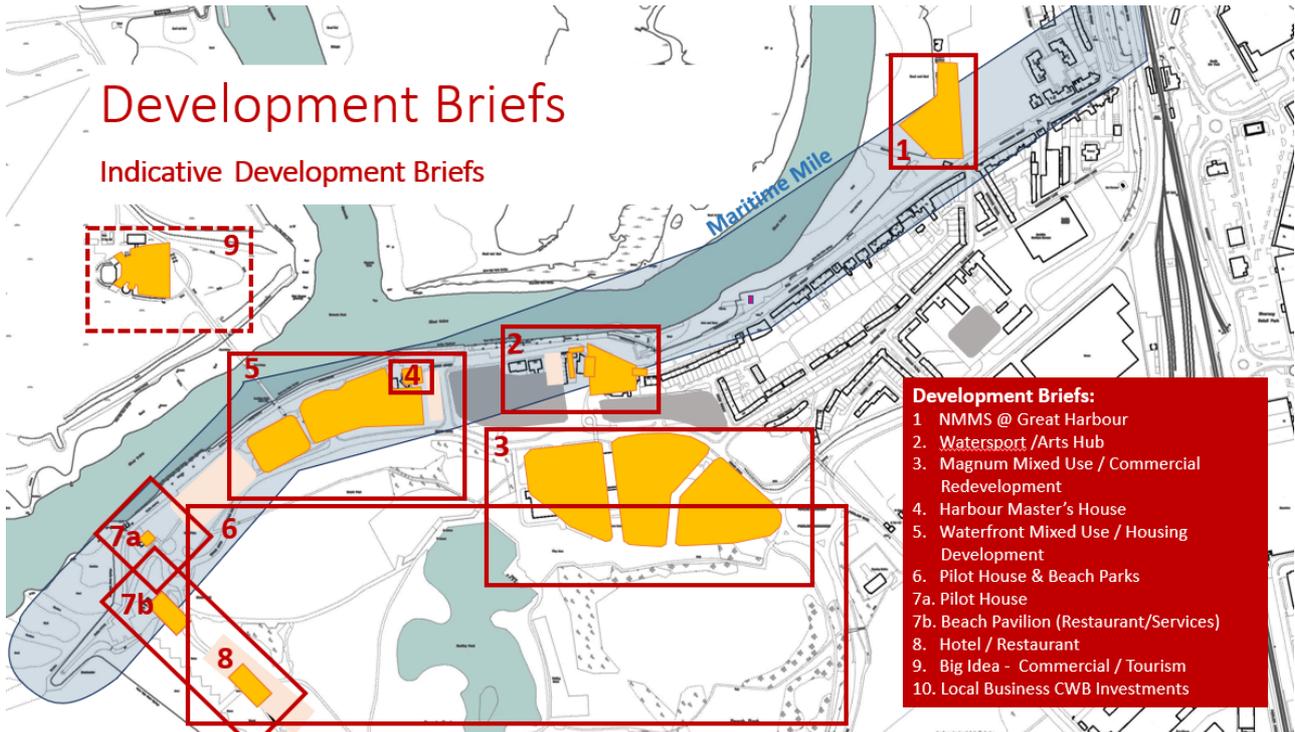
1.2 Business Case

1.2.1 This document represents the Outline Business Case (OBC) for the project. The Ayrshire Growth Deal Framework defines the purpose of the OBC as part of staged approval process in which the project detail, level of analysis and its readiness for delivery and implementation are sufficiently advanced to allow a full and independent project appraisal.

1.2.2 The Business Case has been compiled to meet the requirements of the Ayrshire Growth Deal Framework. This document has been structured to ensure transparency of the processes applied and an auditable account of the proposals. This document has been split into the following sections which track requirements as set out within the AGD Framework and Green Book Guidance:

- **Strategic Case** - To document why the project is required, what the project is, how it fits in with the AGD Programme and the wider local and national policy context and how it is intended to be implemented.
- **Economic Case** - Options Appraisal & Preferred Option - To demonstrate how the preferred solution has been chosen and that all potential options were identified and compared, resulting in a preferred option that achieves all objectives and delivers best value for money and setting out the economic case and impact of the project.
- **Commercial Case** - To document the involvement of other parties and identify any challenges or risks this may present.
- **Financial Case** - To identify the forecast capital and revenue expenditure and income over the period of the project.
- **Management Case** - To identify the team that will deliver the project, the proposed procurement process and the project schedule and includes a sustainability assessment

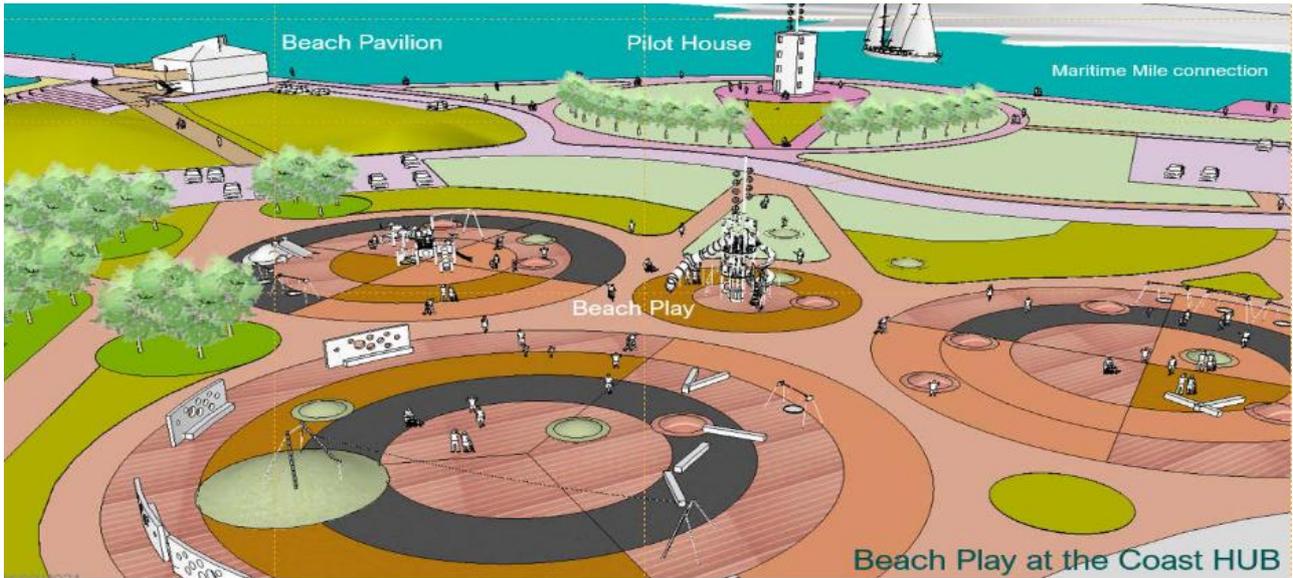
1.2.3 The document has sought to retain a simple legibility. Text seeks to be clear and succinct and tabulated where possible. Extended material and supporting evidence are provided in Appendices.



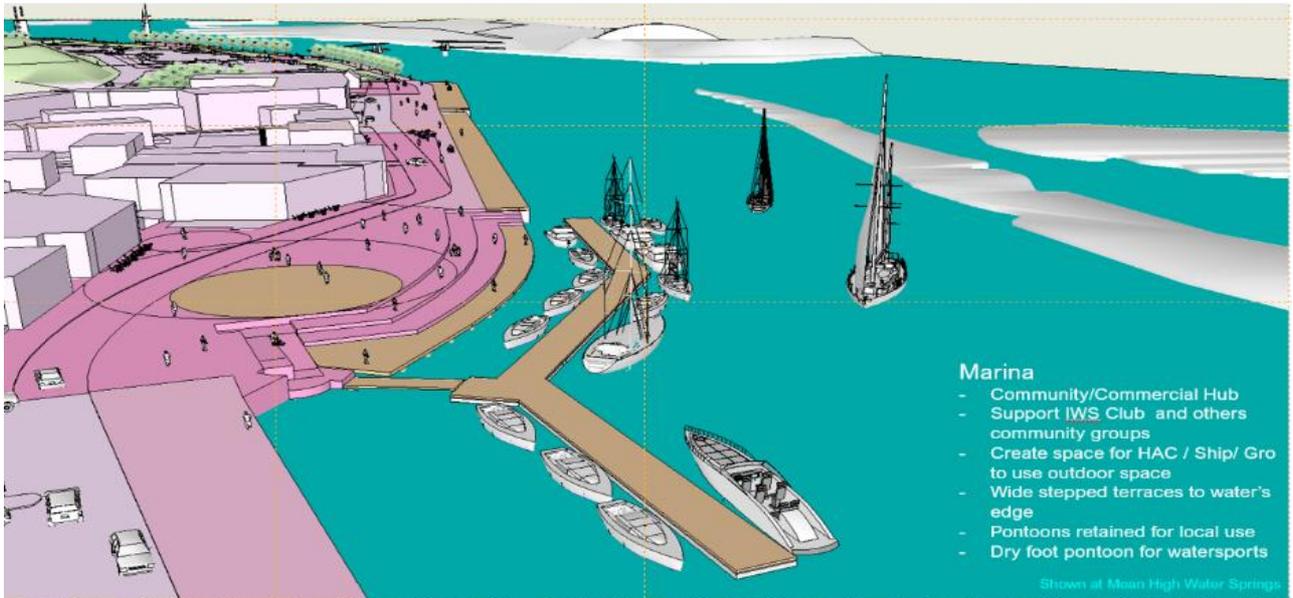
Draft Spatial Plan Supporting Business Case & Defining Development Briefs (2021) -10 Project Elements



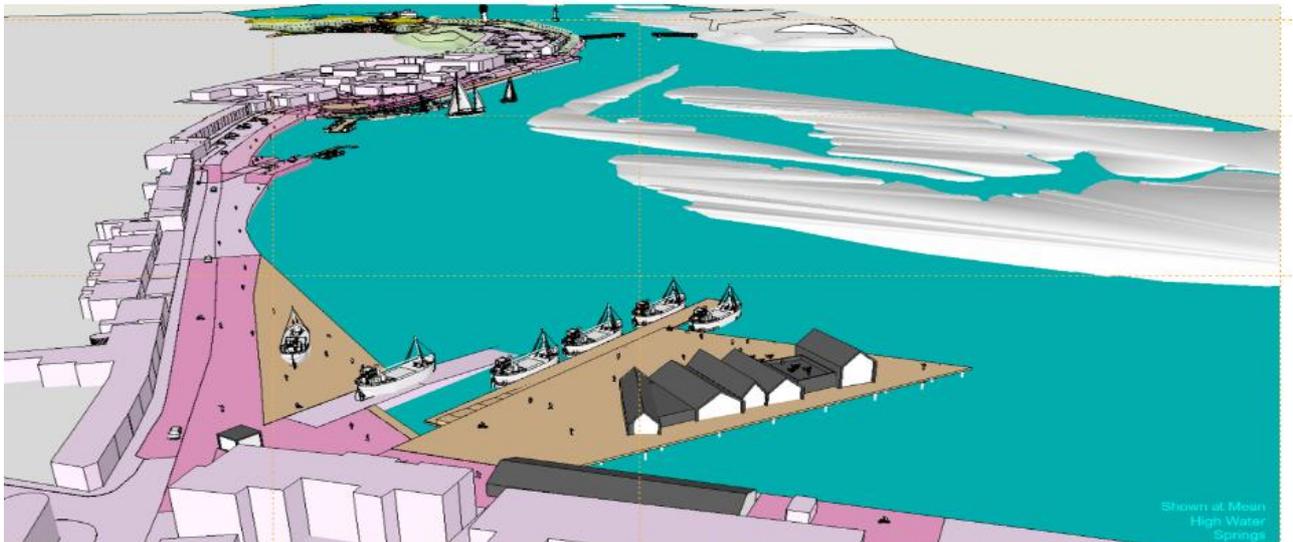
Draft Concept Masterplan for Maritime Mile Supporting Business Case (2021)



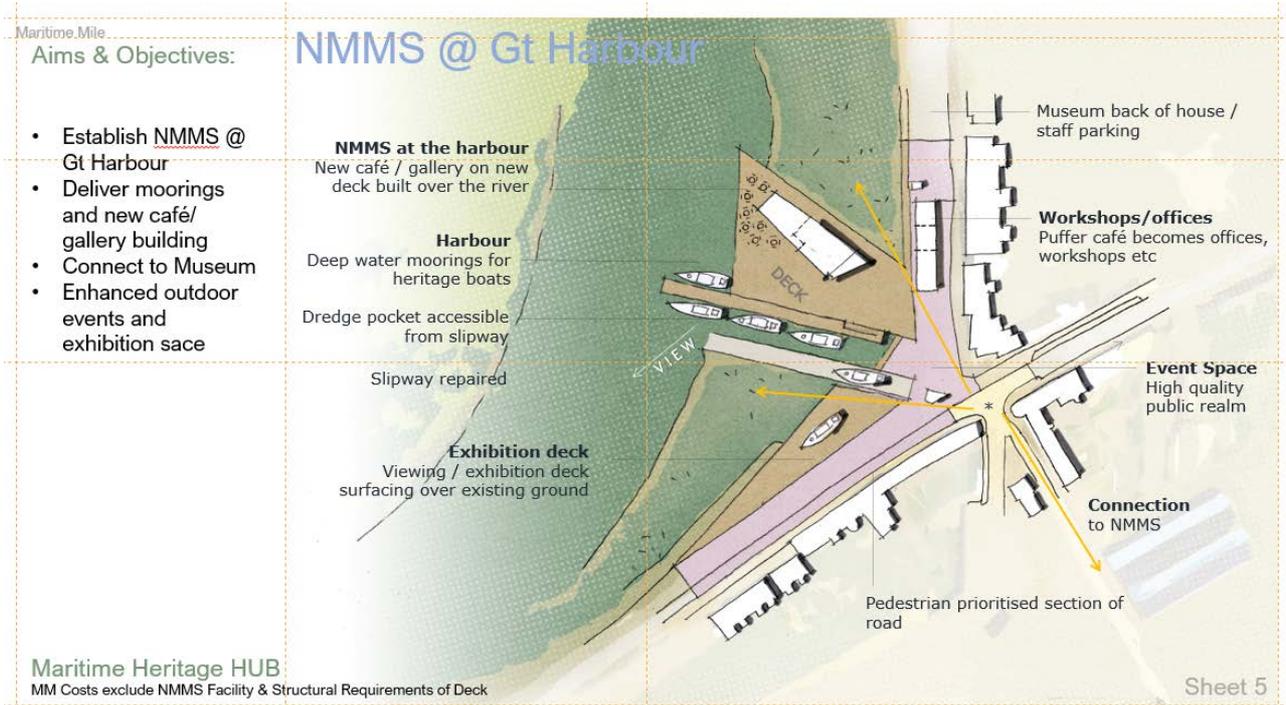
Conceptual Visualisation of proposed Maritime Mile (2021)



Conceptual Visualisation of proposed Maritime Mile (2021)



Conceptual Visualisation / Options of proposed Maritime Mile (2021)



Conceptual Visualisation / Options of proposed Great Harbour(2021)



Conceptual Visualisation / Options of proposed Great Harbour (2021)

2.0 STRATEGIC CASE

2.1 Introduction

2.1.1 The AGD Heads of Terms were agreed with Scottish and UK Governments in March 2019. The Outline OBC Case (2017) set out a project ambition that has since been refined and developed in consultation with partners and stakeholders creating a more targeted suite of projects within a more defined geography and with outcomes focussed on place-based regeneration.

2.1.2 The Great Harbour Project investments have been developed through the varied stakeholder groups and with investment targeted at:

- Comprehensive re-development of Harbourside Waterfront
- Development of a Maritime Mile incorporating a Community Marina
- Development of new homes and supporting leisure/retail / play and associated public realms
- Small enterprise/workshop space (bldg. conversion /new build) for artists/crafts/tourism
- Upgrading of Active Travel Routes, Coastal Path / Beach Park facilities - play / Inventors Bridge
- Enterprising Communities Programme

2.1.3 A key part of the work in development of the project has been working with partners and local stakeholders. This has included engagement across a range of groups and included:

- AGD / PMO Team
- NAC Growth & Investment & Place Directorates
- NAC Economic Development & Regeneration Team – part of Place Directorate
- NAC Physical Environment Team – part of Place Directorate
- NAC Commercial Team - part of Place Directorate
- NPL Developments: Business & Strategic Site Development Team
- Key Advisors/Stakeholders (S. Govt / Visitscotland /Scottish Enterprise)
- Key Market Sector Stakeholder / Business Leader Engagement / Hoteliers /Development Partners
- National Maritime Museum (NMMS) on Marine / Heritage and Arts led Regeneration
- Harbourside Wide Stakeholder Workshops
- Community Planning Partners incl: Ayrshire College / NHS / SDS / SPT / PoliceScotland /
- Statutory Consultees incl: SNH / SEPA / HSE / HES - Other incl. Crown Estate / MS-LOT / RNLI
- Regeneration Partner Consultees incl: Scottish Enterprise / Sustrans / NPL /
- Community Partners incl: COAST/ Sailing Club / Fullarton CA / Community Groups /Coastwatch
- Ayrshire Community Trust / TACT
- Utility & Statutory Authority Technical Updates

Further engagement with stakeholder groups is planned. This will include local community interests in Irvine harbourside and Ardeer and special interest and user groups who have expressed an interest in the proposals.

2.2 Strategic Need

2.2.1 The Great Harbour represents a long-standing goal of policy that in original form dates back to the economic and development strategy and masterplan for Irvine New Town. Harbourside has long been recognised as Irvine's best 'place' asset. Promoted for Phase 3-4 of the New Town the ambitions for a quality waterfront celebrating the towns coastal location were never realised. Irvine Vision (NAC 2016) identified the importance and value of regenerating Irvine Harbourside as a priority project for Irvine.

2.2.2 Irvine is a town working to re-define its purpose and regional role. Established to address regional housing needs the Scottish new towns pre-dated contemporary environmental and place-based thinking. Adopting a potentially simplistic 'quality housing will support quality communities' approach place quality and viable civic and community infrastructure was often omitted creating dormitory neighbourhoods. Place making

and place quality alongside community well-being are today recognised as a key component of economic strategy. Addressing economic equity through regeneration programmes that can support inclusive growth and promote holistic place-based approaches have demonstrated proven success. Place-making is embodied within the National Planning Framework in its ambition to create high quality, diverse and sustainable places that promote community wellbeing and attract investment.

2.3 Socio-Economic Challenges and Needs

2.3.1 This section provides a summary of the socio-economic baseline and sets the context within which the longer-term impact of the proposed development will be measured. The baseline also delivers a current and prospective overview of the area.

2.4 Economic Baseline for Ayrshire

2.4.1 *Demographic Overview*

In 2018, the total population across Ayrshire was 369,670, with North Ayrshire accounting for 37% of residents. North Ayrshire's population was 135,280, which was 0.4% lower from the previous year. This trend was contrary to the rest of Scotland, where an increase of 0.2% was seen over the same period. The majority of the population across each of the three Ayrshire were those aged 45-64 (30%), whereas those aged 75 and over were the smallest group (10%). There has nonetheless between 1998 and 2018 been an almost 40% increase in the latter in North Ayrshire and, similarly, a 42% increase in those aged 65-74. This trend of an ageing population reflects that of Scotland as a whole.²

2.4.2 The population of North Ayrshire lives across a mix of town and rural communities on the mainland and two island communities, Arran and Cumbrae³. In North Ayrshire 39% of residents live in 20% of the most deprived areas of Scotland, representing the fourth highest incidence of deprivation in Scotland, and a third of children in the area live in poverty, a situation second only to Glasgow. Deprivation is directly linked to a higher prevalence of complex individual problems such as mental ill health, increased drug and alcohol problems, criminality, lower life expectancy, illness in later life and poorer outcomes for children.

2.4.3 *Employment*

In 2018-19 three quarters of the working age population in North Ayrshire were economically active, which was slightly below the rate for Scotland as a whole. Of these 70.4% were in employment, with the vast majority being employees, while 5.8% were unemployed. The employment rate for North Ayrshire was below that of Scotland and correspondingly the unemployment rate was above.⁴

2.4.4 In 2017 North Ayrshire had a total of 48,000 workforce jobs and a job density of 0.58, which was well below Scotland's density of 0.81⁵. 40,000 of these were employee jobs with 65% being full-time and 35% part-time. The gross weekly pay for a full-time worker in North Ayrshire was £563.6 in 2018, which was slightly above the Scottish average⁶. The largest proportion of jobs in North Ayrshire was in Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (17.5%); however, 15% were employed in Human Health & Social Work Activities with a further 11.2% in Manufacturing. In 2016, the marine tourism sector in Scotland employed 27,900 people. The marine sector in North Ayrshire employed 1,800 people in 2016, which accounted for 2% of all employment in the sector. Furthermore, 7,300 people were employed in marine tourism in the Clyde area, which has remained relatively stable since 2014.[1]

2.4.5 *Business Base*

Reflecting the broader national economy, Ayrshire relies on micro and small businesses. Nine out of ten businesses in North Ayrshire employ fewer than 10 people. North Ayrshire has a smaller service sector than Scotland as a whole but has relative strength in manufacturing and construction. Two growth sectors form a strong basis of the North Ayrshire economy: tourism and food and drink, with the latter also strong in South Ayrshire and relatively strong in East Ayrshire.

² National Records of Scotland Population Estimates (2018)

³ North Ayrshire Council CSWO Report (2016-17)

⁴ Office for National Statistics – Labour Supply (2018-19)

⁵ Office for National Statistics – Labour Demand (2017)

⁶ Office for National Statistics – Labour Supply (2018)

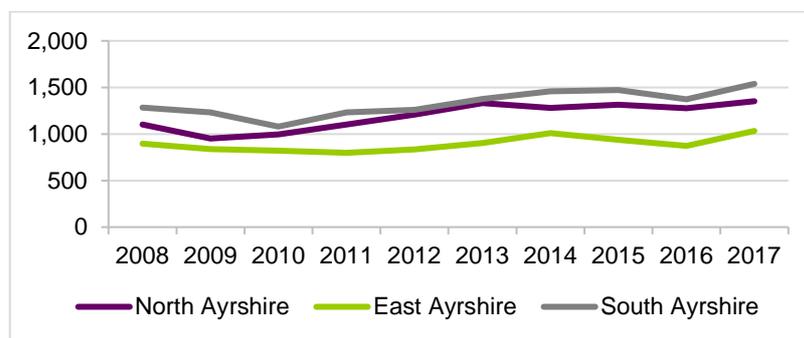
[1] Scotland's Marine Economic Statistics – Marine Scotland (October 2018)

2.4.6 North Ayrshire had in 2018 a total of 3,270 registered enterprises. The vast majority (2,900 or 88.7%) of these were micro businesses employing up to 10 and followed by 310 small businesses employing 10 to 49 accounting for 9.5%. Medium and large enterprises, which employ 50 or more, represented together less than 2% of the total business base. This split is very similar to Scotland as a whole where 87.9% of registered enterprises are micro.⁷

2.4.7 In North Ayrshire, the majority of businesses (16%) were found in Professional, scientific & technical industries, followed by Construction (15%) and, thereafter, Accommodation & food services (10%). A similar picture was seen when looking at micro businesses, however, for large enterprises all were concentrated in Manufacturing.

2.4.8 *GVA/productivity*

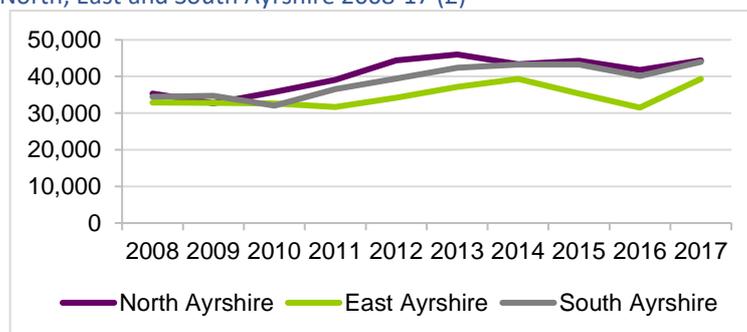
GVA in Ayrshire in 2018 was £6.6bn, 5% of total national output (£134.7bn)⁸. North Ayrshire’s GVA was £1,351.7m. Figure 3.1 compares the GVA of all the Ayrshire local authority areas and indicates that North Ayrshire had the second highest GVA at all points between 2008 and 2017, but the fastest growth rate.



Source: Scottish Annual Business Statistics

2.4.9 North Ayrshire had the highest GVA per head of the three Ayrshire sub-council areas; a trend similar over most of the period 2008-17. However, all rates were lower than the Scottish average of £49,693 in 2017⁹. In 2017 North Ayrshire had a GVA per head of £44,386, which was an increase of 25.5% from 2008.

GVA per head North, East and South Ayrshire 2008-17 (£)



Source: Scottish Annual Business Statistics

2.4.10 *Tourism and Marine Tourism*

Across Ayrshire as a whole, the tourism sector had the second highest levels of employment, accounting for 14,800 jobs in 2018. In 2017, North Ayrshire employed 4,100 in the sustainable tourism industry. Sustainable tourism employment in all Ayrshire local authority areas have increased since 2008.

2.4.11 In 2018 there were 370 registered enterprises in sustainable tourism in North Ayrshire, accounting for 28% of all businesses in the region. Of these, 85% were either micro or small, while medium and large businesses together accounted for 8%. This split has remained relatively unchanged since 2008.

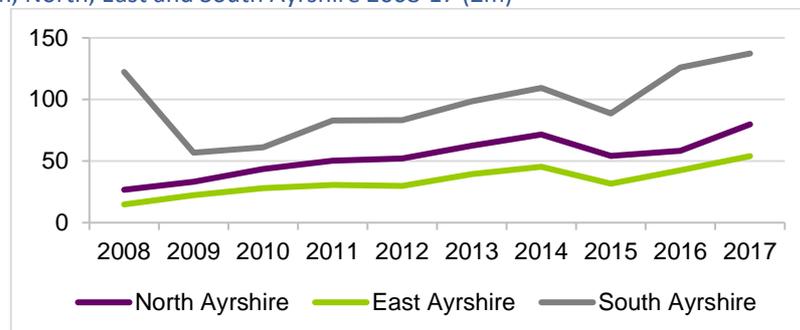
⁷ Office for National Statistics – UK Business Counts (2018)

⁸ Regional Skills Assessment Ayrshire – Summary Report (SDS, 2018)

⁹ <https://www2.gov.scot/Topics/Statistics/Browse/Business/SABS/ScotSection>

2.4.12 The sustainable tourism industry in North Ayrshire generated in 2017 £79.8m GVA, which was an increase of 199% since 2008 (Figure 4). Of the three Ayrshire local authority areas, South Ayrshire had a considerably higher GVA of £137.3m in 2017. This has been the same over the period 2008-17, despite a large decrease in 2008.¹⁰

GVA Tourism, North, East and South Ayrshire 2008-17 (£m)



Source: Scottish Annual Business Statistics

2.4.13 In 2016, the marine tourism sector in Scotland employed 27,900 people. Figure 3.6 illustrates the decrease (of 6%) from 2015, but an overall 15% increase in the longer run since 2008¹¹. By comparison, the marine sector in North Ayrshire employed 1,800 people in 2016, which accounted for 2% of all employment in the sector. Furthermore, 7,300 people were employed in marine tourism in the Clyde area, which has remained relatively stable since 2014¹².

2.4.14 /In 2016, Scottish marine tourism overall generated £554m GVA, accounting for 0.4% of Scotland's economy as a whole and 1.4% of the marine economy. This has increased by 22% since 2008 as illustrated in Figure 3.7. Furthermore, the Clyde region generated £128m GVA in 2016, corresponding to 23% of the total and ranking second highest out of 11 regions¹³. GVA per head for the Scottish marine tourism sector in 2016 was £19,864, which accounted for 38% of the marine economy as a whole¹⁴. GVA per head for marine tourism has been fluctuating since 2008 with numbers peaking in 2014. Nevertheless, there has from 2008 until 2016 been an overall increase in GVA per head of 6%.

2.5 Visitor Trends

2.5.1 In 2016, an average of 78,000 overseas tourist trips were made to Ayrshire & Arran, which accounted for just under 3% of the Scottish total. Of these the majority of tourists came from either the US or Germany and the fewest from Sweden and Spain. Furthermore, an average of 434,000 nights were spent in Ayrshire & Arran, corresponding to an average stay of 5.6 nights. In comparison, 21,229,000 nights were spent in Scotland and the average stay was 7.7 nights.¹⁵ The number of UK visitors to Ayrshire & Arran was substantially higher with an average of 615,000 trips in 2016. 2,173,000 nights were spent resulting in an average stay of 3.5 nights; a lower average than for overseas visitors. Scotland had an average of 11,514,000 trips, 3,876,000 nights and average stay of 3.4 nights.¹⁶ For UK visitors, the vast majority (77%) of trips made to Ayrshire & Arran were holidays. This was also the primary reason for visiting the region for overseas tourists (51%), however, with a relatively high proportion also visiting friends and relatives (33%). In 2016, overseas tourists spent a total of £38 million in Ayrshire & Arran, of which £26 million were spent by American visitors. Total spend in Scotland was in comparison £1,850 million for the same year. Domestic visitor spend in Ayrshire & Arran meanwhile was £169 million, which accounted for just under 6% of domestic visitor spend in Scotland (£2,897 million). In both cases, the majority of this spending came from English visitors.

¹⁰ <https://www2.gov.scot/Topics/Statistics/Browse/Business/SABS/LATables/Tourism-by-LA>

¹¹ Scotland's Marine Economic Statistics – Marine Scotland (October 2018)

¹² Scotland's Marine Economic Statistics – Marine Scotland (October 2018)

¹³ Scotland's Marine Economic Statistics – Marine Scotland (October 2018)

¹⁴ <https://www.gov.scot/publications/scotlands-marine-economic-statistics/pages/14/>

¹⁵ https://www.visitscotland.org/binaries/content/assets/dot-org/pdf/research-papers-2/insights---tourism-in-scotlands-regions-2016_update-may-18.pdf

¹⁶ https://www.visitscotland.org/binaries/content/assets/dot-org/pdf/research-papers-2/insights---tourism-in-scotlands-regions-2016_update-may-18.pdf

2.5.2 In addition to harbours and marine facilities, Ayrshire is home to several significant leisure facilities, including the National Watersports Centre based on the Isle of Cumbrae, and the National Sports Training Centre in Largs. The National Watersports Training Centre¹⁷ is one of a number of Royal Yachting Association approved schools across Scotland. It is used by a variety of people, including schools and corporate clients.

2.6 Moffat Centre Assessment – Visitor Profile

2.6.1 The Moffat Centre has assessed and reviewed proposals and advised and aligned the development of design proposals with visitor needs. The Moffat Centre advise that the understanding of visitation must be cognisant of the generating markets which remain overwhelmingly Scottish and UK domestic (circa 95%).

2.6.2 This location and the developments suggested will build on a foundation of local users, residents and day visitors. The combination of offers is predicated upon cross referral and multiple use by consumers of two or more facilities. The local residential population which incorporates a large number of families and younger residents is combined with a balanced mid-life and later-life market share. This is going to be supplemented by day visitors and central belt residents who can access the location by road and rail access.

2.6.3 *Discretionary Spend and Capturing Visitor Spending*

The discretionary leisure expenditure at a local level whilst challenging and set in a context of a degree of macro-economic uncertainty is preserved around child and play activity. Low level discretionary expenditure tends to grow as residents reduce major international holiday expenditure and focus on domestic activities that catalyse expenditure. Accordingly, hospitality in a family context and the extension into play and activities is relatively low risk.

2.6.4 The location already attracts the family and child demographic, and this provides an immediate expenditure multiplier through carers, parents, grandparents are invariably present. The complimentary range of offers e.g. coast, maritime mile, beach park, National Maritime Museum, Irvine conservation old town and national play centre provide a range of pull factors and expenditure possibilities.

2.6.5 Given the local profile and day visitor catchment the immediate population provides a baseline of fairly resilient, although less affluent than visitors from elsewhere. The forecast growth of day and domestic tourism, (given the likely reduction in international holiday taking); means that new offers and extending appeal has to continue. The planned growth in residential accommodation will reinforce this extending local markets and local discretionary expenditure. This will then be supplemented by day visitation and local visitors drawn to the range of offers and appeal.

2.6.6 *Future Growth & Refreshing Destination Proposition*

As the destination development matures it is expected that increasing numbers of Scots visitors from beyond the central belt and English visitors (particularly from the north of England) are to be expected. The least growth will be evident in the international market although with improved visitor activities and offers appeal will begin to be manifest. (Proof of Concept Study, Moffat Centre 2019)

The development of a hotel with significant hospitality, meeting, conference and leisure facilities can serve to attract a wider catchment in terms of national and international business and leisure visitation. This can alter, and growth is feasible however this is the most challenging market segment for this location.

2.7 Strategic and Policy Context for the Project

2.7.1 *National Policy*

The project is justified through the strategic planning context set out in Scottish Planning Policy and National Planning Framework 3 which:

- Supports area regeneration to address nationally significant and longstanding issues of disadvantage;
- Identifies sustainable development and use of the coast and marine environment to deliver economic and social benefits for island and coastal communities and supporting quality of life and underpin important economic sectors like tourism, outdoor recreation and food and drink.
- Recognises the importance of Outdoor recreation throughout the coastal and marine area

¹⁷ <https://www.nationalcentrecumbrae.org.uk/>

2.7.2 *Ayrshire Regional Economic Partnership*

The Ayrshire Councils have developed a regional approach to build on all the area's assets and key sectors to grow the economy. The Regional Economic Partnership has coordinated the submissions and requirements of the Ayrshire Growth Deal. Great Harbour is a partnership approved AGD project.

The partnership identified and agreed a series of strategic priorities, which reflect our vision and ambition for what we want our economy to be by 2030. Taking a place and asset based approach to the strategy, and building on our strategic priorities, we have identified 6 areas of transformational growth, where the strategy sets out how we can position Ayrshire as sector-leading in Advance Manufacturing, Aerospace/space, Blue Economy, Clean Energy/Decarbonisation, Rural and Islands Economy, and the Visitor Economy, by capitalising on the geographical, environmental and sectoral advantages Ayrshire currently offers.

The Strategy also outlines how we can optimise the building blocks of the Ayrshire economy, so they offer the best platform to delivering our vision. This will focus on business growth accelerator, skills, digital ecosystem, connectivity, and thriving communities.

2.7.3 *North Ayrshire Local Development Plan*

The adopted Local Development Plan (LDP) acts as the land use expression of 'A Better Life' a vision defined within the Single Outcome Agreement. The Council Plan sets out the framework to make North Ayrshire 'the place to be' in order to provide a better life for our residents, businesses and visitors and deliver on our commitments within the SOA. Key relevant strategic policies relate to Population (STRAT1); Regeneration (STRAT3); Tourism (STRAT4) and Environment (STRAT5).

2.7.4 This section of the Business Case explains how the project aligns with the vision, objectives and policies of relevant national, regional and local policy documents and with the AGD.

2.7.5 *Strategic fit with National and Regional Policy*

Scottish Government Strategic Objectives and Outcomes

2.7.6 The Government has five objectives that underpin its core purpose - to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. Objectives include Wealthier & Fairer / Healthier / Safer & Stronger / Smarter / Greener.

2.7.7 In addition to the National Objectives, the Scottish Government has 16 National Outcomes. They define priorities and set a structure for delivery of national objectives. Great Harbour's contribution includes:

- **We have tackled the significant inequalities in Scottish society** – The proposed development will create new and significant additional economic activity for NAC and the city region, contributing to improving access to the labour market for the poorest and most disadvantaged and tackling significant inequalities in the area.
- **We live in well-designed, sustainable places where we are able to access the amenities and services we need** – The proposed development will represent an environmentally, socially and economically sustainable place providing increased levels of employment for people in the area and attracting and retaining the skills/talent required to achieve sustainable economic growth.
- **We value and enjoy our built and natural environment and protect it and enhance it for future generations** – The proposed development will have significant positive land-use impacts on the local community, and on the natural and built environment.
- **We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others**
The proposed development supports LOIP and Community and Locality Planning within an area of significant deprivation

2.7.8 Scotland's Economic Strategy (March 2015) sets four priorities for growth including:

- **Investing** in our people and our infrastructure in a sustainable way;
- Fostering a culture of **innovation** and research and development;

- Promoting **inclusive growth** and creating opportunity through a fair and inclusive jobs market and regional cohesion; and
- Promoting Scotland on the **international** stage to boost our trade and investment, influence and networks.

2.7.9 The tabulated summary below sets out how the proposed development fits with the main national and regional policy and/or strategy documents

National Policy and Strategies		
Policy/Strategy Document	Status and Purpose of Document	Relevance for Proposed Great Harbour Project
Scotland's Economic Strategy	Published by Scottish Government on 3 March 2015. Sets out an overarching framework for a more competitive and fairer Scotland and forms the strategic plan for existing and all future Scottish Government policy.	The Strategy supports business growth in Scotland's key sectors with a distinct competitive advantage: Food and Drink, Financial and Business Services, Life Sciences, Energy, Tourism and Creative Industries
Scottish Enterprise Strategic Framework Updated in 2019 (SE Business Plan 2019 – 2022 'Building Scotland's Future Today')	Scottish Enterprise Strategic Framework sets out the priorities and areas of focus of Scottish Enterprise.	The Business Plan builds Scotland's Economic Strategy with a focus on: Quality Jobs, Inclusive Growth, Accelerating Growth, Inward Investment, Partnership working.
National Planning Framework 3	Spatial expression of Economic Strategy	Supports regeneration; sustainable places; outdoor recreation/ tourism
Inclusive Growth / CWB Programme	Major CWB piloted in NA supporting inclusive growth	Working to secure common approach within AGD
Scottish Planning Policy	Scottish Government principles underpinning the planning system.	The SPP supports the Scottish Government's commitment to increasing sustainable economic growth and sustainable development.
Marine Tourism Strategy (2015)	Awakening the Giant + Giant Strides 2020-2025	"By 2020 Scotland is a marine tourism destination of first choice for a high quality, value for money and memorable customer experience delivered by skilled and passionate people".
Tourism Scotland 2020 (Updated March 2020) Updated in 2020 Outlook 2030 replaced Tourism 2020	Scottish Tourism Alliance	The national tourism strategy was launched with an ambition to grow visitor spend by £1bn to 2020. Tourism is one of Scotland's key economic contributors with overnight visitors generating in excess of £4.5bn annually and day visitors contributing a further £6.2bn, giving a total spend close to £11bn (2011 figures).

Awakening the Giant Giant Strides ATG + GS 2020-2025	National Marine Strategy	Working in partnership to maximise growth in Marine Tourism across Scotland. Major Growth sector identifies significant growth opportunities for Ayrshire
Regional & Local Policy and Strategies		
Policy/Strategy Document	Status and Purpose of Document	Relevance for Proposed Great Harbour Project
Ayrshire Regional Economic Strategy (RES) 2020	Ayrshire Regional Economic Strategy defines the Regional Economic Partnership strategy	The strategy supports an ambition to transform Ayrshire including developing the regional tourism potential of Ayrshire.
Community Wealth Building (New programme with S Govt.)	A commitment to exploring the potential for community wealth building as an approach to deliver inclusive growth.	Reshaping initiatives to integrate the CWB into KPI's / outcomes and targeting special needs
ED&R Regeneration Strategy (Board ceased 2020 roles incorporated in RES and CWB)	Promotion of sustainable and inclusive economic development across North Ayrshire & Region	Refreshed strategy promotes local action and recognises key role of tourism and place development
Awakening the Giant – Action Plan (Clyde)	National Marine Strategy	Working in partnership to maximise growth in Marine Tourism across Scotland
Single Outcome Agreement (SOA)	Promoting economic equality and stronger, healthier and more active communities	NAC are piloting within Locality Planning stronger links between LOIP and Place outcomes to support inclusive growth and stronger communities.
Irvine Locality Plan (LOIP)	Irvine locality Plan covers the key communities of Harbourside and Fullarton	Priorities identified LOIP are employment & economy; mental health; traffic & parking; influence & sense of control
Local Development Plan (LDP)	Local Development Plan frames the policy and programme for Planning	LDP supports regeneration of Harbourside and strengthening of Harbourside as a key location for destination development
Irvine Vision	Irvine Vision identified 5 strategic project opportunities and drivers including Harbourside	Great Harbour was identified as a priority place project for development and delivery of the Irvine Vision
Making Waves Marine Tourism Action Plan	North Ayrshire and Arran tourism performance in 2016 saw over 1.7m visits and spend of over £186m (up by over 6% on 2015)	Marine and Coastal Tourism activity is absolutely key to North Ayrshire, already directly supporting local jobs, encouraging visitors and helping promote the area as a great place to work, live and play. We believe it can play an even bigger role.

Harbourside Masterplanning Charrette	Consultation charrette under S Govt Mainstream Charrette Programme	Site/Location specific engagement charrette using Place Standard to identify local place-based issues
Maritime Mile Place Making Masterplan	Masterplan for Great Harbour and Maritime Mile developed as part of Irvine Vision & AGD	Detailed design proposals to develop the 'destination' based on a place-making and inclusive approach.
NAC Local Transport Strategy	Policy framework for connecting communities and policy around transport services and provision	Promoting modal shift, positive encouragement for active travel, reduced car dependency
North Ayrshire Naturally Active	Policy framework to support more active, healthier communities (physical/mental) through access to outdoors and active travel	Promoting active communities, walking, cycling and access to water

2.8 Existing Context

- 2.8.1 Irvine was developed as a New Town (1966-1996) and has excellent strategic transport / utility infrastructure. Irvine Bay Regeneration Company was set up in 2006, one of the second generation of Scottish URCS. The sites to the west and north west of Irvine, adjacent to the Rivers Irvine and Garnock, represent a phase of the Irvine New Town that was never progressed.
- 2.8.2 A recent Your Town Audit of Irvine by Scotland's Towns Partnerships and EKOS (December 2016) shows that Irvine is an 'interdependent town' being somewhat reliant on other places, particularly for access to jobs (both in absolute number and in range).

The audit identifies the need to focus investment activity in Irvine as the regional capital for North Ayrshire and notes the lack of a broader leisure mix in the town. The reports recognise the benefits that would be generated by attracting a wider mix of uses to the town – residential, leisure, cultural, business – which would help to sustain existing and grow future business activity. Importantly the town needs to:

- re-assert its coastal relationship
- re-discover its strongest assets in the Harbourside, River Irvine Waterfront
- promote and recreational tourism and active leisure on the Coast.

2.8.3 *Locality Outcomes Improvement Plan*

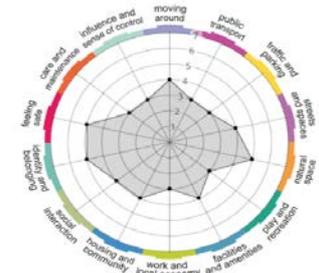
There are 6 Locality Partnerships in North Ayrshire. Great Harbour is in the Irvine Locality. The Partnerships include Elected Members, Community Council Chairs, community representatives, and Community Planning Partnership officers.

- 2.8.4 The Locality Plan and partnership structure is supported by North Ayrshire Council and the Community Planning Board. They therefore have the support of the Council, NHS Ayrshire and Arran, Police Scotland, Scottish Fire and Rescue Services, The Third Sector Interface, Ayrshire College, Skills Development Scotland, and Scottish Enterprise, amongst other partners.

- 2.8.5 The local priorities have been decided by each locality and were based on information gathered about their own local area. This includes national data, local statistics and the views of local people through the people's panel survey (link to it from this) and by using the place standard tool to identify need. The Irvine Locality Partnership priorities are:

Irvine Locality (LOIP) Priorities

1. **Employment and Economy**
2. **Mental Health**
3. **Traffic and Parking**
4. **Influence and Sense of Control**



2.8.6 The first Locality Partnership event took place on 15 June 2019. During this event, the Locality Partnership used the Place Standard Toolkit. The Great Harbour Project seeks to address Place Standard issues in the Great Harbour associated with:

- Moving Around /-Active travel / Traffic & Parking / Streets & Spaces / Natural Space
- Play & Recreation / Facilities & Amenities / Work & Local Economy / Housing & Community
- Social Interaction / Identifying & Belonging / Safe / Care & Maintenance / Influence & Control

2.8.7 NAC has recently completed a Place Standard 2 Workshop with key officers' groups combining Place / Regeneration / Community teams. The workshop reviewed the Great Harbour cross-cutting place/regeneration/community issues with a view to closer integration of delivery team working.

2.8.8 *Community & 3rd Sector*

The Third Sector Interface is The Ayrshire Community Trust and the Arran Community and Voluntary Service which act as the link between the Community Planning Partnerships and the community and voluntary organisations in North Ayrshire.

2.8.9 *Commercial & Secondary Investment*

NPL are landowners with development interest for the Ardeer peninsula and the Big Idea. NPL are keen to promote and support commercial investment both within the Harbourside and associated with redevelopment and re-purposing the Big Idea building. NPL and NAC have completed a partnership agreement to facilitate commercial investments and marketing and support secondary investment associated with the Great Harbour.

2.9 **Project Objectives and Contribution to the Growth Deal**

2.9.1 NAC and the wider Ayrshire and Clyde Coast authorities seeks to build on the special qualities of the Clyde and Coast in terms of its tourism offer developing the Clyde as a tourism destination of national and international value.

2.9.2 The Clyde coast and marine tourism are well placed to contribute to the attractiveness of Scotland and to benefit from an increased share of national and international tourism activity with significant long-term economic benefits at national, regional and local levels.

2.9.3 The project will deliver a tourism destination supporting area regeneration bringing increase local spend in an area of significant deprivation and support both Harbourside and town centre regeneration in Irvine.

2.9.4 Objectives have been developed with the Steering Group and through Stakeholder Workshops. The objectives are SMART (Specific, Measurable, Attainable, Realistic, Time-related) and can be linked to milestones or targets. The overall aims of the investment are;

- To drive area wide, town and town centre regeneration in an area of significant and long-standing deprivation;
- To support SME growth in tourism and support / service sector industry with a strong focus on integrated destination development celebrating the coast and opportunities for marine tourism,

delivering key elements of the Scottish Government supported Awakening the Giant strategy through a direct link with wider AGD work supporting Marine Tourism.

- To invest in a key place asset, create a national waterfront destination tourism supporting tourism activity complimentary with regeneration and place-making for the Harbourside, creating a significant new waterfront destination on the West coast of Scotland.

2.9.5 The project seeks to address long-standing issues facing Ayrshire's economy supporting transformational, step change growth in an existing important sector both to Ayrshire, the Clyde and Scotland.

2.9.6 The Investment Objectives for this project are set out below:

Objective 1:

To unlock the economic potential within the Clyde Coast creating a regional destination at Irvine Harbourside that supports inclusive economic growth through an approach that focuses on Community Wealth Building

This will be demonstrated through increased visitor numbers / footfall/ visitor spend and user/customer and community feedback and surveys.

Key Baseline Data Against Which to Measure the Impact of the Project

Number of visitors: circa 750,000 (estimated Moffat Centre)
Number of tourism businesses on Harbourside: 9 currently

Objective 2:

To secure area wide regeneration based on developing the special qualities of place alongside community participation within a place-based regeneration framework, building on the legacy of the Irvine Development Corporation.

Key Baseline Data Against Which to Measure the Impact of the Project

Number of tourism businesses on Harbourside: 9 currently
Number of 3rd sector groups operating from Harbourside 5 currently

Objective 3:

To address place infrastructure deficiencies that constrain investment developing the enabling infrastructure to address market failure created by commercial values that restrict private sector investment. Showcasing the potential through a high quality approach to destination development

Key Baseline Data Against Which to Measure the Impact of the Project

Number of new house starts in past 5-year period: 150
Number of new retail/tourism outlets in past 5-year period 2-3

Objective 4:

To lock in at a local level, the benefits of economic development to ensure Ayrshire communities are actively engaged and supported through enterprise support, skills development, training, community enterprise supporting inclusive growth & community wealth building.

Key Baseline Data Against Which to Measure the Impact of the Project

Number of local jobs created in Harbourside in past 5-year period XX jobs
Number of local residents from LOIP area employed in construction /jobs in past 5-year period

Objective 5:

To enhance an existing Ayrshire coastal location celebrating a nationally significant approach to place quality and building a destination developed around a Maritime Quarter / Maritime Mile / National Maritime Museum creating a new profile, footfall and spend to the town and supporting wider Marine Tourism objectives.

Key Baseline Data Against Which to Measure the Impact of the Project

Number of visitors: circa 750,000 (estimated Moffat Centre)
Number of tourism businesses on Harbourside: 9 currently

Ayrshire Growth Deal Project Name	Regional Drivers to Inclusive Growth																
	Intermediate & Advanced Skills	Local Jobs	Health	Basic Digital Skills	Soft & Basic Skills (work-readiness)	Business Support (non-financial)	Childcare	Sustainable Working Population	Structure of Economy (Sectors/Industries)	Advanced Digital Skills/Innovation	Access to Finance	Business Premises	Digital Connectivity	Transport (people to jobs)	Housing	Transport (goods to market)	Inward Investment
Spaceport Infrastructure																	
Aerospace & Space Innovation Centre (ASIC) inc Visitor/STEM Engagement Hub																	
Prestwick Enabling Infrastructure - Roads																	
Prestwick Commercial Workspace & Infrastructure																	
i3 Advanced Manufacturing Space																	
i3 Digital Processing Manufacturing Centre																	
Industrial Marine Science and Environmental Centre (IMSE)																	
The Great Harbour, Irvine Harbourside-Ardeer																	
Marine Tourism																	
Hunterston Strategic Development Area																	
HALO Kilmarnock																	
Ayrshire Engineering Park (Moorfield)																	
Ayrshire Manufacturing Investment Corridor (AMIC)																	
National Energy Research Demonstrator (NERD)																	
Digital Subsea Cable																	
Digital Infrastructure																	
Working for a Healthy Economy																	
Ayrshire Skills Investment Fund																	
Community Wealth Building																	

Ayrshire Growth Deal Project Name	Spaceport Infrastructure	Enabling Infrastructure - Roads	Commercial Workspace & Infrastructure	Aerospace and Space Innovation Centre (ASIC) inc Visitor/STEM Engagement Hub	i3 Advanced Manufacturing Space & Digital Processing Manufacturing Centre	HALO Kilmarnock	Ayrshire Engineering Park (Moorfield)	Ayrshire Manufacturing Investment Corridor (AMIC)	National Energy Research Demonstrator (NERD)	Hunterston Strategic Development Area	Marine Tourism	Industrial Marine Science and Environmental Centre (IMSE)	The Great Harbour, Irvine Harbourside-Ardeer	Digital Subsea Cable	Digital Infrastructure	Working for a Healthy Economy	Ayrshire Skills Investment Fund	Community Wealth Building	
Spaceport Infrastructure	3	3	3	3	1	1	1	1	0	0	0	0	0	0	2	3	2	2	2
Prestwick Enabling Infrastructure - Roads	3	3	3	3	0	0	0	0	0	0	0	1	0	0	1	1	1	1	1
Prestwick Commercial Workspace & Infrastructure	3	3	3	3	2	1	1	1	1	1	1	0	0	0	2	3	2	2	2
Aerospace & Space Innovation Centre (ASIC) inc Visitor/STEM Engagement Hub	3	3	3	3	1	1	1	1	1	1	1	0	0	0	2	3	3	3	2
i3 Advanced Manufacturing Space & Digital Processing Manufacturing Centre	1	0	2	1	1	2	2	2	1	2	0	0	0	0	2	3	2	2	2
HALO Kilmarnock	1	0	1	1	1	1	1	1	1	0	0	0	0	0	2	2	2	2	2
Ayrshire Engineering Park, Moorfield	1	0	1	1	2	1	2	1	0	0	0	0	0	0	2	3	2	2	2
Ayrshire Manufacturing Investment Corridor (AMIC)	1	0	1	1	2	1	2	1	1	1	0	0	0	0	2	2	2	2	2
National Energy Research Demonstrator (NERD)	0	0	1	1	1	1	1	1	1	0	1	0	1	0	2	3	2	2	2
Hunterston Strategic Development Area	0	0	1	1	2	0	0	1	1	1	1	2	1	2	3	2	2	2	2
Marine Tourism	0	1	0	0	0	0	0	0	0	0	1	2	2	2	2	2	2	2	2
Industrial Marine Science and Environmental Centre (IMSE)	0	0	0	0	0	0	0	0	1	2	2	2	1	2	3	2	2	2	2
The Great Harbour, Irvine Harbourside - Ardeer	0	0	0	0	0	0	0	0	0	1	2	1	2	2	2	2	2	2	2
Digital Subsea Cable	2	1	2	2	2	2	2	2	2	2	2	2	2	2	3	2	2	2	2
Digital Infrastructure	3	1	3	3	2	3	2	3	3	2	3	2	3	2	3	2	2	2	2
Working for a Healthy Economy	2	1	2	3	2	2	2	2	2	2	2	2	2	2	2	2	2	3	3
Ayrshire Skills Investment Fund	2	1	2	3	2	2	2	2	2	2	2	2	2	2	2	2	3	3	3
Community Wealth Building	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	3	3	3	3

Relationship	Number of Points
Primary Relationship (Absolutely Contingent)	3
Secondary Relationship (Strong obvious link)	2
Tertiary Relationship (Weak link)	1
No Relationship	0

			
Moffat Centre Visitor Forecasts (2018-2028)			
Attractions and 'Pull' Factors	2018 Visitation	2023-4 Visitation	2027-28 Visitation
Visitation Scottish Maritime Museum	65,000	85,000 (with art collection)	100,000
Food and Beverage Attractions	330,000	475,000	650,000
Scottish National Centre for Play (Forecast)		125,000	175,000
Irvine Retail / Old Town	150,000	230,000 (with Maritime Mile)	320,000
Beach Park South	175,000	235,000 (with sculpture and play)	265,000
Beach Park North (Ardeer Peninsula)		65,000 (accessible with sculpture)	90,000
General Day Visitors	150,000	275,000	400,000
Visiting Friends and Relatives	87,000	150,000	200,000
Hotel (Accommodation, Food, Beverage, Leisure, Meetings / Conferences)		26,000	34,000
SUB- TOTAL	957,000	1,666,000	2,209,000
Less Duplicate Counting*	181,000	316,000	419,000
TOTAL	776,000	1,350,000	1,790,000



Moffat Centre – Proof of Concept Report – Visitation Projections, 2019. Supported by NAC Tracker 2021.

Masterplan Level Review (PoC)

Design Element	Key Footfall Drivers	Capacity for Additional Visits
Maritime Mile	Physical enhanced place	Medium
	Board Walk – River Quays	Med-High
	Marine Exhibits & NMMS	Medium
	Visitor Services (F&B/Eve Economy)	Med-High
	Events (National /Regional)	Medium
Enterprise	Local organisations & groups	Low - Medium
	Visitor Services (F&B/Eve Economy)	Med-High
	Events (Local)	Low
Housing	Resident population	Low
	Visiting Friends & Relatives	Low
Big Idea	National Centre for Play	High
	National Sculpture Trail	Med-High
	Resort Village	High
	Skypark – Regional Outdoor Play	Med-High
	Coastal Walkway (Ayrshire)	Medium
	Events (National / Regional)	Medium
Commercial / Leisure	Hotel / Restaurant	Med-High
	Food & Beverage Offers	Medium
	Artisan Workshops	Low



Moffat Centre – Proof of Concept Report – Visitation Projections against Masterplan Elements. 2019. Supported by NAC Tracker 2021.

Objective	SMART Objectives				
	Specific	Measurable	Attainable	Realistic	Time-bounded
<i>To unlock the economic growth potential & secure Community Wealth</i>	Objective seeks to secure sustainable and inclusive growth for Harbourside - an area of significant deprivation and with significant potential for place-making	Measurable by tracking benefits (CWB) / local access to jobs /skills / training and the number of users / visitors to Harbourside and the level of commercial / 3 rd sector activity	Working with partners to secure targeted CWB benefits. Project exploits the waterfront setting recognised as Irvine's strongest place asset.	Working to secure pan AGD approach to CWB. Market review and Proof of Concept Work by Moffat Centre supports projected visitor numbers	Project programmed to be complete by 2027, impacts forecast to be attained in full by 2035.
<i>To secure area wide regeneration</i>	Objective seeks to: generate inclusive growth and new jobs / GVA from destination and place-making. Specific outputs tabulated.	Measurable by tracking the number of visitors, jobs and number of 3 rd sector groups operating from Harbourside. Target groups with special needs/ inclusive growth opportunity	Employment will be generated by visitor related activity and by indirect off-site visitor spend.	Analysis can track direct on-site jobs and use proxy spend to track off-site jobs. GVA will be estimated on sector average.	Project programmed to be completed by 2027, impacts forecast to be attained in full by 2035.
<i>To address place infrastructure deficiencies</i>	Objective seeks to: build a Clyde waterfront destination that supports new investment and creates a commercial climate for future investment	Measurable by assessing wider investment including new businesses / new house starts / other investment	Partnership arrangements exists to act as a catalyst for private investment. Engagement and work with existing businesses supports communication around local opportunities	Location has seen very limited investment since IDC with public investment enabling private investment on defined sites	Project programmed to be completed by 2027, impacts forecast to be attained in full by 2035.
<i>To spread the benefits of economic development by Inclusive Growth & Community Wealth Building</i>	Objective seeks to: work with Community Planning Partners and the parallel work in the LOIP. Integrated projects to secure jobs, develop access to jobs (construction/tourism/) and build skills alongside community capacity	Embedding key outcomes of CWB in KPI's . Measurable by requiring Community Benefits element in contracts; local jobs and training and monitoring construction (PYE) and wider employment (FTJE)	NAC will develop Employment and Skills development programme linking LOIP/Business Team, SDS and Employment Service	Community Wealth Building will target specific needs /groups to ensure inclusive growth. NAC will develop Employment and Skills development programme linking LOIP/Business Team, SDS and Employment Service	Project programmed to be completed by 2027, impacts forecast to be attained in full by 2035.
<i>To enhance an existing Ayrshire coastal destination</i>	Objective seeks to: build a Clyde waterfront destination and raise the quality of experience for both residents and visitors with a focus on the Maritime Mile	Measurable by gathering feedback from operators and visitors on the quality of their experience. Measurable in terms of footfall / visitor spend / dwell time / etc.	Market review and Proof of Concept Work by Moffat Centre supports projected visitor numbers	Market review and Proof of Concept Work by Moffat Centre supports projected visitor numbers	Project programmed to be completed by 2027, impacts forecast to be attained in full by 2035.

2.10 Dependencies and Constraints

2.10.1 The potential project dependencies and constraints are linked to technical, consenting and licencing issues associated with the works associated with the quays, marine works and environmental consents. These are substantially mitigated by the fact that development is within the area under control of North Ayrshire Council and NPL as the Harbour Authority. The site has no environmental designations but sits opposite a SSSI designated by Scottish Natural Heritage. The main dependencies and constraints relate to:

- Partnership working with NPL / NMMS / Harbour Authority (NPL)
- Stakeholder engagement and partnership working with local groups / communities.
- Concluding Development Agreement between partnership NAC/NPL
- Consents and Licenses

2.11 Stakeholder Engagement

2.11.1 Stakeholder engagement has progressed from the Irvine Vision (2016) to charrettes and workshops associated with Working for Irvine Together (2016); Harbourside Masterplanning (2017) to the development of Locality Planning (Irvine Locality-2018) Place 2 Workshop 2019. Workshops with National Maritime Museum, a key project partner, have been extended to include Creative Scotland, A&DS, Scottish Natural Heritage, Sustrans and other interest groups. Concept design development has been progressed and shared with a Steering Group (Council / NPL / Business/ 3rd Sector / LOIP) and being advanced to community engagement with stakeholder groups and linked to parallel regulatory engagement associated with planning/ Harbour Order engagement and consenting.

2.11.2 NAC as part of the area Regeneration Strategy have established a range of mechanisms to support community and stakeholder engagement. This has involved a range of events working with local groups. An extensive participatory engagement process is programmed for Q1 2020.

Stakeholder Group	Contribution	Expectation/Demand	Engagement to date
Local Authorities			
North Ayrshire Council	Project Sponsor	Project Sponsor	Project Sponsor
AGD Governance			
The Cabinet	Project Coordination	Interaction as required	Ongoing meetings and reports
Executive Leadership Team (ELT)	Project Coordination	Interaction as required	Ongoing meetings and reports
AGD Project Management Office (PMO)	Project Coordination	Interaction as required	Regularly informed of progress through ongoing meetings and reports
Growth & Investment Directorate	Project Coordination	Interaction as required	NAC Director Lead Director
Place Directorate	Project Coordination	Interaction as required	NAC Exec. Director
Communities Directorate	Project Coordination	Interaction as required	NAC Exec. Director
Lead Officers Support Group	Project Coordination	Interaction as required	NAC officer
Finance & Corporate Support Directorate	Project Coordination	Interaction as required	NAC officer

Partner Stakeholders	Contribution	Expectation/Demand	Engagement to date
NPL Development UK	Regeneration Partner	Commercial (MEIP) partner supporting commercial development and investment	Partnership Agreement NAC/NPL. Board Members for Great Harbour. Advisor on Harbour issues
NAC CWB Representative	Regeneration Partner	Ensuring CWB and inclusive growth embedded in programme and project outcomes	Ongoing and regular liaison throughout development and delivery of the project through Great Harbour Board
National Maritime Museum	Regeneration Partner	Active partner associated with heritage / tourism/ visitor opportunities and operation of the Maritime Mile.	Ongoing and regular liaison throughout development and delivery of the project through Great Harbour Board
Community Planning Partners & LOIP Irvine	Regeneration Partner	Input across CPP and LOIP activity for area regeneration and support to communities	Ongoing and regular liaison throughout development and delivery of the project through Great Harbour Board
The Ayrshire Community Trust	Consultee	Advise and inputs on community activity and community aspirations	Anticipate input to consultations and next stage design development
Sustrans	Consultee	Advise and inputs on active travel / integration into place and potential funding	Anticipate input to consultations and next stage design development
Community Stakeholders			
Fullarton Community Association	Key Stakeholder	Partner for consultation and community activity	Consultation events and through LOIP. Harbourside Masterplan Stage 1
Harbourside Sailing Club	Key Stakeholder	Partner for community water-based activity	Design input on Slipway / Maritime Mile and watersport
Coastwatch	Key Stakeholder	Partner for coast/ Pilot Ho. and Beach Park	Design input on Maritime Mile and connections
Harbourside Business Group	Key Stakeholder	Promoting coordinated group to support masterplan	Ad-hoc meetings / liaison with individual owners
Harbourside Heritage Group	Key Stakeholder	Promoting coordinated group to support masterplan	Ad-hoc meetings / liaison with individual interest groups
Harbourside Arts Group (HAC)	Key Stakeholder	Promoting coordinated group to support masterplan	Ad-hoc meetings / liaison with individual interest groups
Other Stakeholders			
SNH	Environment	Regional / designated site advice	
SEPA	Environment	Environmental advice & scope of requirements	
HES	Listed buildings and ancient monuments	Heritage advice and scope of requirements	

2.12 Risk Assessment (see Section 4.0)

2.12.1 Understanding and managing project risk is a key part of Project Management. Pro-active management of risk supports successful implementation and improves productivity and efficiency of delivery. A full risk assessment has been undertaken with risks identified and set out in detail in the Risk Register attached in Appendix. Risk updates include focus on Inclusive Growth outcomes and Covid-19. Risks assessment is covered in Section 4.0.

3.0 ECONOMIC CASE

3.1 Economic Case

3.1.1 Driving growth and securing additional economic activity and national, regional and local value supports the regeneration of Irvine developing a facility and destination with impact across Ayrshire and the wider Clyde.

3.1.2 Major initiatives have been advanced within North Ayrshire through the partnership of NAC and Irvine Bay (URC 2006-2016) driving a transformational programme to ensure Irvine Bay and the three towns contribute to a successful, vibrant economically active place that is a great place to live, work and celebrate a destination on the Clyde.

3.1.3 North Ayrshire has the opportunity and the capacity to make a strategic contribution to national and regional economic performance and goals and develop a new sense of place based on its coast, maritime heritage and as a key node within the wider tourism offer (Coig / North Ayrshire Coastal Path / Marine Tourism). Adding value and developing the regional economy requires:

- identification of new economic activity to support and facilitate the growth of existing businesses and support regeneration
- new place-based innovation supporting diversification of the economy; strengthening neighbourhoods and communities and building on the distinctiveness of place
- investing in the enabling infrastructure to create additional capacity that can support sustainable economic activity and drive additional value (local, regional, national)

3.1.4 NAC through the Growth Deal and with Ayrshire and Community Planning partners is advancing a series of transformational initiatives to ensure capacity for growth and enable economic re-structuring. These include business space, employment initiatives, digital initiatives, skills development and place-making. A Regional Skills Investment Plan for Ayrshire will be developed in the context of the Ayrshire Regional Economic Development Strategy which will take account of the long-term economic growth aspirations of the AGD.

3.2 Critical Success Factors - Key Deliverables for Success

3.2.1 Great Harbour and the area of Harbourside, Beach Park and Coast is North Ayrshire and Irvine's greatest asset. Investment in the Great Harbour is about 'world class / best in class' investment in place that can support area regeneration. Regeneration requires partner activity unlocked through the catalyst of enabling infrastructure (AGD investment). The project deliverables include:

Direct AGD Investment

- a new waterfront destination
- quays and waterfront boardwalk with marine access
- slipway and active leisure marine access point
- provision for play, active leisure / e-bikes
- waterfront and town -to-waterfront gateways
- site infrastructure
- National Ayrshire Coastal Path connections
- community enterprise support programme

Indirect Partner Investment

- affordable homes (71No.)
- open market waterfront homes
- a care and older people / special needs facility
- enterprise and arts retail workshop facilities

Future Leverage Investment

- Re-purposing of the Big Idea / Resort -Village / National Play Facility
- Hotel and related leisure / small conference / hospitality services
- Existing business investment for growth

3.2.2 Leverage investment has been identified through the project steering group. This includes NPL (owners Big Idea); Hotel Operator and with input provided by Harbourside business operators. The hotel interest has been identified as a private sector opportunity by existing business operators within the Ayrshire market. It is recognised that leverage will lag the enabling investment and be subject to a detailed business case. Market interest is currently being shown in the Ship Hotel and with positive commercial activity associated with recent new businesses supporting the visitor market.

3.2.3 The investment will support national, regional and local policies to boost tourism numbers, spend and market penetration whilst supporting local regeneration. The project will deliver tourism growth in the growing sector of activity leisure increasing visitor spend in the West of Scotland; increase local spend in an area of significant deprivation and support town, town centre and Harbourside regeneration.

3.3 Measuring Success

3.3.1 The SMART objectives illustrate tangible success parameters that can be further examined as a measure of project performance. The summary schedule below provides indicative targets that would constitute success. The project's performance would be measured as part of the evaluation and monitoring programme providing information on construction employment, supply chain contracts; visitor numbers; developer investment in commercial/workshop floorspace, and permanent employment.

Indicator	Level Required	Reporting	Target	Timeframe
AGD Infrastructure	Infrastructure completed within timeframe and on budget	Annual	As programme	By 2027
NPL Investment	Investment Contributions to Great Harbourside within timeframe and on budget	Annual	£2m	By 2027
NAC Housing Investment	Housing investment and housing completions	Annual	£13m NAC 70 units	By 2027 & 5 yearly
Annual Tourism Visitor	Day Visitor – Annual Uplift and Total Visitors to Great Harbour and wider Coig Initiative	2 yearly	574,000 day visitors	2027 and thereafter
Construction Impact	Gross construction jobs (person years) Ayrshire Level:	Annual	50 FTE	By 2027
	Construction GVA:	Annual		By 2027
Operational Impact	Day Visitor – Annual Uplift and Total Visitors to Great Harbour	Annual		By 2027 & 5 yearly
	Annual Additional Marine Activity (Martina/ Boating Activity)	Annual		By 2027 & 5 yearly
	Additional Local Spend (10 Local Business Survey)	3 yearly		By 2027 & 5 yearly
	Number of Additional / 3rd Sector Events	Annual	5 /annum	By 2027 & 5 yearly
	Active Travel Activity	Annual		By 2027 & 5 yearly

3.4 Inclusive Growth & Community Wealth Building

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. CWB seeks to use the economic levers available to local authorities and other 'anchor institutions' such as the NHS, further and higher education institutions, and larger private sector organisations, to support their local economies. The Centre for Local Economic Strategies (CLES) define anchor institutions as bringing 'wealth in the form of jobs and supply chains; they are rooted in place and as such are vital to the functioning of our local economies'.

At the centre of the community wealth building approach there are five pillars for harnessing existing resources. These pillars are:

1. Procurement - Progressive procurement develops dense local supply chains of local enterprises, SMEs, employee owned businesses, social enterprises, cooperatives and other forms of community owned enterprise.
2. Employment - Recruitment from lower income areas, commitment to paying the living wage and building progression routes for workers are all examples of the actions anchor institutions can take to stimulate the local economy and bring social improvements to local communities.
3. Land and Assets - Anchors are often major land holders and can support equitable land development and the development of under-utilised assets for community use.
4. Financial Power - Local Wealth Building seeks to increase flows of investment within local economies by harnessing the wealth that exists locally.
5. Democratic Ownership of the Local Economy - Cooperatives, mutually owned businesses, SMEs and municipally owned companies enable the wealth generated in a community to stay in that locality.

The Heads of Terms (HoT) for the AGD included £3m for a regional Community Wealth Building Fund. Based on the evidence reviewed, we believe there is real opportunity for Ayrshire to be a pioneer in the local wealth building approach in Scotland. The three Councils are already embarking on their own CWB journeys but by working together believe we can deliver change across Ayrshire as a whole by working with our anchor institutions. This will be achieved through taking a pan-Ayrshire approach to shift the culture and approach of traditional economic development to enable and facilitate place based local economic development. The CWB Fund will deliver a regional approach to working with anchor institutions to:

- Work within localities to facilitate CWB activities on procurement, employment, assets and ownership.
- Promote Fair Work practices and position Ayrshire as a Fair Work region.
- Support and fund social enterprises, employee ownership and supplier development.
- Encourage and support anchors, and wider AGD projects leads, to ensure their procurement practices and community benefits approach align to wider Ayrshire inclusive growth, community wealth building and locality priorities.

North Ayrshire Council are in themselves a key anchor institution and opportunities to procure local suppliers for the delivery of project elements of projects like the Great Harbour will be key to the success of a community wealth building approach allied to the growth deal. This work is in line with the commitment made in the 2017 Programme for Government. The development of AGD projects will actively promote wealth building within Ayrshire. The Great Harbour proposal aims to have an impact across a number of inclusive growth drivers which were identified as part of the Ayrshire Inclusive Growth diagnostic work. The tabulated summary (previously illustrated) highlights the inclusive growth drivers in green that are relevant to the Great Harbour project. The proposals are Seeking to maximise the benefits of economic activity for local communities by:

- Integrating emerging work within the Inclusive Growth Diagnostic and Community Wealth Building programme at a regional level to the detail delivery of Great Harbour
- considering how procurement activity can be better used to support local economic activity; and
- helping local enterprises to supply goods /services relative to projects like the Great Harbour

The AGD Programme Management Office is currently working with AGD Project Leads to develop a consistent programme approach to ensure that inclusive growth, equalities and community wealth building outcomes are embedded in each AGD business case. This approach will ensure explicit commitment to how the project will achieve inclusive growth and reduce inequality.

3.5 Project Monitoring

3.5.1 Arrangements for Evaluation & Monitoring (E&M) including a Post Implementation Review (PIR) and Project Evaluation Review (PER) have been established in accordance with NAC internal reporting and best practice.

3.5.2 The Council has established mechanisms to monitor the performance of physical regeneration projects and is accustomed to preparing annual monitoring assessments to report progress against a range of economic development and environmental targets.

3.5.3 The project will be managed in accordance with NAC project management procedures. Robust procedures will be in place to ensure the effective management and delivery of the project. The Senior Responsible Officer & dedicated Project Manager within NAC is George Hunter. The Project Board is led by the Director of Growth & Investment supported by Heads of Service within Place Directorate; Communities Directorate; and Finance & Corporate. A full multi-disciplinary and experienced Design Team will be procured and appointed to advance the project to completion.

3.6 Evidence of Delivering Successful Projects

3.5.1 NAC has the skills, resources, capacity and established capability to deliver the project. NAC in partnership with Irvine Bay URC has delivered a range of major projects similar in scope, scale and complexity. Additional detail can be provided. A short-list of projects is tabled below:

Project	Value	Delivery Team	Time/Budget
I3 Strategic Business Development	£5m	Economy & Communities	Yes
Saltcoats Public Realm	£2m	Place / PMI	Yes
Irvine Civic Square (Bridgewater) /High Street & Leisure Centre	£20m	Place Leisure Facilities PMI	Yes
Place Regeneration & Community Partnerships	£10m	Communities Place	Yes
I3 Strategic Business Development	£5m	Economy & Communities	Yes

3.5.2 The Council's Growth and Investment and Regeneration Teams has also sought and secured external funding and delivered a number of medium and large-scale physical regeneration projects over the past 5 to 10 years. The Council can demonstrate experience and specialist competency in developing, delivering and monitoring physical regeneration projects, meeting the requirements of grant funders, adhering to grant conditions and partnership delivery.

3.6 Project Options

3.6.1 *Options for Area Regeneration*

North Ayrshire Council's Economic Development and Regeneration Strategy and ED&R Board has been a major driver for successful regeneration across the NAC area.

NAC continues to confront challenges of deprivation and economic exclusion that result from long-term changes to the industrial base and industrial re-structuring. This has resulted in limited economic opportunity with low levels of employment, relatively fewer businesses and significantly lower job density than the Scottish average (0.66 jobs per working age adult NA; 0.79 Scotland). Of the 114 SIMD data zones in NA, 41 are in the lowest 15% in Scotland = 36% of all NA data zones. The situation in Irvine and Harbourside is even

more pronounced with over three-quarters of all data zones ranked in the bottom 15%. [SIMD Data 2020 Provides Updated Information go to - https://simd.scot/#/simd2020/BTTTT/9/-4.0000/55.9000/](https://simd.scot/#/simd2020/BTTTT/9/-4.0000/55.9000/)).

NAC are committed within the Council Plan, ED&R Strategy and through the Community planning Partnership (LOIP) to secure the regeneration of Irvine and the Harbourside / Fullarton areas addressing inequality and reflecting our socio-economic duty. Locality based approaches and collaborative joined-up working across the Community Partnership and in close engagement and the active participation of communities represents the most sustainable route to regeneration.

Recommendation: Place and Locality Planning based regeneration using the Place Principle as a framework for partner and community participation and engagement. Secure close integration Place and LOIP planning.

3.6.2 *Options for Tourism & Destination Development*

Coastal and maritime tourism has become a major economic sector for countries with accessible and attractive coastlines and is considered to be one of the fastest growing forms of tourism. In global terms, the marine tourism market was worth £50 billion in 2018, and is anticipated to grow 7% to £ 80+ billion by 2025. It is a broad sector, including organisations that operate in accommodation and hospitality, transport, travel organisers, and local tourist offices.

Both eco-tourism and sustainable tourism are emerging as alternatives to mass tourism. Eco-tourism is concerned with ecological conservation and educating travellers on local environments (Bogside Flats SSSI) and natural surroundings (beach, sand-dune, coastal eco-systems). The sustainable tourism industry focuses on travel that has minimal impact on the environment and local communities. This largely means supporting locally managed business (thus having a positive economic impact on local communities) and participating in activities that do not harm the environment or exploit local culture. Protecting local marine resources is one of the most urgent needs in promoting sustainable tourism.

Great Harbour is looking to attract a broad spectrum of visitors. It will seek to capture current tourism trends extending the traditional coast / active leisure / walkers/cyclists, surfers, kayakers, museum enthusiasts, cultural enthusiasts and family interest based on coast and play. NAC are currently within their Marine Tourism strategy undertaking work on consumer markets and wider baseline assessment for opportunities associated with the blue economy.

The rationale is to invest in place and the enabling infrastructure to develop a stronger 'destination offer' developing a more clearly defined destination and a strategy to attract day visitors to the area and to maximise local spending. This will capitalise on the growth of activity leisure, outdoor authentic experiences, artisan food and drink, event activity and waterfront/community/WASP arts to attract additional visitors to the area. An enhanced leisure and tourism offer could also contribute to reversing the de-population of North Ayrshire and the region by making the area a more attractive place to live and visit. This reflects the ambitions of the ED&R Strategy and Irvine Vision.

Recommendation: Develop a 'destination management approach' to the waterfront building a strong and distinctive offer with diverse visitor appeal. Develop a strong marketing awareness building alongside parallel initiatives (Arran / The Coig/ etc).

3.6.3 *Options for Place-Making and Masterplanning*

The Harbourside is Irvine's greatest asset and the area of greatest opportunity. The partnership with the National Maritime Museum Scotland and key third sector/community organisations create the opportunity to embed place-making with regeneration and destination development. NMMS has a key role in developing the destination and operating visitor attractions within the Maritime Mile. The Place-Making Brief and Masterplan approach connects place/community/activity to support growth that is inclusive, appealing, sustainable and makes the most of the asset.

Critically this needs to be best-in-class / world-class if Great Harbour is to function as a regional/local destination and create additional value. The place-making challenge is to build on the strongest elements of the asset; protect and enhance the special qualities of place and create transformational change with strong visitor appeal whilst meeting local needs and aspirations.

Recommendation: Develop a new re-purposed 'marine, leisure activity waterfront' with barrier-free access to the water, positive support for active travel and capable of supporting a diverse range of activity, enterprise and appeal.

3.7 Benefits & Beneficiaries

3.7.1 The benefits generated by the project are summarised in the Benefits Realisation Profile attached as Appendix. The benefits fall into the following categories:

- Infrastructure Enabling Infrastructure creating destination
- Investment Partner and leveraged investment
- Employment Construction and Tourism related jobs
- Community Regeneration and community capacity and levels of participation
- Enterprise Enterprise activity (business/3rd sector /community)
- Environmental Enhanced public realm / waterfront / biodiversity
- Marine Access Barrier free access
- Other Active Travel / Traffic Management

3.7.2 The analysis of benefits has been prepared in line with the emerging AGD Growth Deal Assurance Framework. The benefits are closely linked to the project objectives which put enterprise, regeneration and place development as key objectives.

3.8 Assessment of Counterfactual and Preferred Options

3.8.1 The Great Harbour project is developing a new market by transforming an under-developed local asset into a regional and national destination. Market activity alone cannot achieve the project objective.

3.8.2 Market failure (externalities: delivery of public infrastructure) acts as a barrier to investment and prevents the opportunities being captured and/or project investment being delivered. The project focus is on addressing the enabling public place-based infrastructure to develop the essential qualities of the location, facilitate economic activity, regenerate communities and build a destination. These define the economic case for intervention. It is recognised that developing Place Infrastructure will require more than physical interventions and involve wider socio-economic support to encourage activity, participation and visitor infrastructure services.

3.8.3 The economic impact of the project at a local authority, Ayrshire Region and national level will be assessed by the Council. This will follow submission of the OBC to the Ayrshire PMO Team. Without Growth Deal funding to leverage wider regeneration investment, the counterfactual analysis would conclude that area economic status / visitor activity / visitor spend / place quality will remain unchanged.

3.8.4 The options analysis did not identify any other high-quality localities or destinations in Ayrshire/ Irvine that could be developed to support Irvine regeneration – there are no other credible alternative locational options that provide the infrastructure (marine/land/transport) required or provide a similar boost to coastal tourism.

3.9 Market Failure

3.9.1 Market failure arises when a market mechanism fails to deliver economically efficient or optimum outcomes. HM Treasury identifies market failure and equity considerations as the key reasons for public sector intervention (investment) in the market – with the focus on addressing the root cause rather than the effect or symptom. Market failure is defined “... where the market has not and cannot of itself be expected to deliver an efficient outcome”.

3.9.2 The market failure rationale is as follows:

- Market externalities, where there is a reduced incentive for the private sector provision of public realm infrastructure as they are unable to fully commercialise the direct financial and wider

strategic benefits that the investment will provide. Without AGD funding, there is insufficient return/ rationale for private sector to deliver the project; and

- Equity – there are high levels of economic and social deprivation and dereliction within the area. Over-arching Scottish Government economic policy identifies investing in people/ place / infrastructure/ assets, promoting inclusive growth as two of its four key priorities.

Summary of anticipated outcomes in terms of built development from recommended option.
Planning Option 3.

Period	Baseline	By 2027	By 2032	By 2037
PROJECTED VISITOR NUMBERS¹				
Baseline Visitor Numbers	776,000			
Projected Visitor Numbers		1,350,000	1,790,000	1,790,000
FLOORSPACE² (New m²)				
Class 1 Retail	0	150	300	300
Class 3 Food & Drink		150	300	300
Class 7 Hotels			0	5,000
Class 8 Residential Institutions		5,000	5,000	5,000
Class 9 Houses		11,000	25,000	25,000
Class 10 Non-Residential Institutions			150	150
Class 11 Assembly & Leisure			5,000	5,000
Sui Generis (Upgraded/Amended Space)			5,000	5,000
PUBLIC REALM³ (see also Table- Page XX)				
New Public Realm Created		c8,000m ²	c8,000m ²	c8,000m ²
New Active Travel Routes & connections		c4,000m	c4,000m	c4,000m
New Event / Multi-Use Activity Space		3 No.	3 No.	3 No.

1 Moffat Centre Tourism Visitor Number Assessment (reviewed NAC tracker2021 | 2. Masterplan Based Assumptions | 3 Maritime Mile Cost Plan

3.10 Economic Impact

3.10.1 A benefits assessment review will be completed by North Ayrshire Council. The preferred intervention option indicates the following outputs/outcomes can be secured by the project by 2027. The Ekos Economic Assessment (2016) has been updated to support the OBC.

3.10.2 This section presents the detailed economic impact assessment. A summary and description of economic indicators and terminology used within the assessment is provided below.

3.10.3 Definitions

Employment

- **Full Time Equivalent (FTE) jobs** – used to measure the direct employment created as a result of the project, considered to be an equivalent post that is contracted to 30+ hours per week for a period of 10 years. It is assumed that 2 part-time jobs equals 1 full-time job; and
- **Person Year Equivalent (PYE) jobs** – this method allows the number of people on-site over the whole construction period (which will vary over the period between full-time, part-time, permanent, temporary and contract) to be estimated as an annual (or yearly) equivalent job – job years.

Economic Contribution

- **GVA** – a measure of economic output that considers the value of goods and services produced before allowing for depreciation or capital consumption. GVA measures the income generated by businesses after the subtraction of input costs, but before costs such as wages and capital investment.

$$\text{GVA} = \text{operating profit} + \text{staff costs} + \text{depreciation} + \text{amortisation}$$

Construction and operational GVA impacts are calculated using average sector coefficients from the Scottish Annual Business Statistics. This is undertaken separately and profiled over the 25-year project appraisal period.

In presenting the EIA results, all impacts have been rounded to avoid 'spurious accuracy' and all GVA figures have been discounted at 3.5% as per HM Treasury Green Book guidance. All annual employment estimates are rounded to the nearest 5, cumulative employment estimates to the nearest 10 and GVA estimates are rounded to the nearest £1m, unless noted otherwise.

3.10.4 Gross Impacts

The gross level impacts measure the overall change in the economy that are estimated to be generated through the project. These are reported below for the impacts associated with construction, tourism effects and housing.

Gross Construction Impacts

To estimate the gross impacts resulting from construction, a marine construction turnover to GVA ratio of 82%¹⁸ is utilised. To estimate employment a turnover per job coefficient of £171,494¹⁹ is utilised. The construction activity is expected to take place from 2020 to 2027 with associated capital expenditure phased as outlined in **Table 1**.

Table 1: Capital Expenditure

2020	2021	2022	2023	2024	2025	2026	2027
£0.25m	£0.25m	£3m	£5m	£4m	£1.5m	£1m	£1m

Table 2 summarises the gross PYEs and Gross Discounted GVA generated by marine construction activity. Note that these are one-off impacts.

Table 2: Gross Construction Impacts

Sector	PYEs	FTEs ²⁰	Gross Discounted GVA
Marine Construction	90	90	£12m

Gross Visitor Impacts (Tourism)

The impacts from the increased number of visitors are generated through:

- the increased spend in the area arising from a greater number of visitors drawn to North Ayrshire as a result of the new Great Harbour, including:
 - international overnight visitors
 - domestic overnight visitors; and
 - day trip visitors.
- subsequent creation of tourism jobs supported by visitor spend.

The Moffat Centre for Travel and Tourism Business Development visitor number estimates included in the OBC indicate that by 2027 there will be an additional 574,000 visitors and by 2032 an additional 1,014,000 visitors compared to a baseline.

We assumed the new visitors will have the same profile as historic data as indicated by the VisitScotland Ayrshire and Arran Factsheet 2018. We also assume spend per trip coefficients is in line with this same data. Visitor breakdown and coefficients are presented below in **Table 3**.

¹⁸ Scotland's Marine Economic Statistics, 2017.

¹⁹ Scotland's Marine Economic Statistics, 2017. Up rated to 2019 prices.

²⁰ PYEs are converted to FTEs based on Ayrshire construction sector (SIC07 section F) employment patterns sourced from NOMIS. It is assumed that 2 part-time employees equate to 1 FTE and that sole traders/proprietors equate to 1 FTE.

Table 3: Ayrshire and Arran Visitor Profile

Type of Visitor	Proportion of Total	Spend per Visitor
International Overnight	1%	£131.11
Domestic Overnight	6%	£56.59
Day Trip	93%	£37.23

A turnover per FTE coefficient of £102,900 is used to estimate FTE jobs created in the marine tourism sector, and a GVA per FTE coefficient of £23,677 is used to estimate GVA generated by visitor activity²¹.

Table 4 presents the anticipated gross FTEs generated by tourism activity. FTEs are presented at average annual, peak annual and 25-year cumulative measures.

Table 4: Visitor Impacts – Gross FTEs

	Average Annual	Peak Annual	25-year Cumulative
FTEs	300	390	7790

Table 5 presents the anticipated gross discounted GVA impacts directly associated with tourism. GVA is presented as the cumulative total measured at a 15-year and a 25-year time horizon.

Table 5: Visitor Impacts – Gross Discounted GVA

	2035	2045
Gross Discounted GVA	£68m	£113m

Gross Housing Impacts

The impacts from the increased number of residents are generated through:

- One-off spend on household furnishings for new units; and
- Ongoing annual spend of new residents.

This spend will support job creation in the retail sector.

The project will create 25,000 sqm of new living space. Assuming a mix of 2 and 3 bedroom apartments at 75 sqm and 100 sqm respectively and a roughly even split, there will be 140 new 2 bedroom units and 145 new 3 bedroom units resulting in a total of 285 new units. As per the OBC, 11,000 sqm of living space or 125 units will be completed by 2027 with the remaining units completed by 2032. We assume a phased in occupancy profile, with all units occupied by 2034 and until the end of the appraisal period (2045).

Based on ONS data and adjusting for local spending patterns we estimated that each unit will spend £2,500 on furnishing the year it is first occupied, and spend an additional £6,500 annually.

Table 6 presents the anticipated gross FTEs generated by new household activity. FTEs are presented at average annual, peak annual and 25-year cumulative measures.

Table 6: Housing Impacts – Gross FTEs

	Average Annual	Peak Annual	25-year Cumulative
FTEs	10	15	240

Table 7 presents the anticipated economic impacts directly associated with new housing (retail sector employment). GVA is presented as the cumulative total measured at a 15-year and a 25-year time horizon.

Table 7: Housing Impacts – Gross Discounted GVA

	2035	2045
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²¹ Based on Scottish Annual Business Statistics SIC07 divisions: 47, 55, and 56.

Gross Discounted GVA	£2m	£5m
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3.10.5 Net Impacts

The net level impacts measure the change that will be generated through the project, taking account of the knock-on effects within the economy – the additionality factors; deadweight, displacement, leakage and multipliers. Net effects are considered at the Ayrshire and Scotland geographic levels. Note that the net impacts presented in this section include direct, indirect and induced impacts.

Moving from Gross to Net Effects

- **deadweight/additionality** - the proportion of total outputs/outcomes that would have been secured anyway in the absence of the public sector intervention
- **leakage** - the number or proportion of outputs/outcomes that benefit economies outside the target geographies – local, regional, and national
- **displacement** - the number or proportion of outputs/outcomes that reduce outputs/outcomes elsewhere in within the target geographies. These effects can occur in product markets or in labour markets; and

These ‘additionality factors’ have been assessed based on the following ready reckoner:

Additionality Factors Ready Reckoner	
None/ Negligible	0%
Low	up to 25%
Moderate	26% - 50%
High	51% - 75%
Very high	76% - 100%

- **multipliers** - supply chain and income effects. These are sourced from Scottish Input/Output Tables. It is assumed that Ayrshire level multipliers are 50% of the Scottish level multipliers.
- After adjusting for additionality factors, this section presents the estimated Net Impacts generated by the project.

Net Marine Construction Impacts

Table 8 summarises the one-off net discounted marine construction impacts that could be generated by the project. Results are presented at the Ayrshire and Scotland levels.

Table 8: Net Discounted Marine Construction Impacts

Region	PYEs	FTEs ²²	Gross Discounted GVA
Ayrshire	50	50	£7m
Scotland	100	100	£14m

Net Visitor Impacts

Table 9 presents the anticipated net FTEs generated by tourism activity. FTEs are presented at average annual, peak annual and 25-year cumulative measures.

Table 9: Visitor Impacts – Net FTEs

Region	Average Annual	Peak Annual	25-year Cumulative
Ayrshire	140	180	3650
Scotland	110	145	2910

Table 10 summarises the net discounted GVA impacts that could be generated by the project through increased activity in the marine tourism sector. Results are presented at the 15-year and 25-year time horizons and at the Ayrshire and Scotland levels.

²² PYEs are converted to FTEs based on Ayrshire construction sector (SIC07 section F) employment patterns sourced from NOMIS. It is assumed that 2 part-time employees equate to 1 FTE and that sole traders/proprietors equate to 1 FTE.

Table 10: Visitor Impacts – Net Discounted GVA

Region	2035	2045
Ayrshire	£34m	£57m
Scotland	£29m	£48m

Net Housing Impacts

Table 11 presents the anticipated net FTEs generated by expenditure from new housing units (retail sector employment). FTEs are presented at average annual, peak annual and 25-year cumulative measures.

Table 11: Housing Impacts – Net FTEs

Region	Average Annual	Peak Annual	25-year Cumulative
Ayrshire	4	6	100
Scotland	2	3	40

Note: Average annual and peak FTEs round to the nearest whole.

Table 12 presents the anticipated net GVA generated by expenditure from new housing units (retail sector GVA). GVA is presented as the cumulative total measured at a 15-year and a 25-year time horizon.

Table 12: Housing Impacts – Net Discounted GVA

Region	2035	2045
Ayrshire	£1m	£2m
Scotland	£0.5m	£1m

Note: Figures rounded to the nearest £0.5m.

Net Ongoing Impacts

Tables 13 and 14 summarise the net ongoing FTEs (sum of visitor and housing generated FTEs) and net ongoing GVA (sum of visitor and housing generated GVA), respectively.

Table 13: Net Ongoing FTEs

Region	Average Annual	Peak Annual	25-year Cumulative
Ayrshire	145	190	3750
Scotland	115	150	2950

Table 14: Net Discounted Ongoing GVA (Cumulative, at 15 and 25 years)

Region	2035	2045
Ayrshire	£35m	£60m
Scotland	£29m	£49m

3.10.6 Ayrshire Growth Deal and Leveraged Investment

Assuming that the total cost of the project is £16m with £14m invested through the Ayrshire Growth Deal (AGD) and a further £2m through private leveraged investment (LI), we calculate the net impacts attributed to each funding sourced based on their respective proportion of the total project cost.

Table 15 presents net construction impacts (PYES, FTEs, GVA) which are attributed to AGD and leveraged investment contributions.

Table 15: Attribution of Net Construction Impacts

Region	PYEs		FTEs		GVA	
	AGD	LI	AGD	LI	AGD	LI
Ayrshire	50	10	40	10	£6m	£1m
Scotland	90	10	8	10	£12m	£2m

Table 16 presents net ongoing impacts (average annual FTEs, 25-year cumulative FTEs, and 25-year cumulative GVA) which are attributed to AGD and leveraged investment contributions.

Table 16: Attribution of Net Ongoing Impacts

Region	Average Annual		25-year Cumulative		GVA	
	AGD	LI	AGD	LI	AGD	LI

Ayrshire	125	20	3250	490	£52m	£8m
Scotland	100	15	2570	390	£43m	£6m

3.10.7 Impact Ratio and Cost per FTE Job

The total (construction plus ongoing) discounted net GVA benefits are assessed against the total discounted public sector costs. The ratios for are presented below in **Table 17**, overleaf, for the Ayrshire and Scotland levels and at the 15-year and 25-year time horizons.

Table 17: Impact Ratios

Region		2035	2045
Ayrshire	GVA Benefit	£42m	£67m
	Public Sector Cost	£12m	£12m
	Impact Ratio	3.4	5.4
Scotland	GVA Benefit	£43m	£63m
	Public Sector Cost	£12m	£12m
	Impact Ratio	3.5	5.1

Note: GVA and cost figures round to nearest £m. Impact ratio based on non-rounded values.

Table 18 presents cost per FTE job estimates and the Ayrshire and Scotland levels and at 15 years and 25 years.

Table 18: Cost per FTE Job

Region		2035	2045
Ayrshire	FTEs	1880	3650
	Public Sector Cost	£12m	£12m
	Cost per FTE	£7,000	£3,000
Scotland	FTEs	1480	2950
	Public Sector Cost	£12m	£12m
	Cost per FTE	£8,000	£4,000

3.10.8 Wider Benefits

The project delivers a high number of jobs (3650 FTEs) over 25 years to Ayrshire many of which will be located in Irvine where 23 of its 45 data zones are amongst the top 20% most deprived in Scotland (SIMD 2020). NAC's Community Wealth Building programme will work alongside the Great Harbour Project Board to identify and deliver inclusive growth benefits targeting special needs and improving access to jobs, skills, training, etc. Creating employment opportunities in highly deprived areas is consistent with Scottish Government's inclusive growth goals.

Further, the types of jobs created by the project are primarily in retail and accommodation which are medium to low skilled and therefore be accessible to the local labour force. Also of note is the potential population increase driven by the new housing development which, under full occupancy, could support approximately 700 new residents.

4.0 COMMERCIAL CASE

4.1 Commercial Case

4.1.1 This commercial case for delivery of the project sets out the involvement of other parties and identifies the key challenges and risks. The project investment is on land owned by NAC. No land transfers or acquisition is required. NAC will deliver the project which is primarily a regeneration and infrastructure project with any market elements (open market housing / commercial workshop space) set within a Market Economy Investor Principle arrangement (MEIP).

4.1.2 Engagement along with an on-going activity around consultation and coordination with key public and private sector stakeholders (NAC Regulatory Services / NPL / NMMS / CPP / Crown Estates / Marine Scotland / Local Stakeholder Groups /etc) is well advanced and will be maintained ensure the project is delivered and coordinated with wider programmes and stakeholder interests. Key stakeholders with an interest in the marine infrastructure design (Marine Scotland, Scottish Environment Protection Agency (SEPA) / NAC Planning, and other stakeholders will continue to influence the development of the project and the environmental mitigation measures associated with the infrastructure.

4.1.3 A Basis of Design document was developed for the project in November 2016. Its purpose is to define the Basis of Design for the Concept Design of the strategic infrastructure works required for the site and be the approved source of input data for the project team. It defines the criteria to be used for the design of each element of the works as follows:

- Public Realm Destination Waterfront;
- Marine and Land-Based Engineering
- Regeneration (Neighbourhoods / Community Enterprise/ Visitor Facilities)
- Active Travel & Green Networks

4.1.4 Within the Council, the delivery specification is being determined in accordance with the requirements of the various regulatory and service departments involved in the project, including:

- Growth and Investment Directorate
- Place Directorate
 - Economic / Commercial Development
 - Planning and Building Standards
 - Technical Services
 - Environment
 - Estates
- Communities Directorate
 - Connected Communities
 - Education
- Health & Social Care Partnership
- Finance & Corporate Support
 - Corporate and Legal
 - Audit
- Procurement

4.1.5 The Basis of Design and the wider output specification will continue to be developed with these partners as the proposals for delivery are developed in more detail following approval of this OBC.

4.2 Project Partnership NAC /NPL

North Ayrshire Council has developed a partnership agreement with NPL Group. The partnership agreement was approved by NAC and NPL Board during June 2019 and establishes a partnership framework for investment in Harbourside and the Great Harbour project. The Partnership provides for:

- A joint approach to masterplanning both Ardeer Peninsula and Irvine Harbour
- A commitment to considering the development of future commercial activity
- An agreed approach re destination synergies
- An approach based on maximising external funding opportunities

The partnership agreement is provided in the Appendix A.

NPL Group (UK) Ltd (Company number SC444462) have a long-term interest in developing the Great Harbour (both Harbourside and Ardeer). NPL Group's registered office address is First Floor, 183 St. Vincent Street, Glasgow, G2 5QD. NPL Group is the UK's leading group of privately-owned brownfield regeneration, remediation and land development companies. For 20 years, this privately owned group of companies has been carefully put together, refined to create a clear strategy and supported by a simple and repeatable business model. NPL's portfolio covers the entirety of the UK across a multitude of client sectors where a strong covenant to manage liability exits for FTSE 100 companies has and continues to provide the company with a constant stream of land opportunities.

NPL Developments (separate company in the NPL Group) is able to draw on the expertise and resources of the Group to complement its activities and optimum use of land. NPL Developments delivers high-profile residential, commercial, industrial and retail development projects throughout the UK. Our inclusive, non-confrontational partnership approach results in the optimum use of land coupled with benefits for local communities. NPL Developments has a focus on regeneration, developing sites both on NPL owned assets and in partnership with landowners. NPL Developments adds significant uplift value to land. We forge strong partnerships with a variety of clients and retain a commitment to the communities we work with.

NPL Developments are seeking within the partnership to advance:

- Open-market residential waterfront housing
- Supporting retail and mixed use and commercial development
- Leisure and tourism-based developments
- Marketing / promotion of the Big Idea site / Investment & Redevelopment incl. immediate environs

4.3 Project Delivery - Direct Deliverables

4.3.1 The project will be delivered by the partners and be led by NAC Place Team. NAC through the Place Team will have overall Project Management responsibility for all elements of the project. NAC through the Place Team will develop and implement the Contract Works for the project core infrastructure.

4.3.2 The infrastructure created or upgraded by the project will be adopted as public assets on completion, including the both marine and land-based infrastructure with associated

4.3.3 Project management and the construction of all project elements will be procured and managed by NAC. The works comprising this project will be defined into a single major works contract delivered within a NEC3 Form of Contract.

4.3.4 The project is expected to be delivered in the period from 2022 to 2027 with the facility and wider regeneration programmes fully operational by 2027.

4.4 Funding Options and Payment Arrangements

4.4.1 Partnership working, marketing and discussions with NPL Group will help enable additional investment within the Great Harbour at the national level will be advanced post OBC.

4.4.2 Payments to external parties (i.e. contractors, etc.) will be made upon the satisfactory completion of tasks and upon the reaching of pre-agreed milestone points in the project. The exact payment points will be agreed between NAC and its appointed contractors in accordance with the terms and conditions agreed at appointment and the requirements of the Construction Act.

4.5 Risk Allocation and Transfer

4.5.1 NAC have ownership of the majority of the identified risks as defined in the Risk Register attached as Appendix. However, in some instances the ownership of risks is also shared with key stakeholders. As project promoter NAC takes responsibility for overall risk management and mitigation throughout the project delivery process. The outline of the currently identified risk categories along with more generic risks associated with a project are set out over:

4.5.2 Risk management and the advance awareness and management of risk are the active part of the Risk Register that identifies the approach to mitigation and the risk owners. The Risk Register is a multi-user live document managed and maintained by the Project Manager with inputs from all design/ planning and delivery teams.

4.5.3 The Risk Register is pro-active and identifies mitigation measures and control actions with key issues advised to the Project Board. The Great Harbour top 5 risks to successful implementation are:

- Consensus across Partners / Stakeholders / Community cannot be secured on detailed aspects of the masterplan and the integration of public realm, waterfront, new housing and amended streetscape
- Project outcomes and KPI's fail to be delivered with investment not securing more inclusive growth and/or reducing poverty by increasing the income of people in deprived areas or protected characteristic groups
- Changes to capital costs including impact of Covid-119 on costs/programme and/or associated with changing scope or inappropriately quantified cost provisions and allowances for Optimism Bias (OB)
- Agreement on technical approach to quays / pontoons and land connections cannot be agreed with key stakeholders (e.g. MS-LOT/ NAC Planning creates timescale delays).
- Revenue implications and Business Case provisions not satisfied. Covid-19 and any AGD/Council/Partners delays decision on approval of Business Case as project progresses. The Covid epidemic (Feb 2021 remains a major risk to private sector / hospitality and leisure investment across Ayrshire. Time periods and the scale/nature of recovery are not possible to define at this time. Impacts may be longer term and increase levels of risk to the programme and delivery of outcomes. Private sector investment is anticipated to be adversely impacted. Specific impacts on the Great Harbour are primarily post 2027 impacts on leverage investment in the Big Idea and Ardeer Bridgehead. Redirection of arts and Lottery Funding may impact on NMMS proposals.

4.5.4 Detail on risk management, summary risk registers, arrangements for risk transfer and risk management and mitigation are provided in the Commercial Case (Section 4.0)

DELIVERING REGENERATION – All Project elements Risk Assessment

AGD Projects	Project	AGD Funded	Partnership Risk	Funding Risk	Delivery Risk	Governance Risk	Outcomes Risk
Maritime Mile	Waterfront Public Realm	Yes					
	Harbour Gateway	Yes					
	Community Marina	Yes					
	Plaza / SHIP Hub	Yes					
	Pilot House / Play	Yes					
Area Regeneration	Public Housing +CH	No					
	CWB / IG Outcomes - CEF	Yes					
	Open Market Homes	No					
	Hotel /Retail / Enterprise	No					
	SME Bus. Upgrades	No					
	Site Infr/Abnormals	Yes					
	W’shop/Artisan Units	Yes					
Ardeer	Community Ent. Fund	Yes					
	Big Idea – Nat. Play	No					
	Big Idea Resort Village	No					

Low Risk
Medium Risk
High Risk

RISKS AND MITIGATIONS

RISK	MITIGATION
Consensus across Partners / Stakeholders / Community Bodies or regulatory and consenting authorities not secured	NAC have completed a formal Partnership Agreement between NAC /NPL and agree a joint masterplan approach. The next step is to develop a Development Agreement to frame commercial/operational detail around investment. Next Steps in engagement and integration of LOIP/Community Planning needs to address wider vision and address issue of housing and investment at Big Idea
Project outcomes and KPI’s fail to be delivered with investment not securing more inclusive growth and/or reducing poverty by increasing the income of people in deprived areas or protected characteristic groups	The AGD Programme Management Office is currently working with AGD Project Leads to develop a consistent programme approach to ensure that inclusive growth, equalities and community wealth building outcomes are embedded in each AGD business case. This approach will ensure explicit commitment to how the project will achieve inclusive growth and reduce inequality.
Changes to capital costs associated with changing scope or inappropriately quantified cost provisions and allowances for Optimism Bias (OB)	Detailed Technical Studies to inform design and a fully detailed / itemised cost plan with formal calculation of OB based on technical studies. NAC undertaken further 2020-2021 Cost & Design Review. Costs include Contingency & OB. Approved in formal RIBA Stage 2 Gateway. Future Design Team to include Cost Consultancy Detailed assessment of Contingency & OB
Agreement on technical approach to quays / pontoons and land connections cannot be agreed with key stakeholders (e.g. MS-LOT/ Planning creates timescale delays;	Development of Partnership / Operator Plan and detailed GANTT Programme Ensuring programme allows time for engagement and approvals. PPIp route minimises risks and ensures full engagement with statutory bodies and community. NAC in discussion with Harbour Authority. Dev Briefs drafted for Gt Harbour.
Revenue implications and Business Case provisions not satisfied. PMO/Council delays decision on approval of Business Case AGD Business Case Fails	Development of OBC in accordance with Green Book guidance Partner/Stakeholder Risk Assessment to include early market input/ partner & commercial review by Board. Review CAPEX and OPEX costs

	NAC require OBC Approvals to advance Next Stages. Delays impacts on programme. Review Governance arrangements and develop Development Agreement (NAC/NPL)
Project delay and macro-economic impact of Covid-19 and recovery. Covid-19 Impacts on contract values/ programme	Although there may be some delay to project arising from Covid 19 recovery, early analysis identifies that the need for the project is unlikely to be diminished (in fact the need may be greater). Continued economic analysis and development of recovery plans should be implemented and robust project scoping should continue to ensure the facility meets needs.
Topic / Project Element	Risk Owner
Maritime Mile Packages	
Inclusive Growth Benefits / Community Wealth Building	NAC
Design Proposals	NAC
Commissioning / Internal Approvals / OBC Approval / Political	NAC
Facility /Destination Management & Operation	NAC
Demand / Residual value	NAC
Delay to programme due to number of Governance levels - Board, Council, PMO, AGD	NAC
Agreement on technical approach with key stakeholders creates timescale delays	NAC
Detailed design / site investigations /technical reviews reveal conditions that will significantly	NAC
New facility fails to deliver the desired levels of economic activity and GVA forecast	NAC
Insufficient funding due to unforeseen complexity site	NAC
Necessary statutory approvals for development cannot be gained or are delayed	NAC
Excessive liabilities associated with contaminated land / marine sediments	NAC
Environmental constraints (e.g. Designations) critically limits the extent	NAC
Procurement / Contract Appointment / Contract default risks	NAC
Operational Management / Safety / Maintenance Liability	NAC
Community Regeneration Packages	
Community engagement extended and delays agreement on scope of packages	NAC
Community engagement seeks significant amendments to proposals	NAC
Additional project ideas require additional time / amendment to programme	NAC
Community Enterprise terms / arrangements not supported	NAC
Additional groups seek engagement / New proposals require testing	NAC
Commercial / Regeneration Packages	
Masterplanning / PPIp Delivery / Approvals	NAC / NPL
Community engagement seeks significant change /amendment to proposals	NAC/ NPL
Design Proposals (Housing & Commercial) and Detailed Approvals	NPL / Other
Demand / Commercial Viability / Residual Values	NPL / Other
Contract default	NPL
Delay to programme due to number of Governance levels - Board, Council, PMO, AGD	NAC/NPL
Insufficient funding due to unforeseen complexity site	NPL
Necessary statutory approvals for development cannot be gained or are delayed	NPL
Excessive liabilities associated with contaminated land	NPL/NAC
Environmental constraints (e.g. Designations) critically limits the extent	NPL/NAC
Construction Delivery / Safety / Maintenance Liability	NPL

4.5.5 The Risk Register will be kept under regular review during the project development, detailed design and implementation. The Risk Register is maintained by the Project Manager. During this period some risks may be dealt with and closed off from the Risk Register, new risks may be identified, or ownership of risks may be reallocated. The Risk Register will consequently be a live document and risk ownership could consequently change.

4.6 Procurement and Community Benefits Strategy

4.6.1 The procurement strategy forms part of the project development and is integrated in the gateway approval stages for projects.

4.6.2 Industry standard terms and conditions will be utilised, with suitable Client amendments to reflect appropriate risk positions, most likely NEC3; Contracts will be evaluated on the basis of the Most Economically Advantageous Tender.

4.6.3 The AGD Programme Management Office is currently working with AGD Project Leads to develop a consistent programme approach to ensure that inclusive growth, equalities, and community wealth building outcomes are embedded in each AGD business case. This approach will ensure explicit commitment to how the project will achieve inclusive growth and reduce inequality. Procurement and contract arrangements to secure inclusive community benefits and ensure fair working practices will follow the AGD Procurement Strategy and the AGD Community Benefits Strategy. Community Benefits will be standardised across the three authorities. The Project will be delivered and managed NAC. All contract opportunities will be advertised via the Public Contracts Scotland portal/website Inclusive growth benefits are highlighted in Appendix H.

4.7 Contracting Arrangements

4.7.1 Project management and the construction of all project elements will be procured and managed by NAC. The works comprising this project will be defined into a single major works contract delivered within a NEC3 Form of Contract. The contract will take the form of a Traditional Contract with B&Q and priced schedules to minimise risk and reflect the scope of works.

4.8 Community Benefits

4.8.1 The nature of the work involved in the Maritime Mile; Residential Housing; Wharf & Quay Upgrades; Public Realm will generate a range of opportunities for skills development, training, work experience, apprenticeship and full-time work opportunities as well as potential for progression between them particularly associated with the residential works and building related work packages. Community benefits can include a wide range of social, environmental and economic initiatives which are secured as part of a public-sector procurement exercise. Often the most tangible benefits are those secured through targeted employment and support for small and medium enterprises.

4.8.2 Skills development, training and recruitment mechanisms to engage the long-term or young unemployed to take up the opportunities are an important part of the contract arrangements and the development of a Community Wealth and Project Outcomes Benefit Plan.

The contract will require tenderers to submit clear and deliverable proposals on the community benefit programme / Community wealth building measures and coordination of pre-employability programmes ahead of site work. Detail will be confirmed in the FBC Benefits Realisation Plan Monitoring of community benefit outcomes will be undertaken as part of specific contract management processes and reported to the PMO as part of the contract reporting obligations. Community Benefit will include:

- Developing contract links with employment and jobs
- Creating employment and skills access supporting inclusive growth
- Creating opportunities for young people and trainee / apprenticeship positions
- Creating opportunity for SME businesses and local supply chains
- Supporting Locality Planning (LOIP) outcomes
- Protecting and enhancing environmental assets

4.8.3 All relevant consultant appointments include contractual obligations to provide relevant community benefits. Community benefits included within this project include work placement training, school visits, and careers events.

5.0 FINANCIAL CASE

5.1 Overall Project Approval

- 5.1.1 The project has been identified £16.0million. The Outline Business Case submission has been ratified by the Executive Leadership Team of NAC in November 2019.
- 5.1.2 The project has been developed post the 2017 Outline Business Case to further develop the options and optimise the scope of investment packages, dependencies and relationship with area regeneration.
- 5.1.3 Detailed engagement with stakeholders and specifically NPL / Community Planning Partners / ED&R Board and community stakeholders has allowed design development to be progressed building on technical studies/ proof of concept and design development.

Investment Costs	Outline Business Case Stage (OBC) 2017	Outline Business Case Stage (OBC Oct 2019-21)
AGD Scottish Government Funding	£48 million	£9.0 million
AGD North Ayrshire Council Funding	£0 million	£5.000 million
Partner Funding / 3rd Sector <small>SCLF to be confirmed</small>	£TBC million	£2.0m
TOTAL	£48 million	£16.00 million

- 5.1.4 Costs are inclusive of allowances for optimism bias (Landside/Marine 10-25%) and contract contingency (10%) which provide mitigation against project and design risks. These reflect the level of detail and technical / site investigation studies to date as assessed and reported by the Lead Consultant. Cost estimates have been updated alongside design development (RIBA Stage 2) for the OBC. Engineering and QS estimates include for consultancy fees, project management and monitoring requirements. NAC have reviewed the cost plan (Regeneration / PMI Team and consider it robust.

5.2 Summary of Project Costs (Tables in Blue now Superseded)

- 5.2.1 The initial capital cost estimates for the project were established during preliminary studies to establish the AGD project costs in 2017. A Cost review has been undertaken and Cost updated to 2021 (see Tables 5.3) Development work for the project has included:
- Site Investigations
 - Marine Assessment – Irvine & Garnock
 - Structural / Quay Wall and Gabion Engineering Assessments
 - Design Development to RIBA Stage 2
 - Project Programme and Contract Assessment
 - Design & Cost Review (RIBA Stage 2a) / Board & Council Gateway Approvals
- 5.2.2 Detailed technical assessments have informed the understanding allowing for updated and revised capital costs for a mid-point programme construction year of 2022/23. Cost estimates are presented below. NAC are committed to delivering the project within the available budget. It is envisaged that the budget of £16.0m will be sufficient but if the detailed design work highlights additional items a detailed staged Value Engineering process will be initiated with a view to restoring the project to budget. All cost and cost risk will be reported to the Council and PMO through the OBC/FBC stages.

2019/2020 Cost plan – Superseded

MARITIME MILE (PHASE 1) Item LUC/Cost Based to 2023/2024 LUC / NAC Cost Plan 2019	Optimis m Bias (%)	Optimism Bias (£m 2017)	Summary Cost
1. Maritime Mile Package			
Montgomery Street - Railway Zone	10	163,155	£1.16m
Site Prep			
Hard Surfaces & Paths			
Infrastructure			
Features & Detailing			
Maritime Museum Zone	20		£0.45m
Features & Detailing			
Puffer Café Water Zone	20-25		£4.36m
Site Prep			
Hard Surfaces & Paths			
Infrastructure			
Features & Detailing			
Ship Inn Plaza	10		£2.94m
Site Prep			
Hard Surfaces & Paths			
Infrastructure			
Features & Detailing			
Wharf to Inventors Bridge	10		£1.85m
Site Prep			
Hard Surfaces & Paths			
Infrastructure			
Features & Detailing			
Contingency			£incl.
Fees & Associated Costs			£incl.
PROJECT TOTAL			£10.8m

- 5.2.3 A number of capital cost items are provisional. These are subject to ongoing design work, (dredging detail / pontoon ask / environmental mitigation and it is not possible to fully quantify the construction costs of them at this time. OB provides cover for cost risk.

COMMUNITY ENTERPRISE (PHASE 2) Item NAC Q4 2019 Cost Plan	Optimis m Bias (%)	Optimism Bias (£m 2017)	Summary Cost
2. Community Enterprise /			
Community Enterprise Fund	0		£250,000
Development Officer Part-time			
Community Projects			
Coastal Walkway	20		£750,000
Connections to NCR 7			
Inventors Bridge Upgrade			
Sky Park	20		£1,600,000
Site Prep			
Infrastructure			
Play Facility			
Contingency			£340,000
Fees & Associated Costs			£312,000
PROJECT TOTAL			£3,252,000

ENABLING INFRASTRUCTURE (PHASE 3) Item NAC Q4 2019 Cost Plan	Optimis m Bias (%)	Optimism Bias (£m 2017)	Summary Cost
3. Infrastructure			
Enabling Infrastructure	20		£1,000,000
Site Prep / Abnormals			
Site Servicing			
Workshop Units	20		£700,000
Artisan Workshop / Craft Units 500m ²			
Servicing Fit-Out			
Contingency (£169,000
Fees & Associated Costs			£70,000
PROJECT TOTAL			£1,948,000

5.3 NAC COST REPORT UPDATE – Great Harbour & Maritime Mile 2021
Post Deal Ratification – Design Development Cost Review - Replaces previous Tables.

Maritime Mile (Phase 1)			
AGD Fund Allocation DEC 2020		Costs for Concept Design Review 2021	
Item LUC/Cost Based to 2023/2024 LUC / NAC Cost Plan 2019 Maritime Mile Cost Review 2020	Summary Cost Approved OBC V20	Description	Cost Estimates Feb 2021
Montgomery St - Railway <i>Incl:</i> Deep clean & maintenance	£1.16M	Montgomery St – Station <i>Incl:</i> Wayfinding Signage Pavement Graphics	£0.107M
Maritime Museum Zone <i>Incl:</i> Deep clean & maintenance	£0.45M	M Museum Connection <i>Incl:</i> Wayfinding Signage Pavement Graphics Cleaning	£0.107M
NMMS @ Puffer Café <i>Incl:</i> Site Prep Hardsurface & Paths Infrastructure Features & Detailing	£4.36M	Harbour HUB <i>Incl:</i> Site Prep Hardworks & Street Furniture Signage & Wayfinding New Deck & pontoons Slipway Repairs Features & Detailing Kiosk & Winch building Refurb Lighting Dredging <i>Excl:</i> Café/Gallery Building & Utilities Repairs to Harbour Wall Modifications to Puffer Café	£6.157M
Ship Inn Plaza to Wharf <i>Incl:</i> Site Prep Hard Surfaces & Paths Infrastructure Features & Detailing	£2.94M	Marina/Arts HUB <i>Incl:</i> Site Prep Hardworks & Street Furniture Signage & Wayfinding New Plaza & HMO Square River Terrace & Deck Dry Foot Pontoons Slipway Repairs Features & Detailing Kiosk Refurb Lighting	£3.395M

		Off-Street Car Parking <i>Excl:</i> Wharf Repairs/Removal New pontoons/ Repairs Harbour Wall Repairs	
Wharf to Coast	£1.85m	Connecting Link	£0.268M
<i>Incl:</i> Site Prep Hard Surfaces & Paths Infrastructure Features & Detailing		<i>Incl:</i> Site Prep Signage & Wayfinding Street Furniture Lighting	
<i>Inclusions</i> Design Contingency Fees & Associated Costs PM Costs Optimism Bias		<i>Inclusions</i> Design Contingency Fees/Associated Costs 10% PM Costs 5% Optimism Bias	£ incl £ incl £ incl £ incl
<i>Exclusions</i> Construction Inflation		<i>Exclusions</i> Construction Inflation	
Project Total Phase 1	£10.8M	Project Total Phase 1	£10.034M
Balance c/o to Phase 2	£0.776M		
Community Enterprise (Phase 2)			
AGD Fund Allocation DEC 20		Costs for Concept Design Review 2021	
Item NAC Q4 2019 Cost Plan	Summary Cost Approved OBC V20	Description	Cost Estimates Feb 2021
Community Enterprise Fund Development Officer (part-time) Community Projects	£0.25M	excl	0
Coastal Walkway Connections to NCR 7 Inventors Bridge Upgrade	£0.75M	Coastal HUB Beach Park Play Facility Pilot House Park Connections	£1.945M
Sky Park – Play Facility	£1.60M		
Design Contingency	£0.34M	Contractors Prelims Design Contingency Construction Inflation Optimum Bias	£1.15M
Fees & Associated Costs	£0.31M	Fees/Associated Costs NAC PM Costs	£0.377M
Project sub-total Phase 2	£3.25M	Public Realm Total Phase 2	£3.472M
Balance from Phase 1	+£0.776M		

Revised Total Phase 2	£4.016M	Public Realm Total Phase 2	£3.472M
Balance within Phase 2	£0.544M		
Phase 3 (Infrastructure)			
AGD Fund Allocation DEC 20		Costs for Concept Design Review 2021	
ENABLING INFRASTRUCTURE (PHASE 3) Item NAC Q4 2019 Cost Plan	Summary Cost Approved OBC V20	Description	Cost Estimates Feb 2021
Enabling Infrastructure Road Realignment Car Parking	£1.0M	Excl	£0
NMMS & Great Harbour NMMS Gallery/Workshop / Craft Units	£0.7M	Excl	£0
		Excl	
Contingency	£0.17M	Excl	£0
Fees & Associated Costs	£0.07M	Excl	£0
PROJECT TOTAL	£1.948M	No spend	£0

5.3 Project Finance Summary

Project Finance Overview		
Business Case Cost Plan		Sum £ Totals
Great Harbour Project		
Approved Baseline Project		£14,000,000
AGD Heads of Terms (S Govt) Approval		£9,000,000
NAC Cabinet Funding Approvals		£5,000,000
Private/3 rd Sector (SCLF – to be confirmed)		£2,000,000
Project Budget		£16,000,000
AGD Direct Investment in AGD Supported Projects		
AGD Growth Deal Grant		£9,000,000
Council Funding		£5,000,000
Third Party Contributions (SCLF- to be confirmed)		£2,000,000
Total Available Funding		£16,000,000
Section 3 - Summary of Project Costs		
Phase 1 – Maritime Mile	£10,800,000	LUC / NAC Cost Plan 2019
Phase 2 – Community Enterprise	£3,252,000	
Phase 3 – Enabling Infrastructure	£1,948,000	
Optimism Bias 15-25%		
Total	£16,000,000	
Phasing of Project Expenditure		
Year		
1	2020-2021	£0
2	2021-2022	£1,250,000
3	2022-2023	£3,000,000
4	2023-2024	£4,250,000
5	2024-2025	£4,000,000

6	2025-2026	£1,500,000
7	2026-2027	£1,000,000
8	2027-2028	£1,000,000
	Total	£16,000,000
Project Expenditure on Non-Council Assets		
Estimated Expenditure on Assets not Council Owned (third party land acquisition costs)		£0.00
Section 4 - Ongoing Revenue Implications		
Full Year Revenue/ Operational Implications		Detailed in FBC
Main Financial Dependencies		
<ul style="list-style-type: none"> • NAC Approvals • Capital Funding from the AGD secured through FBC Approvals • Achievement of milestones as defined by linked to funding of AGD • Finalising agreement on SLCF investment of £2.0m as eligible works (NPL) 		

Main Financial Risks
<ul style="list-style-type: none"> ▪ Design / Technical Studies add costs beyond OB/ Contingency ▪ Slippage or delay in the programme incurring additional costs ▪ Insufficient funding and/or additional funding requirement due to unforeseen complexity ▪ Insufficient availability of non-financial resources for project delivery ▪ Risk of key milestones/outcomes not being achieved ▪ Risk that the project does not proceed as an AGD project thereby any costs incurred fall fully on NAC

5.3.1 *Expenditure on Assets Not Council Owned*

All land is owned by NAC or the NMMS (Scottish Government)

5.3.2 *Ongoing Revenue Implications*

Maintenance and management of public realm Marine boardwalk and areas of civic and amenity space. NAC costs linked to Place – Maintenance of Physical Environment.

5.4 **Main Financial Dependencies & Risks**

5.4.1 The project is dependent upon the funding from the AGD and NAC. Contingency sums and Optimism Bias (OB) of an appropriate level to the scale and complexity of the works OBC stage levels are calculated at +25% for marine works and 15%+ for landside. These are additional to contingency/ preliminaries within the contract cost estimates.

5.4.2 The Financial Risks have been set out in detail in the Risk Register in Appendix.

6.0 MANAGEMENT CASE

6.1 Project Governance

6.1.1 In 2018, the Ayrshire Councils agreed to implement a new governance structure to oversee the delivery of the Ayrshire Growth Deal This included a commitment to:

- promote and deliver regional economic and inclusive growth on an Ayrshire-wide basis, in line with the Scottish Government's aim of having a Regional Economic Partnership for every region of Scotland.
- provide the robust shared governance which will enable the Scottish and UK Governments and other funding sources to dispense monies on an Ayrshire basis.
- encourage the meaningful involvement of private sector partners as well as the public sector.
- adopt a structure that should be as simple as possible, but be capable of adaptation as required.
- recognise that the funding element is being delivered through Councils, and consequently democratic accountability will be required for key investment decisions.

6.1.2 What has been implemented is a structure which has a new Joint Committee with ultimate control over key strategic and investment decisions. This comprises of Councillors from the three authorities with some representation from partners and business. Below this is a Sub-Committee which will progress the day to day business of both the Regional Economic Partnership and Growth Deal. This Sub-committee comprises members from the Joint Committee, as well as more extensive representation other sectors. Standard narrative around programme governance below.

The three Ayrshire Councils (East, North and South) have agreed to implement a new governance structure to oversee the delivery of the Ayrshire Growth Deal and to promote the main drivers for the Regional Economic Partnership, namely:

- to promote and deliver regional economic and inclusive growth on an Ayrshire-wide basis, in line with the Scottish Government's aim of having a Regional Economic Partnership for every region of Scotland.
- to provide the robust shared governance which will enable the Scottish and UK Governments and other funding sources to dispense monies on an Ayrshire basis.
- To encourage the meaningful involvement of private sector partners as well as the public sector.
- The structure should be as simple as possible, but be capable of adaptation as required; and
- To recognise that the funding element is being delivered through Councils, and consequently democratic accountability will be required for key investment decisions.

The governance for the AGD programme includes the following:

- The Economic Joint Committee – comprising Elected Members, representatives from SE, SDS, business and education.
- The Ayrshire Regional Economic Partnership Board – comprising Elected Members, representatives from public sector partners including SE, SDS, HIE, VisitScotland, HE, FE, the third sector and the business community.

These committees have oversight of the AGD both at a programme level and in terms of approval of detailed business cases for individual projects as well as continued monitoring and evaluation of the AGD programme post Deal document sign off.

It is anticipated that over time the 3 Councils will develop more regional responses to the needs of our businesses and communities to complement the AGD investment.

6.1.3 A Project Plan addressing the detailed project management and delivery of the Great Harbour project is in development by NAC. Resourcing and staff availability have not allowed all details of PM arrangement to be concluded at this time. Detail will be submitted post lodging of the OBC.

6.2 Financial Stewardship

6.2.1 East Ayrshire Council, as Accountable Body and Lead Authority, will implement and manage the financial procedures of the Ayrshire Growth Deal as agreed with both the UK and Scottish Governments. Senior officers from each Council and including East Ayrshire Council's Section 95 Officer will be tasked with providing assurance of the Ayrshire Growth Deal Programme finances and will ensure that all funding requirements are met. The financial management of the Growth Deal Programme will also reflect the financial regulations and procedures of East Ayrshire Council.

6.2.2 The Programme Management role within the Regional Economic Partnership team will be hosted by East Ayrshire Council and they will work collaboratively with all regional partners to ensure that the role of Accountable Body is aligned with all regional partners and to ensure that all partners fully understand their roles, responsibilities and obligations to the Ayrshire Growth Deal.

6.2.3 As the Accountable Body, East Ayrshire Council will provide a regularly updated and accessible view of the project finances for the duration of the Deal. The key responsibilities of project management function will include:

- Provision of such administrative and technical support services as may be required by the Economic Joint Committee and Ayrshire Regional Economic Partnership Board.
- Facilitating engagement with and by stakeholders.
- Monitoring, review and update the AGD Project Business Case.
- Scrutiny of proposed business cases and make recommendations to the REP and Economic Joint Committee.
- The team will 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.

6.2.4 The team will analyse and report on the impact of the delivery of AGD projects and the overall AGD, 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.

6.3 Financial Controls and Procedures

6.3.1 East Ayrshire Council, as the Accountable Body has robust financial processes and procedures in place which will be applied to the management of this Deal funding. Roles, responsibilities and reporting lines will be clearly set out so that governments and partners understand the extent of the role of Accountable Body. The Accountable Body will report all financial information relating to the Ayrshire Growth Deal Programme on a quarterly basis to both Governments and to a format agreed by all partners at the outset. On an annual basis, a consolidated report on the AGD will be provided to both Governments – this will encapsulate the performance of the component projects against projected outputs and outcomes as well as presenting financial analysis against spend profiles. A system of change control will be implemented to ensure that any changes to forecasts and projections are reported in a consistent manner and through the Accountable Body as part of the quarterly and annual reporting processes.

6.3.3 The Accountable Body will ensure that both internal and external audit of the finances of the Ayrshire Growth Deal and these audit reports will be reported to the Economic Joint Committee, the Ayrshire Regional Economic Partnership Board, the UK and Scottish Governments and all partners. The Accountable Body will put in place an agreement with each Deal partner to ensure that the utilisation of grant funding for each individual project complies with the purpose of the grant as set out in the terms and conditions of the grant offer between the Scottish Government and the Accountable Body. The AGD funding will only be released once full business cases have been approved by both the UK and Scottish Governments and payment will be retrospective on receipt of all required reporting and claims information. Financial profiles

within full business cases will be key to the payment of Deal funding across the project phases and annually.

6.4 NAC Management Procedures

- 6.4.1 NAC has established internal governance arrangements for the management of its AGD project(s) organised through Programme and Project Boards. The NAC Project Board has overall authority and responsibility for Project Delivery including the Business Case prior to submission to the NAC Executive Leadership Group for approval and prior to submission to the Programme Management Office (PMO).
- 6.4.2 The Board has a Project Management responsibility but no decision-making powers, except through the delegated powers possessed by officers in attendance. The Project Board provides a mechanism for accountable Project Management delivered by regular progress reporting and updates and coordination of all design teams and initiatives associated with infrastructure, employability, business and innovation strands. The Project Board will be responsible for coordinating activities and between officers and Elected Members. The AGD Project Board meets and reports to NAC Cabinet on a regular basis.

6.5 Project Responsibility

6.5.1 The AGD Project Board will co-ordinate the delivery of the project. The key project roles have been allocated as follows:

<ul style="list-style-type: none"> • Project Sponsor: NAC Chief Executive • Project Director: NAC Executive Director Growth & Investment • Chief Financial Officer NAC Executive Director Finance & Corporate Support • Senior Responsible Officer & Project Manager: NAC Manager: Tourism & Coastal Economy 	<p>Craig Hatton</p> <p>Karen Yeomans</p> <p>Mark Boyd</p> <p>George Hunter</p>
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6.5.2 The Project Sponsor leads the Executive Leadership Team with the Project Board Chaired by the Project Director and has overall authority for those matters delegated to officers to progress.

6.6 Risk Management (see Section 4.0)

- 6.6.1 All risks that could affect the successful implementation of the project have been identified and are set out in detail in the Risk Register attached as Appendix. This includes details of risk owners, risk evaluation and mitigation measures. The Risk Register is a dynamic document that provides a tool to manage and control risks in an open, accountable and auditable manner. The Risk Register is owned, reviewed and approved by the Project Board.
- 6.6.2 The Council has adopted an AGD Programme Risk Management Strategy which mirrors the wider AGD Risk Management Strategy and also complements the broad principles of NAC’s Corporate Risk Management Strategy. The Council will adhere to the ‘Escalating and Reporting Structure’ as detailed in the Assurance Framework Part 3, Section 5.5. Roles and Responsibilities in relation to risk are outlined in the AGD Risk Management Strategy. The project will be managed in a comprehensive manner consistent with the AGD risk management requirements whilst also following internal risk management principles and procedures.

6.7 Scored Assessment, Risk Likelihood, Probability and Mitigating Actions

6.7.1 The detailed project Risk Register has been developed to identify project risks which are scored on initial and residual risk probability and impact. Key controls and procedures, mitigating actions, the lead responsibility and the timescale for regular review for each identified risk have also been identified. Risk

analysis, identification and estimation for the project have been undertaken. Risk estimation has been calculated by assigning values to the probability and impact of a risk against the set guidance criteria provided. The top five risks for the project have also been identified.

6.7.2 Existing, escalating or new risks are recorded and monitored by the Project Board. The Project Board maintain a formal Issues Log which is reviewed and updated regularly by the Project Manager. Monthly updates on project risks and issues are provided to the Programme Management Office through project status and issues log reporting.

6.8 Roles and Responsibilities

6.8.1 The project manager has overall responsibility for managing project risk, including keeping the project risk register and issues log up to date, regular reporting to the Project Board and to the Programme Management Office. The project manager will work closely with contract administrators during contract implementation periods to ensure that all risks and issues are identified, recorded and monitored; to identify and implement mitigation actions and to identify and record any programme and/or financial implications resulting from Early Warnings and Compensation Events.

6.8.2 North Ayrshire Council will procure and appoint a full Design Team (all professional services) to advance the Great Harbour Proposals to detailed implementation. The appointment will be a NEC-3 Professional Services Contract requiring a lead consultant supported by a full design team with full PI cover and including a commitment to Community Benefits. The scope will include:

- Project Management / Cost Consultancy / CDM – Principal Designer
- Design Professionals (Landscape Architect / Engineer / Architect / Planner / Environment etc)
- Consultation / Engagement / Regeneration specialist

6.9 Other Legal Matters for Consideration

6.9.1 *State Aid*

The project is considered to have no State Aid risk and would not fall within the State Aid rules. Investment with partners will follow Market Economy Investment Principle (MEIP) and will be set out within a Development Agreement to provide an accountable framework for commercial agreements, procurement and cost reporting.

6.9.2 *Competition*

There are no issues anticipated in relation to competition.

6.9.3 *Land Ownership*

Land is owned by NAC / NPL / NMMS

6.9.4 *Third Party Arrangements*

A Partnership Agreement has been agreed between NAC /NPL (see Appendix). The Partnership Agreement will be developed into a more formal project-based Development Agreement. Detail will be provided with FBC

6.9.5 *Legal Challenge*

No legal challenge to the project is anticipated.

6.9.6 *Local Authority Powers*

NAC possesses all the necessary powers to deliver this project.

The Council will use its powers, including under the Local Government (Scotland) Act 1973 or the Roads (Scotland) Act 1984, Local Government (Scotland) Act 1994 and the Local Government in Scotland Act 2003 as appropriate to deliver the project.

6.9.7 *Planning Permission / Other Consents*

There are no legal obstacles to the development of the project. The site is located on public land and allocated within the Local Development Plan for leisure use. An application for Planning Permission and a Marine Licence will be submitted in late 2019. The consenting process will include:

- Planning consent for the Maritime Mile and associated externals
- Harbour Order for Marine works incl. dredging
- Advertisement Application if required
- Listed Building Consent
- CAR Licence (SEPA)

6.9.8 *Environmental Impacts*

The environmental impacts of the project have been scoped and assessed. The proposal is to advance the Great Harbour Masterplan as a PPIp Planning Application. A detailed EIA Screening will be completed as part of the PPIp Application. Early dialogue with NAC Planning and Environmental/Technical Services (Place Directorate) has been undertaken.

The project will observe all obligations under relevant environmental legislation and all appropriate measures including the requisite legal agreements, licenses and mitigation plans will be undertaken to ensure compliance with all relevant environmental legislation and planning requirements.

Developments in the future may include development linked to the Big Idea and on land at Ardeer. These works and any adopted masterplan for the wider development of Ardeer would be envisaged to be advanced either through a PPIp Planning Application or as a Masterplan Proposal supported by a Strategic Environmental Assessment (SEA) / Environmental Impact Assessment (EIA) as appropriate.

Appendix A – NPL Partnership Agreement

Memorandum of Understanding

between

NPL (Scotland) Limited

and

North Ayrshire Council

re the Great Harbour Project

1 Definitions

In this Memorandum of Understanding the following defined terms are used:

Agreed Business Plan means a business plan agreed between the parties for the delivery of the Project or a phase of the Project, including details of the parties involved, funding, timescales and governance required to deliver the Project or phase thereof.

Ayrshire Growth Deal or **AGD** means the joint commitment of East Ayrshire Council, North Ayrshire Council, South Ayrshire Council the Scottish and UK Governments to work collaboratively to deliver a Deal that will help transform the Ayrshire economy, as more particularly detailed in the Heads of Terms entered into between these parties dated 8 March 2019.

Ayrshire Growth Deal Funding or **AGD Funding** refers to the commitment under the heading 'Tourism Programme' in the aforementioned Heads of Terms dated 8 March 2019 for the Scottish Government to invest up to £9million for the development and regeneration of the Great Harbour, Irvine Harbourside and Ardeer, alongside an additional £4 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. This will include £6 million for the Maritime Mile, which will fund public realm improvements, waterfront pontoons and wharf redevelopment works, helping to create an animated and aspirational waterfront. These commitments are subject to obtaining the approval of the Ayrshire Economic Joint Committee to a final business case for the project.

Execution Date means the date following agreement of an Agreed Business Plan, on which a formal joint venture agreement and other associated documentation in connection with formation of the LLP and the joint venture between NPL and NAC is executed on behalf of NPL and NAC;

Great Harbour means Irvine Harbour and wider areas in the vicinity thereof, including the Property;

Irvine Harbour means the area under the control of NPL as harbour authority;

LLP means a limited liability partnership to be formed by NPL and NAC and used as the corporate vehicle for the joint venture;

Masterplan means the overall plan for the Project

MOU means this Memorandum of Understanding;

NAC means North Ayrshire Council, a local authority constituted in terms of the Local Government etc. (Scotland) Act 1994 and having its headquarters at Cunninghame House, Friarscroft, Irvine KA12 8EE;

NAC Property means those parts of the ground shown delineated in red on the plan annexed hereto which are either owned or under the control of NAC, which areas lie on the south bank of the river Irvine and are known as the Maritime Mile and/or Harbourside, Irvine;

NPL means NPL (Scotland) Limited, a company incorporated in Scotland with Registered No. SC269486 and having its Registered Office at 1st floor, 183 St Vincent Street, Glasgow, G2 5QD;

NPL Property means those parts of the ground shown delineated in red on the plan annexed hereto which are either owned by NPL or lying under its control as harbour authority for Irvine Harbour, which areas are known as the Ardeer peninsula and Irvine Harbour.

Project shall have the meaning as given to it in paragraph 2.1;

Property means the NAC Property and the NPL Property;

2 The Great Harbour Project Vision

2.1 NAC and NPL are the two major landowners in the area known as Great Harbour and, in addition, NPL is the Harbour Authority in respect of Irvine Harbour. Together they have created a shared vision to redevelop the Property in a manner that effects a transformational change for the Great Harbour and the Ayrshire economy. This shared vision is to regenerate the Property to establish the Great Harbour area as a destination of choice for both leisure activities and businesses and for families to live and work. In doing this a vibrant and thriving community will be created which will provide economic, social and cultural benefits to both the immediate area and, importantly, Ayrshire as a whole (**the Project**).

2.2 The parties acknowledge that the Project will play a significant part in helping deliver the wider Ayrshire Economic Strategy. AGD Funding has been provided to support this.

2.3 It is acknowledged that the Project is an ambitious and complex one that will require significant capital investment, and which will be delivered over a number of phases over an extended time period. The nature, extent and phasing of the different aspects of the Project will likely vary with time, availability of funding, including AGD funding and macro socio-economic factors and other influences. Potential components of the Project could include: -

- The Maritime Mile to run from Irvine Train Station bridge to the wooden wharf next to the Irvine Watersports club. Possible works include opening up the waterfront including redesign of the Puffer Café compound, working with the Maritime Museum to create a new visitor attraction, showcasing the vessels owned by the Museum in a new waterfront setting, provision of new berthing facilities and upgrading of the existing slipways.
- The Big Idea and Inventors Bridge: works could include a refit of the Big Idea, to provide a new Irvine Contemporary Arts venue and multi-use destination, showcasing the art works owned by the Maritime Museum, repair the Inventors Bridge, providing dedicated access to the Big Idea.
- Scotland's Playground at the Skypark: An all-weather barrier free play facility that is unique to the west of Scotland and commercially feasible.
- To elevate Harbourside as a major tourist destination including the development of a successful high quality harbourside hotel and restaurant to ensure that visitors extend their visit the full length of the Maritime Mile.
- Further commercial opportunities aimed at increasing visitor numbers
- Private housing:- high quality waterfront housing as a complementary addition to the planned social housing.
- A road bridge to cross the River Irvine to the Ardeer peninsula to facilitate the development of tourism and leisure development, supported by housing;

- On the north end of the Ardeer peninsula accessed from Stevenston there is the potential for an industrial hub for major industrial and engineering processes.

2.4 The parties recognise that they are the ideal partners to undertake the Project by virtue of their respective ownerships, the role of NPL as Harbour authority, the expertise that NPL can bring in decontamination, the AGD funding which NAC can bring, and their joint desire to

create the Great Harbour as a destination of choice sufficient to attract further investment to fund a road bridge across the River Irvine to secure the regeneration of the Ardeer peninsula. As it is likely that each party will invest significant management time, contribute significant resources and other professional costs in developing a Masterplan and Agreed Business Plan or Plans for the Project, the parties have agreed to give the undertakings contained in clause 5 and 6 to facilitate such investment and cost.

3 Masterplan

3.1 The parties agree to jointly commission and fund in equal proportions a Masterplan for the Property to inform the final business case required to obtain AGD Funding, and any Agreed Business Plan or Plans for any other phase of the Project. The parties will jointly agree the brief for such work which will include the following work:-

Phase One of the master planning works will consider the key factors required for the Great Harbour to become a successful destination. This will be a discrete 'Proof of Concept' which should consider best practice surrounding the Scottish Government 'Place Standard' and other relevant methodologies for place & destination development, whilst critically considering the unique selling points of the Great Harbour and the proposals under consideration. It will seek to confirm the approach to date and act as an evidence base for the further development of bespoke project. It will include the following;

- An overview of key markets, trends and recent developments in the visitor attractions sector in the UK and in Scotland;
- An assessment of current proposals, within the context of delivering a transformational waterfront destination;
- A number of case studies of waterfront visitor attractions which are successful in delivering different aspects of the visitor attraction experience – interpretation /activity, catering, retail and events, drawing key lessons for future Great Harbour attractions;
- Examples of innovative approaches which are transferrable to the Great Harbour environment and lessons learned (e.g. Helix/Dundee);
- Critical success factors, including those that might apply to specifically urban/rural/waterfront attractions;
- Consideration of how attractions are financially supported/commercially viable – specific to the Great Harbour and funding models that could be supported;
- An understanding of the domestic and international tourism markets and how they can generate enough business for the Big Idea/Skypark proposals based on existing and future forecasts & trends;
- Analysis of local tourism statistics and surveys that illustrate visitor behaviour within the region and their perceived willingness to travel to a new attraction;
- The impact of seasonality in visitor numbers and their impact on the Big Idea business model;
- The potential impact of the Coig route proposals on the Great Harbour; and
- An analysis of the event potential within the Great Harbour, liaising with local stakeholders.
- Consideration of the access to the Ardeer peninsula, the potential uses it might serve and the potential land-take required for this
- The extent to which the project would support the Ayrshire Economic Strategy;

Phase two, will advance to more technical and detailed work on the individual components. Critically, it will be guided and informed by Phase One, in terms of scale, ambition and focus. Phase two will consider Vision, Planning, Governance and Financing requirements to further develop the unique proposals. It will also consider phasing and speed of delivery, as key to the realisation of the destination.

3.2 Both the content of any final business case for AGD Funding and the timing of its submission will be for NAC to determine, although the agreement of NPL is required to proposals which impact on financial, land or other resources owned or occupied by NPL.

4 Agreed Business Plan, Governance and Joint Venture Arrangements

- 4.1 Phase 2 of the Masterplan will consider the governance required by the parties to jointly take forward the Project, or phases thereof, and the extent to which other parties, such as the Scottish Maritime museum might be involved. Neither party shall be bound to implement and fund implementation of the Masterplan.
- 4.2 Following joint approval of the Masterplan, in the event the parties wish to take the Project or phases thereof forward they will jointly commission and fund in equal proportions an Agreed Business Plan.
- 4.3 As part of agreement of any Agreed Business Plan, it is acknowledged by NAC that NPL will require to carry out appropriate due diligence on the NAC Property (including: site investigations and surveys, examination of title and lease documentation, preparation of environmental/site investigation reports, and general review of the work carried out by external consultants to date). NAC will provide to NPL promptly upon request (insofar as it has not already done so) (i) all such documentation and information; and (ii) access to the NAC Property (or any part(s) thereof) for the purpose of carrying out site investigations and surveys and will provide prompt and full responses to enquiries raised by NPL in the course of the due diligence in order to facilitate rapid conclusion of this process. All financial appraisals produced by or on the instructions of NAC to date will be provided to NPL for the purpose on an open-book basis. NAC will procure, to the extent that it is able, that all relevant reports relative to the NAC Property which have been prepared for the benefit of NAC will be re-addressed to NPL, NAC and the LLP.
- 4.4 As part of agreement of any Agreed Business Plan, it is acknowledged by NPL that NAC will require to carry out appropriate due diligence on the NPL Property (including: site investigations and surveys, examination of title and lease documentation, preparation of environmental/site investigation reports, and general review of the work carried out by external consultants to date). NPL will provide to NAC promptly upon request (insofar as it has not already done so) (i) all such documentation and information; and (ii) access to the NPL Property (or any part(s) thereof) for the purpose of carrying out site investigations and surveys and will provide prompt and full responses to enquiries raised by NAC in the course of the due diligence in order to facilitate rapid conclusion of this process. All financial appraisals produced by or on the instructions of NPL to date will be provided to NAC for the purpose on an open-book basis. NPL will procure, to the extent that it is able, that all relevant reports relative to the NPL Property which have been prepared for the benefit of NPL will be re-addressed to NPL, NAC and the LLP.
- 4.5 In the event that the parties wish to implement the Agreed Business Plan through a joint venture, then it is anticipated that the joint venture vehicle will be an LLP established between NPL and NAC on a 50:50 basis such that each of NPL and NAC will have a 50% interest in the LLP and accordingly the right to 50% of the capital and profits of the LLP. It is also anticipated that all decisions of the LLP Board will require to be passed unanimously. As part of agreeing an Agreed Business Plan, the parties will seek tax advice to confirm the LLP as the most appropriate choice of vehicle for the joint venture. It is also possible that separate limited liability companies which would be wholly owned by the LLP (SPVs) may be used to undertake specific projects or develop discrete areas of land.
- 4.6 A formal LLP agreement will be entered into between NPL and NAC in respect of any such LLP and the conduct of the joint venture. This shall cover all appropriate matters usually covered by a joint venture agreement for a project of this nature including management and

decision making, ongoing funding requirements, distributions and/or debt repayment, corporate governance issues dispute resolution, final completion and termination provisions.

- 4.7 The LLP agreement will include usual and appropriate warranties for a joint venture transaction of this nature including in respect of the joint venture parties (power and capacity etc.), the LLP and the Property to provide comfort in respect of matters relating to the LLP or the Property on which NPL or NAC (as appropriate) are unable to satisfy themselves either through the legal, environmental and technical due diligence investigations or through reliance upon reports relating to the LLP or the Property.
- 4.8 The LLP agreement will set out the respective roles and responsibilities of NAC and NPL in relation to the Project. It is anticipated that NPL will provide the day to day development advice and management of the Property – including administration, accounting and LLP designated member services – on a nil cost basis – the LLP agreement will contain further details of such services. Project and estate management services to the LLP will be instructed by the LLP Board and it is agreed that NPL will be entitled to tender for the provision of such services to the LLP.
- 4.9 Any specialist planning/environmental services, and any other technical support beyond what is to be provided by way of project and estate management services, will be provided by independent consultants to be recommended by NPL but appointed by the LLP Board.
- 4.10 The LLP will require to maximise community wealth and as part of this to adopt supply chain arrangements and local job/training classes as part of its procurement processes which are directed towards ensuring that North Ayrshire residents and businesses benefit fully from the investment associated with the Project. The LLP will comply with all procurement processes and state aid rules applicable to the joint venture.

5 Project Support

- 5.1 NPL shall, at its own cost and expense, make available to NAC the services of a person with experience in similar regeneration projects to provide reasonable assistance and support to NAC to assist with the preparation of the Masterplan, final business case for the AGD and Agreed Business Plan.

6 Title to the Property

- 6.1 NAC undertakes to NPL that it shall not:
- 6.1.1 sell transfer or create any estate or interest in the NAC Property to anyone other than to the LLP or an SPV;
- 6.1.2 advertise for sale or market the NAC Property whether itself or through its agents;
- 6.1.3 invite offers from or enter negotiations with anyone other than NPL for the sale or other disposal or lease of the NAC Property;
- 6.1.4 enter into any agreement, understanding or arrangement with anyone other than NPL to deal with the NAC Property;
- 6.1.5 allow anyone other than NPL to inspect or obtain a survey or valuation of the NAC Property except to the extent necessary for the purposes of the participation of the Project in the AGD ;
- except and to the extent permitted by NPL.

- 6.2 Without prejudice to NPL's duties as harbour authority for Irvine Harbour, NPL undertakes to NAC that it shall not:
- 6.2.1 sell transfer or create any estate or interest in the NPL Property to anyone other than to the LLP or an SPV;
 - 6.2.2 advertise for sale or market the NPL Property whether itself or through its agents;
 - 6.2.3 invite offers from or enter negotiations with anyone other than NAC for the sale or other disposal or lease of the NPL Property;
 - 6.2.4 enter into any agreement, understanding or arrangement with anyone other than NAC to deal with the NPL Property;
 - 6.2.5 allow anyone other than NAC to inspect or obtain a survey or valuation of the NPL Property except to the extent necessary for the purposes of the participation of the Project in the AGD;
- except and to the extent permitted by NAC.
- 6.3 Clauses 6.1 and 6.2 shall be binding upon and enforceable by NPL and NAC during the period from signature of the MOU until the earlier of (i) the Execution Date and (ii) the date the parties agree to terminate this MOU
- 6.4 Either party shall be entitled to terminate this agreement at a date two years and three months after execution of the MOU, on giving three months written notice to the other party. In that event, 6.1 and 6.2 shall no longer be binding and enforceable by NPL and NAC from that date. In the event the MOU is not terminated it shall continue on a year to year basis until either party terminate it by giving three months written notice to the other party.

7 Legal effect

- 7.1 Save as provided in clause 6.3 this document is a summary of the terms of the prospective LLP Agreement between NPL and NAC and as such, the terms hereof are not, and are not intended to be, legally binding.
- 7.2 The following clauses are, in addition to this sub-clause, legally binding and enforceable by the parties: clauses 5.1, 6.1, 6.2, 6.3 and 6.4

8 Counterparts

- 8.1 These Heads of Agreement may be executed in any number of counterparts and by each of the parties on separate counterparts.
- 8.2 Where executed in counterparts, unless otherwise agreed between the parties, these Heads of Agreement shall not take effect until each of the counterparts has been delivered in accordance with the Legal Writings (Counterparts and Delivery) (Scotland) Act 2015.

9 Costs

Each of the parties shall be responsible for their own costs and expenses in relation to the negotiation of this MOU and thereafter the negotiation and execution of the LLP Agreement and all other associated documentation.

10 LAW

The parties agree that these Heads of Agreement shall be governed by and construed in accordance with the laws of Scotland and hereby submit to the exclusive jurisdiction of the Scottish Courts:

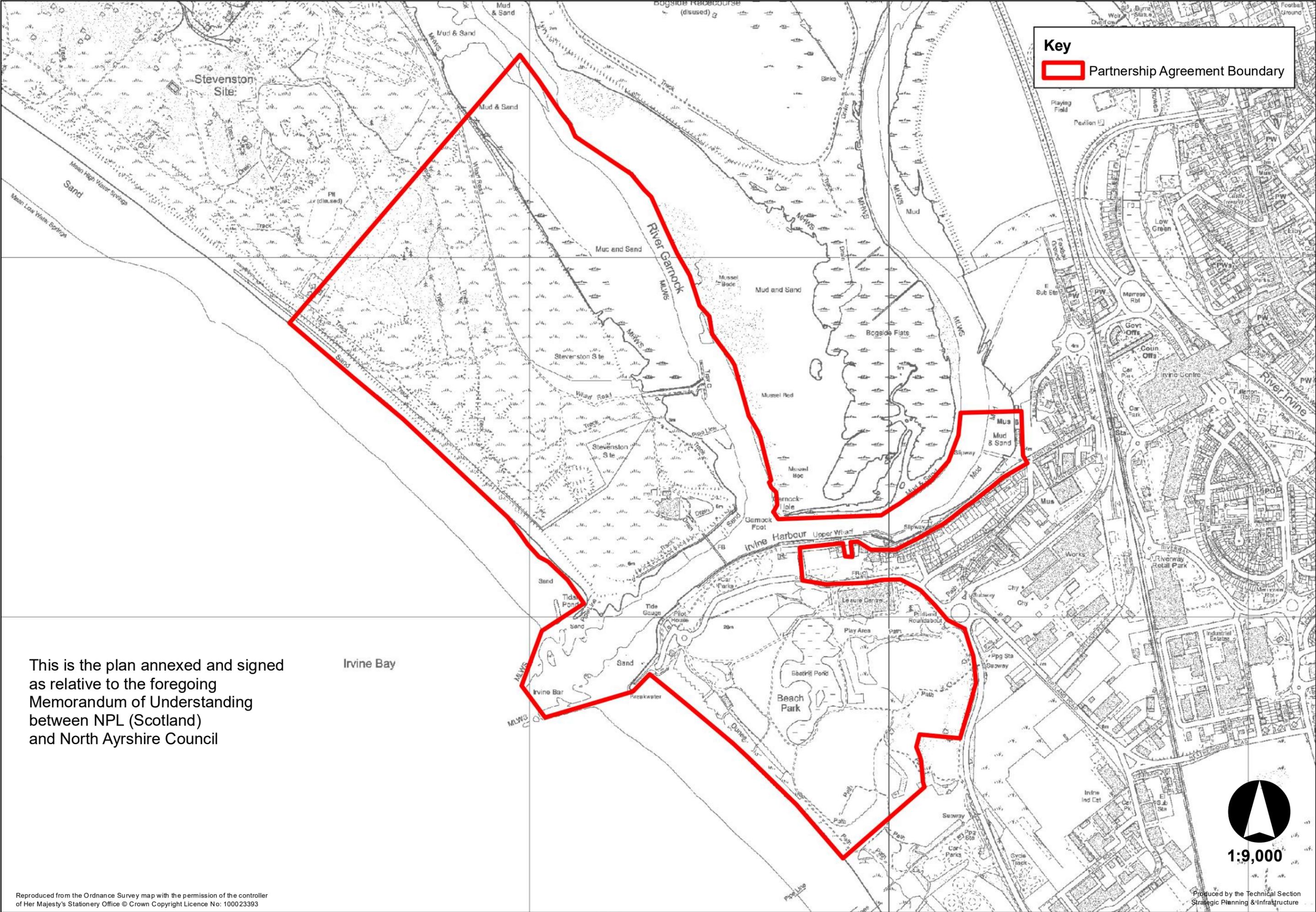
IN WITNESS WHEREOF these presents consisting of this and the preceding five pages are executed as follows:

.....(NPL Authorised signatory)

.....(NPL witness)

.....(NAC Proper Officer)

Final tracked 9-08-17



Key
 Partnership Agreement Boundary

This is the plan annexed and signed as relative to the foregoing Memorandum of Understanding between NPL (Scotland) and North Ayrshire Council

Irvine Bay


1:9,000

Appendix B – Risk Register

AGD PROJECT RISK REGISTER

AGD PROJECT RISK REGISTER															
Project Title:		Irvine Great Harbour													
Member Authority:		North Ayrshire Council													
Project Location:		Irvine Harbourside													
Project Sponsor:		North Ayrshire Council													
Manager:		George Hunter													
Date Updated:		29.07.20													
														Last Reporting Period: OBC	
Risk Ref	Status	Risk Category	Risk Description		Inherent Impact	Inherent Probability	Inherent Risk Score	Inherent Rank	Owner	Controls Action	Resid Impact	Resid Risk Score	Resid. Rank	Date Checked	Movement in Period
			Challenge	Impact											
		Objectives & Project Outcomes													
OBJ01	Open		Partner objectives and specific operational needs (NAC/NPL/ NMMS) are incompatible impacting on partner agreement(s)	Partner agreements fundamental. Partner are key part of delivery of Great Harbour. Project would require amendment or not proceed	5	1	5		NAC/NPL/N MMS	NAC/NMMS long term agreement. A NAC/NPL Partnership Agreement has been agreed. Operating arrangements to be based on Development Agreement	1	3		Nov-19	reduction
OBJ02	Open		Partners assess market (housing /commercial/Big Idea) as not reflecting strategic objectives / offering ROI and determine not to proceed	Partners to move forward agree Development Agreement and conclude Masterplan Studies	5	2	10		NAC/NPL/N MMS	Partners agreement on project need.	2	10		Nov-19	no change
OBJ03	Open		Partner boards fail to conclude partner agreement	Masterplan to be developed to confirm scale/extent of supporting investment. Elements of project don't proceed	5	2	10		NAC/NPL/N MMS	Heads of terms drafted. Boards advised. Final details/lease terms to be concluded	2	10		Nov-19	no change
OBJ04	Open		Project OBC and Detailed Business Case (Masterplan Stage) assumptions prove to be wrong. Project scope amended and outcomes amended or deferred.	Masterplan to be developed to confirm scale/extent of supporting investment. Elements of project don't proceed	5	3	15		NAC/NPL/N MMS	OBC and detailed Business Case for partner operations require regular updating/ testing and validation.	3	12		Nov-19	reduction
OBJ05	Open		Covid-19 impacts on visitor destination. Investor confidence in the destination reduced. Impacts on critical mass and leverage investment.	Reduced visitors	4	3	12		NAC	NAC to monitor	2	9		Jun-20	new
CON		Contractual													
CON01	Open		Developer Agreement and details on procurement and governance (financial / operational) not secured	Partnership and Development Objectives cannot be met	5	2	10		NAC /NPL	Discussions advanced NPL. Partnership agreement on Business Case /Operating Plan	2	10		Nov-19	reduction
CON02	Open		City Deal funding is not secured	Scheme fails. Partner Objectives cannot be met	5	2	10		NAC	Heads of Terms agreed. Submission Templates with PMO. Project support advised S Govt / SE / Visitscotland.	2	5		Nov-19	reduction
CON03	Open		Proposals not compatible with Cost Plan / Funding and AGD Programme	Scope of Work non-deliverable	4	3	12		NAC	Design Development/ Tytechnical Studies and Cost planning within Project Management	2	8		Dec-19	reduction
CON04	Open		Contract scope and consenting issue conflict. Marine/Landside and structural/marine Interface unclear.	Works unable to secure consents	4	2	8		NAC	NAC completed Technical Studie. Appointed specialist advisors	2	6		Dec-19	reduction
ENV		Environmental													
ENV01	Open		EIA Scoping identifies significant environmental impact not capable of mitigation	Programme delays caused by consenting requirements	4	2	8		NAC	Initial Environmental Scoping.Early consultation concluded. No Major issues.	1	6		Nov-19	reduction
ENV02	Open		Statutory Consultees concerns with key elements of development	Need to adjust scheme components to be compliant & address stakeholder concerns	3	3	9		NAC	All statutory consultees contacted. No significant issues or in principle objections raised	1	3		Nov-19	reduction
ENV03	Open		Piled structure complications. Dredge material / site land or other land/ marine issues identified within the development site creating abnormal development costs	Challenges to Cost Plan. Scope of project requires amendment.	3	3	9		NAC	Technical studies completed. SI required. Requires addressing in Stage 4 Design	3	3		Nov-19	No change
ENV04	Open		Protected species and/or habitat identified or issues with SSSI identified	Designations and protected species require addressing & have statutory protection	3	3	9		NAC	Phase 1 Habitat and Protected Species Survey completed. Consultation with SNH secures in-principle support.	1	2		Nov-19	reduction
ENV05	Open		Cumulative impact assessment required on intensification of use and / or wider port/and concerns relating to Ardeer	Wider cumulative impacts increasingly sought for sensitive designated sites	3	3	9		NAC	Scope of Project for Ardeer scaled back. Proposals cover Big Idea area only.	2	9		Oct-19	reduction
ENV06	Open		Blue Billy Bing and historic contaminated sites impact on abnormals and extent of build development	Further SI Required	3	4	12		NAC	Desk Studies completed. NAC completing further assessments. New housing includes SI	2	8		Oct-19	reduction
FIN		Financial													
FIN01	Open		Concept is unsupported by strategic funders and consenting authorities	Scheme fails	5	2	10		NAC	Strong support evidenced at Board meetings. Prof of Concept (Moffat Centre) and NPL Partnership supportive	2	6		Dec-19	reduction
FIN02	Open		Economic case (OBC/FBC) & needs assessment not satisfied. More detail required including VIM and OPEX.	Undermines / weakens project justification and AGD support	4	3	12		NAC	Economic impact and needs assessments advanced though OBC with PMO. Modelling to be undertaken by PMO	2	9		Nov-19	reduction

Risk Ref	Status	Risk Category	Risk Description		Inherent Impact	Inherent Probability	Inherent Risk Score	Inherent Rank	Owner	Controls Action	Resid Impact	Resid Risk Score	Resid. Rank	Date Checked	Movement in Period
			Challenge	Impact											
FIN03	Open		Increase in capital costs as technical/design stages completed. Unforeseen problems during construction process, leading to further unexpected costs. Inadequate Optimism Bias	Impact on economic justification. Change in scope, specification, programme	4	3	12		NAC	Optimism Bias provided for in OBC. Costs need to define final project budgets.	2	10		Jun-20	No change
FIN04	Open		State Aid conflicts restrict funding and partnership approach	Private /public sector partnership based on MEIP Arrangements	5	3	15		NAC	NPL Development Agreement to clarify, State Aid advice no issue	1	3		Oct-19	reduction
FIN05	Open		OPEX / Revenue agreement arise. Issues for future operational costs .	Revenue streams very limited, Capital investment to secure revenue neutral design.	4	3	12		NAC	NAC to review revenue / operational management.	3	9		Dec-19	new
H&S		Health & Safety													
H&S01	Open		Marine access and control over access involves H&S Issues a	Design issue. Needs assessment at Design Stage recost, programme and consenting	4	2	8		NAC	Principal Designer responsibility	1	8		Dec-19	reduction
H&S02	Open		Construction of Quay / Boardwalk create significant issues re public access	Design coordination	3	2	6		NAC/NPL	Review access. Inventors Bridge and Boardwalk	1	2		Dec-19	reduction
H&S03	Open		Harbour safety requirements cannot be satisfied	Public support and statutory obligations change	3	1	3		NAC/NPL/NMMS	Health and Safety Planning needs to address all User Issues	1	1		Dec-19	new
H&S04	Open		Pontoon arrangements issue for berthing need to develop marina/berthing governance / insurances	Details of operational safety confirmed	3	1	3		NAC/NPL	TBC	1	1		Dec-19	new
P/S		People / Social													
P/S01	Open		Wider stakeholders and community interests not fully engaged in the process	Major objections to development.	3	3	9		NAC	Major Consultation /Engagement planned for Q1 2021	1	9		Jun-20	no change
P/S02	Open		Needs of Special Interest Groups (ISC /Coaswatch/Others) not satisfied	Further discussion required	2	3	6		NAC	Major Consultation /Engagement planned for Q1 2021	2	6		Jun-20	reduced
P/S03	Open		Public / stakeholder concern at Ardeer and environmental designations and changes to parking/ intensification of use	NAC to consider level of use / current capacities	2	3	6		NAC	Major Consultation /Engagement planned for Q1 2021	2	6		Jun-20	no change
PIA04	Open		Covid-19 impacts on visitor destination. Reducing visitor numbers. Impacts short and medium term.	Reduced visitors	4	3	12		NAC	NAC to monitor	2	6		Jun-20	new
P/A		Physical / Assets													
PIA01	Open		Masterplan to ensure AGD / Partner and Stakeholder Needs are aligned	Impacts on scheme scope & content.	4	2	8		NAC	Updated masterplan jointly to be advacned NAC/NPL and NMMS. Asset control to be formalised within Development Agreements	2	6		Nov-19	reduction
PIA02	Open		Design specification to ensure new Quay/ Wharf / Puffer.	Design co-ordination	3	2	6		NAC/NMMS	Early discussion with NMMS and design team	1	6		Sep-17	reduction
PIA03	Open		Land required for or agreements required with Crown Estate.	Marine Lease	5	2	10		NAC	Early discussion with Crown Estate. No issues	1	5		Dec-19	new
POL		Political													
POL01	Open		Political interests determine project represents poor value for public investment	Lack of political support (SGov / IC / TS / Community)	4	3	12		NAC	NAC completed pre AGD Submission with S Gov/SE /Visitscotland. All supportive.	1	2		Dec-19	
POL02	Open		LDP process fails to support Mixed Use in this location and/or masterplan: place issues not supported	planning consent not supported	4	2	8		NAC	Pre-Application consention complete.	1	4		Jun-20	reduction
POL03	Open		Polical change / delays to programme due to approvals and support	Political agreements.	4	2	8		NAC	Board and ELT Reporting	1	2		Dec-19	reduction
PRO		Professional													
PRO01	Open		Public Procurement required. Procurement fails to secure competent professional team	Scheme fails to secure approvals and adverse impacts on programme / cost.	3	2	6		NAC	NAC to procure and appoint specialist team Frameworks used to appoint consultants.	1	2		Jun-20	reduction
PRO02	Open		Professional team lack the skills and project management expertise to address client requirements	scheme fails to secure approvals and adverse impacts on programme / cost.	4	1	4		NAC	Team expertise and nature of work allows high level of confidence in professional team	1	4		Jun-20	reduction

Risk Ref	Status	Risk Category	Risk Description		Inherent Impact	Inherent Probability	Inherent Risk Score	Inherent Rank	Owner	Controls Action	Resid Impact	Resid Risk Score	Resid. Rank	Date Checked	Movement in Period
			Challenge	Impact											
PRO03	Open		Risk Assessment under estimates risks and specific local requirements and marine issues	Risk profile higher than assessed	3	3	9		NAC	Full integrated design team Risk Workshop required to assess risks holistically	2	2		Dec-19	Reduction
PRO04	Open		Design under-estimates site / client requirements / environmental conditions and scope changes at Contract Stage	Scope change adds to cost / programme	4	3	12		NAC	Experienced professional team with clear Brief and defined client requirements	2	4		Dec-19	new
REG		Regulatory													
REG01	Open		Consents to proceed not secured	Project can't proceed as presently conceived	3	2	6		NAC	Dialogue well advanced with statutory/regulatory bodies (MS-LOT /NAC Planning)	1	6		Nov-19	
REG02	Open		Regulatory authorities impose conditions and / or S75 limiting development	Impact on viability of project	3	1	3		NAC	Dialogue well advanced with statutory/regulatory bodies (MS-LOT /NAC Planning)	1	3		Nov-19	
REG03	Open		Wider Irvine Local Network traffic management required	Operational circulation / traffic management review	2	2	4		NAC	Proposals demonstrate betterment over existing and safer, more accessible network with benefits across all modes	1	1		Nov-19	
REG04	Open		Statutory Consultees concerns with key elements of development	Need to adjust scheme components to be compliant & address stakeholder concerns	2	3	6		NAC	Dialogue well advanced with statutory/regulatory bodies (MS-LOT /NAC Planning)	1	1		Nov-19	
REP		Reputation													
REP01	Open		NAC enter into development agreement(NAC/NPL) and project doesn't proceed	Loss of reputation / loss of momentum	2	1	3		NAC	NAC/NPL Heads of Terms on Dev Agreement required	1	3		Jun-20	no change
REP02	Open		NAC enter into Development Agreement and NPL radically amend/cant deliver project	Loss of reputation / loss of momentum	3	2	6		NAC	Core elements of the project (Pontoon / Public Realm/ etc) all agreed.	1	3		Jun-20	reduction
REP03			Partnership interest no longer supported. Private partners withdraw. Determine not to proceed under AGD	Loss of reputation / loss of momentum	3	3	4		NAC /NPL	Masterplan work being advanced	2	6		Jun-20	reduction
S/T		Schedule / Timescales													
S/T01	Open		Project programme amended by statutory consents /requirements	Delay and costs risks	2	3	6		NAC	Programme reflects current understanding on statutory consultations. Project Execution requires detailing in OBC /FBC	1	6		Oct-19	no change
S/T02	Open		Project timescales unrealistic and require extending. Note Covid-19 implications on programme currently unknown.	Cost increases, reduction in partner/stakeholder support/ impact on outcomes	3	2	6		NAC	Detailed GANTT Programming including dependencies with NAC PM	2	6		Oct-19	no change

Appendix C

Benefits Logic Chain

GREAT HARBOUR: Project activities, outputs and outcomes

Project Inputs (resources)	Project Activities (what you do)	Project Outputs (what is produced)	Project Outcomes (change expected as result of outputs/activities)	Programme Objective
<p>£14 of funding AGD £9million NAC £ 5 million</p> <p>Leverage Funding Circa £85m- £100, 2040 (Leverage assumptions based on benchmarking equivalent projects)</p>	<ul style="list-style-type: none"> • Award grant fund through Community Enterprise Fund • Planning applications submitted • Cycle path development or improvement • Develop and improve pedestrian links • New pedestrian/cycle bridges • Public realm improvement work • Site remediation work • Road surface improvements • Junction improvements on motorway/major roads • New link/access roads developed • Construction of SUDS • Drainage system improvement work • Implementation of Surface Water Management Plans • Improved junctions to enhance access to sites • New junctions to open up access to sites • New roundabouts or other traffic management schemes • Business Support 	<ul style="list-style-type: none"> • Public Realm created and Enhanced (length of 1.5km) • Road enhanced (1.5Km) • Junctions (5 Improved) • Cycle Routes created/enhanced (1.5km) • Pedestrian Routes enhanced (1.5km) • 1 Pedestrian/cycle bridges enhanced • 1 (potential) Road Bridge • Total Area reclaimed, (re)developed or assembled /Total Area of Opportunity Sites 6 (Ha) • Vacant and Derelict Land Brought Back into Use/Removed from SVDL Register (6Ha) • Food and Drink (2800 sq m) • Hotels and Hostels (2000 sq m) • Assembly and Leisure/shops (5000sq m) • Individuals supported into work • Jobs safeguarded • Individuals increasing skills • Private businesses supported • Social enterprises supported • Social enterprises created • Increase in visitor numbers • Increase in visitor expenditure • New marina berths created • New tourism events supported 	<ul style="list-style-type: none"> • Land value uplift • Improved market sentiment • land unlocked for development • Increased levels of investment, including FDI • Uplift in commercial rental/sales values (£) • Average house price uplifts • Increased supply of commercial space • Strengthening key business clusters • Increased employment • Increased GVA • Reduced congestion • Improved road safety • Increased cycle usage • Increased footfall • Reduced levels of deprivation in local areas • Reduction in commercial property vacancy rates • Reduction in level of vacant and derelict land • Increased drainage capacity • CO2 savings via modal shift • Enhanced accessibility - employment/ business locations • Enhanced accessibility – services/ community locations • Widening of labour market • Improved business productivity • Strengthening key business clusters • Businesses attracted to the locality 	<ul style="list-style-type: none"> • Increase employment opportunities through a supply of local jobs • Improve soft and basic employability programmes by creating employment opportunities that can be capitalised by entrants to the workforce • Embed community wealth building into placemaking approach • Increase visitor numbers • Increase dwell time of visitors • Increase expenditure of visitors • Increase population of Great Harbour by providing a range of housing opportunities that create sense of community, footfall and demand for goods and services • Create diversity in great harbour population demographic • Create a nationally recognised visitor destination • Generate commercial opportunities through place making approach and lever private sector investment • Increase in GVA across region • Improve the health of communities across the region by improving active travel and outdoor leisure opportunities sand connecting in with regional tourism programmes and coastal path development • Supporting increase in available space for Business Premises to be

			<ul style="list-style-type: none"> • Renewed & Celebrated Place & Identity • Growth in local community (LOIP) / stronger neighbourhoods / inclusion • Positive feedback from local/Irvine/Visitor feedback • Increased Activity / Animation /Community Participation/etc • 1 New Waterfront Hotel/Restaurant • 3 Existing Businesses Growing/Expanding • 5+ New Small Businesses • Stronger Arts-Crafts-F&B-Retail-Visitor connections • 75+ New Affordable Homes • new Open Market homes / new residents • 1 No. Annual Festival of Irvine Event • Locals -Walk the Mile –Value & Use Asset • 200,000 visitors –voting with their feet/wallets/reviews • 5 SMEs supported • 21-43FTE People from Employability & Skills Programme Accessing Jobs 	<ul style="list-style-type: none"> • capitalised by inward investment and local entrepreneurialism • providing place infrastructure to Inward investment opportunities
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NOTE: Floorspace/buildout estimates to match previously supplied, with some additional space included for leverage investment aspirations (outlined in OBC). Also note minor variation as a result of grouping of expected land uses. Floorspace not directly related to AGD funding not included in build out profile. Additional floorspace leverage based on reasonable assumptions and benchmarking of commercial floorspace availability.

Appendix D Project Milestones

Project Milestones	Great Harbour
Gateway 0 Establishment of project governance <ul style="list-style-type: none"> • Strategic Business Case • RIBA Stage 0 – Project Definition 	
Gateway 1 Sign-off concept delivery/ objectives <ul style="list-style-type: none"> • Outline Business Case • RIBA Stage 1-2: Concept Design 	March 2021
Gateway 2 Sign-off scheme/ objectives <ul style="list-style-type: none"> • RIBA Stage 3-4 – Technical Design 	Q4 2021
Gateway 3 Sign-off capital spend/ contract appt <ul style="list-style-type: none"> • Final Business Case • RIBA Stage 4a – Tender Action and Reporting 	Q2 2022
Gateway 4 Sign-off constructed scheme (Post FBC) <ul style="list-style-type: none"> • RIBA Stage 5-6 – Construction and Handover 	Q4 2022
Gateway 5 Reporting outputs/outcomes/CWB (Post FBC) <ul style="list-style-type: none"> • AGD Evaluation/Monitoring • RIBA Stage 7 - Operational Project 	2024
Milestones Source	Gateway March 2021
STATUS	<ul style="list-style-type: none"> • On Track

Appendix E

Climate Change Adaptation

Checklist for Proposals - Climate Change Adaptation & Net Carbon

The Climate Change (Scotland) Act 2009 received Royal Assent on August 4, 2009. The Act provides a statutory framework for greenhouse gas emission reductions and it includes duties on Scottish public bodies. Addressing climate change and developing initiatives and projects that contribute to a Climate Change Strategy and Zero Carbon is increasingly important and needs to be embraced at all levels of activity from government through to individual action.

Climate change adaptation involves building resilience within communities, neighbourhoods, and settlements to reduce the negative consequences of adverse climate events and reduce carbon and other greenhouse gas emissions. Climate change and extreme weather events have already impacted on many aspects of our environment and society, including impacts on buildings and property, health, agriculture, forestry, transport, water resources and energy demand.

A Climate Change Emergency has been advised by Scottish Government and it is a statutory duty for all Ayrshire Councils. Notwithstanding global agreements and UK national policy initiatives the impacts of climate change in Scotland will include but are not limited to:

- Increase in extreme weather events (storms / high winds / heavy precipitation / wetter and warmer seasons etc);
- Increase in flood risk and the need for flood risk management;
- Impacts on coasts and the marine environment including coastal erosion and inundation;
- Disruption to transport, energy, digital and infrastructure networks adversely impacting on business and service resilience;
- Higher temperatures in summer increasing the demand for water; reducing water availability and drying out soils;
- Impacts on building design and the need to retrofit carbon reduction and climate change adaptation measures;
- Buildings overheating, especially in urban areas, will pose health risks at home and reduce workplace productivity;
- Changes to land-use and landscape quality including heritage assets;
- Plant sensitivity to higher temperatures/wetter winters and changes to planting and growing seasons will require adjustments to greenspace management.

Climate change impacts are likely to include extreme temperature changes resulting in the increased risk of flooding, drought and other extreme weather events. These will create risks and opportunities for example: impacts on transport infrastructure notably road condition, damage to buildings from storms, impact on local ecosystems and biodiversity, changing patterns of disease, impacts on planning and the local economy and public health. Disadvantaged and vulnerable groups and individuals are more likely to be adversely affected impacting on social equity, community wealth and inclusion.

The Intergovernmental Panel on Climate Change (IPCC) assesses the science of climate change and has recently reported the requirement to maintain global temperature increases to below 2°C. This globally recognised target has influenced various domestic and international policies, with a common theme of reducing carbon emissions, to bring a halt to global temperatures rises.

Public Bodies Climate Change Reporting Duties: the Scottish Government introduced an Order in 2015 which requires public bodies to submit an annual report detailing our compliance with the climate change duties. North Ayrshire is a signatory of the Covenant of Mayors (CoM). The criteria commitments include securing carbon reduction of 40% by 2030 and increasing resilience to climate change. We aim to achieve a 40% reduction in carbon emissions North Ayrshire wide by 2030, based on a 2005 baseline year. This would equate to a reduction of 581,000 tonnes CO₂ across North Ayrshire in total. Action in North Ayrshire is focussed on Governance, Performance Framework and Action under 5 Workstreams. Local initiatives, projects and plans are encouraged to assess and address their contribution to the Carbon Management Plan. since 2005.

High Level Checklist for Climate Change Adaptation

RAG Assessment Stage 1

The checklist initiates a review process to promote an early assessment of the plan, programme or project referred below as a 'project'.

This is simply a checklist to increase awareness and promote a conversation with key partners and stakeholders and forms the first stage in any Climate Change Assessment. Any wider issues, dependencies, study requirements and impacts should be captured in the notes section and form part of a detailed project review process embedded in the project engagement and delivery plan.

<p>Could climate change affect your project, directly or indirectly?</p> <ul style="list-style-type: none"> Refer to possible climate change risks and impacts Can you identify local needs and vulnerable groups or populations at higher risk? 	
<p>Does the project promote long-term / irreversible change and provide benefits in the long-term (>10 years) or could be anticipated to have other long-term consequences?</p> <ul style="list-style-type: none"> Decisions with long-term consequences are likely to be more sensitive to climate change 	
<p>Could project support net carbon/zero carbon objectives/targets & how might these be assessed/captured/ modelled? Decisions with long-term consequences should secure positive contributions climate change</p>	
<p>Could the project possibly constrain other stakeholder's ability to manage climate risks?</p> <ul style="list-style-type: none"> If so, have they been involved in the decision-making process? 	
<p>Has climate change already been accounted for at a strategic level? SEA / LDP / etc If so, was consideration of climate change adequate and still relevant?</p>	
<p>Could project be designed to positively contribute to reducing climate risks?</p> <ul style="list-style-type: none"> Secure net/zero carbon; reduce flood risk; support biodiversity; improve community resilience, reduce energy use, support public transport and active travel, improve energy efficiencies, air quality and/ or other measures Refer to possible measures and benefits 	
<p>Could your project contribute to increasing climate risks?</p> <ul style="list-style-type: none"> Does it contribute to carbon footprint; urban heating; increase flood risks; increase car dependency, impact on sustainable place making, increase energy or water consumption, etc? Refer to possible risk impacts 	
<p>Could project be designed to positively contribute to reducing climate risks?</p> <ul style="list-style-type: none"> Reducing flood risk; supporting biodiversity; improving community resilience, reducing energy use, supporting public transport and active travel, improving energy efficiencies, air quality or other environmental parameters Refer to possible benefits 	
<p>Have opportunities for climate change been considered as part of the project development process?</p> <ul style="list-style-type: none"> Refer to information on opportunities and review process 	
<p>If climate change introduces risks are these important to the project, can options be identified that manage these risks to acceptable levels. Are there opportunities for mitigation and carbon off-setting?</p> <ul style="list-style-type: none"> Can options be defined in a flexible manner to take account of changes in climate over time? Refer to risk management measures in the Climate Management Strategy 	
<p>Have you addressed climate change risks and risk management measures as part of the Policy, Business Case / Environmental Impact Assessment (EIA) / Design Statement for your development?</p>	
<p>Supporting Climate Change Adaptation to Energy Use and Carbon Reduction Have Land allocations/ masterplans/ buildings been designed to provide a quality and resilient environments with minimal energy and carbon use over their lifetimes</p>	
<p>Supporting Climate Change Adaptation to Flood Risk</p> <ul style="list-style-type: none"> Have drainage systems (SUDs) been designed with sufficient capacity to cope with heavier rainfall events expected over their lifetimes, taking account of climate change? 	
<p>Supporting Climate Change Adaptation to Water Resources</p> <ul style="list-style-type: none"> Does your development provide best practice in water efficiency and management? 	
<p>Supporting Climate Change Adaptation to Energy Use and Carbon Reduction</p> <ul style="list-style-type: none"> Have Land allocations/ masterplans/ buildings been designed to provide quality and resilient environments with minimal energy and carbon use over their lifetimes 	
<p>Supporting Climate Change Adaptation to Waste & Circular Economy</p> <ul style="list-style-type: none"> Does the design of your development address waste; resource consumption and recycling? 	
<p>Supporting Climate Change Adaptation to Health & Well Being / Community Resilience /Active Travel</p> <ul style="list-style-type: none"> Does the design of your development address key issues for your community and place-making? 	
<p>NOTES / REFERRALS & PRIORITY ACTIONS – Please use additional pages</p>	

Appendix F

Economic Impact Assessment



Economic Impact Assessment- Irvine Great Harbour Redevelopment

Report for North Ayrshire Council

February 2020

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V. 5

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🌱 As part of our green office policy all EKOS reports are printed double sided on 100% sustainable paper



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1. Introduction

This economic impact assessment (EIA) has been prepared on behalf of North Ayrshire Council (NAC) to measure the economic impact generated through the proposed redevelopment of the waterfront area along the River Irvine in the town of Irvine.

The EIA has been informed by the associated Draft Outline Business Case and third party data sourced from official government databases. The EIA represents an independent analysis carried out by EKOS Ltd to support NAC in securing funding from the Ayrshire Growth Deal.

Project Proposition

NAC is seeking to secure capital funding from the Ayrshire Growth Deal for the redevelopment of the waterfront area, known as Great Harbour, along the River Irvine in the town of Irvine on the North Ayrshire Coast.

The project consists of numerous marine engineering and construction activities to bolster the marine infrastructure, shopping offer, museum offer, recreational facilities and accommodation offer to promote increased tourism in the area. The project also includes a new housing development.

The total cost of the project is £16.0 million. The project will generate impacts from three main channels:

- construction activity;
- tourism impacts arising from visitor spend; and
- new housing impacts arising from resident spend.

2. Economic Impact Assessment

This section presents the detailed economic impact assessment. A summary and description of economic indicators and terminology used within the assessment is provided below in **Section 2.1**.

2.1 Definitions

Employment

- **Full Time Equivalent (FTE) jobs** – used to measure the direct employment created as a result of the project, considered to be an equivalent post that is contracted to 30+ hours per week for a period of 10 years. It is assumed that 2 part-time jobs equals 1 full-time job; and
- **Person Year Equivalent (PYE) jobs** – this method allows the number of people on-site over the whole construction period (which will vary over the period between full-time, part-time, permanent, temporary and contract) to be estimated as an annual (or yearly) equivalent job – job years.

Economic Contribution

- **GVA** – a measure of economic output that considers the value of goods and services produced before allowing for depreciation or capital consumption. GVA measures the income generated by businesses after the subtraction of input costs, but before costs such as wages and capital investment.

$$\text{GVA} = \text{operating profit} + \text{staff costs} + \text{depreciation} + \text{amortisation}$$

Construction and operational GVA impacts are calculated using average sector coefficients from the Scottish Annual Business Statistics. This is undertaken separately and profiled over the 25-year project appraisal period.

In presenting the EIA results, all impacts have been rounded to avoid 'spurious accuracy' and all GVA figures have been discounted at 3.5% as per HM Treasury Green Book guidance. All annual employment estimates are rounded to the nearest 5, cumulative employment estimates to the nearest 10 and GVA estimates are rounded to the nearest £1m, unless noted otherwise.

2.2 Gross Impacts

The gross level impacts measure the overall change in the economy that are estimated to be generated through the project. These are reported below for the impacts associated with construction, tourism effects and housing.

2.2.1 Gross Construction Impacts

To estimate the gross impacts resulting from construction, a marine construction turnover to GVA ratio of 82%¹ is utilised. To estimate employment a turnover per job coefficient of £171,494² is utilised. The construction activity is expected to take place from 2020 to 2027 with associated capital expenditure phased as outlined in **Table 1**.

Table 1: Capital Expenditure

2020	2021	2022	2023	2024	2025	2026	2027
£0.25m	£0.25m	£3m	£5m	£4m	£1.5m	£1m	£1m

Table 2 summarises the gross PYEs and Gross Discounted GVA generated by marine construction activity. Note that these are one-off impacts.

Table 2: Gross Construction Impacts

Sector	PYEs	FTEs ³	Gross Discounted GVA
Marine Construction	90	90	£12m

2.2.2 Gross Visitor Impacts (Tourism)

The impacts from the increased number of visitors are generated through:

- the increased spend in the area arising from a greater number of visitors drawn to North Ayrshire as a result of the new Great Harbour, including:
 - international overnight visitors;
 - domestic overnight visitors; and

¹ Scotland's Marine Economic Statistics, 2017.

² Scotland's Marine Economic Statistics, 2017. Up rated to 2019 prices.

³ PYEs are converted to FTEs based on Ayrshire construction sector (SIC07 section F) employment patterns sourced from NOMIS. It is assumed that 2 part-time employees equate to 1 FTE and that sole traders/proprietors equate to 1 FTE.

- day trip visitors.
- subsequent creation of tourism jobs supported by visitor spend.

The Moffat Centre for Travel and Tourism Business Development visitor number estimates included in the OBC indicate that by 2027 there will be an additional 574,000 visitors and by 2032 an additional 1,014,000 visitors compared to a baseline. We assumed the new visitors will have the same profile as historic data as indicated by the VisitScotland Ayrshire and Arran Factsheet 2018. We also assume spend per trip coefficients is in line with this same data. Visitor breakdown and coefficients are presented below in **Table 3**.

Table 3: Ayrshire and Arran Visitor Profile

Type of Visitor	Proportion of Total	Spend per Visitor
International Overnight	1%	£131.11
Domestic Overnight	6%	£56.59
Day Trip	93%	£37.23

A turnover per FTE coefficient of £102,900 is used to estimate FTE jobs created in the marine tourism sector, and a GVA per FTE coefficient of £23,677 is used to estimate GVA generated by visitor activity⁴.

Table 4 presents the anticipated gross FTEs generated by tourism activity. FTEs are presented at average annual, peak annual and 25-year cumulative measures.

Table 4: Visitor Impacts – Gross FTEs

	Average Annual	Peak Annual	25-year Cumulative
FTEs	300	390	7790

Table 5 presents the anticipated gross discounted GVA impacts directly associated with tourism. GVA is presented as the cumulative total measured at a 15-year and a 25-year time horizon.

Table 5: Visitor Impacts – Gross Discounted GVA

	2035	2045
Gross Discounted GVA	£68m	£113m

⁴ Based on Scottish Annual Business Statistics SIC07 divisions: 47, 55, and 56.

2.2.3 Gross Housing Impacts

The impacts from the increased number of residents are generated through:

- One-off spend on household furnishings for new units; and
- Ongoing annual spend of new residents.

This spend will support job creation in the retail sector.

The project will create 25,000 sqm of new living space. Assuming a mix of 2 and 3 bedroom apartments at 75 sqm and 100 sqm respectively and a roughly even split, there will be 140 new 2 bedroom units and 145 new 3 bedroom units resulting in a total of 285 new units. As per the OBC, 11,000 sqm of living space or 125 units will be completed by 2027 with the remaining units completed by 2032. We assume a phased in occupancy profile, with all units occupied by 2034 and until the end of the appraisal period (2045).

Based on ONS data and adjusting for local spending patterns we estimated that each unit will spend £2,500 on furnishing the year it is first occupied, and spend an additional £6,500 annually.

Table 6 presents the anticipated gross FTEs generated by new household activity. FTEs are presented at average annual, peak annual and 25-year cumulative measures.

Table 6: Housing Impacts – Gross FTEs

	Average Annual	Peak Annual	25-year Cumulative
FTEs	10	15	240

Table 7 presents the anticipated economic impacts directly associated with new housing (retail sector employment). GVA is presented as the cumulative total measured at a 15-year and a 25-year time horizon.

Table 7: Housing Impacts – Gross Discounted GVA

	2035	2045
Gross Discounted GVA	£2m	£5m

2.3 Net Impacts

The net level impacts measure the change that will be generated through the project, taking account of the knock-on effects within the economy – the additionality factors; deadweight, displacement, leakage and multipliers. Net effects are considered at the Ayrshire and Scotland geographic levels. Note that the net impacts presented in this section include direct, indirect and induced impacts.

Moving from Gross to Net Effects

- **deadweight/additionality** - the proportion of total outputs/outcomes that would have been secured anyway in the absence of the public sector intervention; Deadweight is accounted for through the counterfactual analysis as per Green Book guidance - existing visitor baseline numbers have been excluded and the impacts from new visitors only are included for additionality.
- **leakage** - the number or proportion of outputs/outcomes that benefit economies outside the target geographies – local, regional, and national;
- **displacement** - the number or proportion of outputs/outcomes that reduce outputs/outcomes elsewhere in within the target geographies. These effects can occur in product markets or in labour markets; and

These ‘additionality factors’ have been assessed based on the following ready reckoner:

Additionality Factors Ready Reckoner	
None/ Negligible	0%
Low	up to 25%
Moderate	26% - 50%
High	51% - 75%
Very high	76% - 100%

- **multipliers** - supply chain and income effects. These are sourced from Scottish Input/Output Tables. It is assumed that Ayrshire level multipliers are 50% of the Scottish level multipliers.

Displacement is taken at 75% Scotland level and 50% Ayrshire level; Leakage is taken at 0% Scotland and 25% Ayrshire. Multipliers are taken at 1.5 Scotland and 1.25 Ayrshire. After adjusting for additionality factors, this section presents the estimated Net Impacts generated by the project.

2.3.1 Net Marine Construction Impacts

Table 8 summarises the one-off net discounted marine construction impacts that could be generated by the project. Results are presented at the Ayrshire and Scotland levels.

Table 8: Net Discounted Marine Construction Impacts

Region	PYEs	FTEs ⁵	Gross Discounted GVA
Ayrshire	50	50	£7m
Scotland	100	100	£14m

2.3.2 Net Visitor Impacts

Table 9 presents the anticipated net FTEs generated by tourism activity. FTEs are presented at average annual, peak annual and 25-year cumulative measures.

Table 9: Visitor Impacts – Net FTEs

Region	Average Annual	Peak Annual	25-year Cumulative
Ayrshire	140	180	3650
Scotland	110	145	2910

Table 10 summarises the net discounted GVA impacts that could be generated by the project through increased activity in the marine tourism sector. Results are presented at the 15-year and 25-year time horizons and at the Ayrshire and Scotland levels.

Table 10: Visitor Impacts – Net Discounted GVA

Region	2035	2045
Ayrshire	£34m	£57m
Scotland	£29m	£48m

⁵ PYEs are converted to FTEs based on Ayrshire construction sector (SIC07 section F) employment patterns sourced from NOMIS. It is assumed that 2 part-time employees equate to 1 FTE and that sole traders/proprietors equate to 1 FTE.

2.3.3 Net Housing Impacts

Table 11 presents the anticipated net FTEs generated by expenditure from new housing units (retail sector employment). FTEs are presented at average annual, peak annual and 25-year cumulative measures.

Table 11: Housing Impacts – Net FTEs

Region	Average Annual	Peak Annual	25-year Cumulative
Ayrshire	4	6	100
Scotland	2	3	40

Note: Average annual and peak FTEs round to the nearest whole.

Table 12 presents the anticipated net GVA generated by expenditure from new housing units (retail sector GVA). GVA is presented as the cumulative total measured at a 15-year and a 25-year time horizon.

Table 12: Housing Impacts – Net Discounted GVA

Region	2035	2045
Ayrshire	£1m	£2m
Scotland	£0.5m	£1m

Note: Figures rounded to the nearest £0.5m.

2.3.4 Net Ongoing Impacts

Tables 13 and 14 summarise the net ongoing FTEs (sum of visitor and housing generated FTEs) and net ongoing GVA (sum of visitor and housing generated GVA), respectively.

Table 13: Net Ongoing FTEs

Region	Average Annual	Peak Annual	25-year Cumulative
Ayrshire	145	190	3750
Scotland	115	150	2950

Table 14: Net Discounted Ongoing GVA (Cumulative, at 15 and 25 years)

Region	2035	2045
Ayrshire	£35m	£60m
Scotland	£29m	£49m

2.3.5 Ayrshire Growth Deal and Leveraged Investment

Assuming that the total cost of the project is £16m with £14m invested through the Ayrshire Growth Deal (AGD) and a further £2m through private leveraged investment (LI), we calculate the net impacts attributed to each funding sourced based on their respective proportion of the total project cost.

Table 15 presents net construction impacts (PYEs, FTEs, GVA) which are attributed to AGD and leveraged investment contributions.

Table 15: Attribution of Net Construction Impacts

Region	PYEs		FTEs		GVA	
	AGD	LI	AGD	LI	AGD	LI
Ayrshire	50	10	40	10	£6m	£1m
Scotland	90	10	8	10	£12m	£2m

Table 16 presents net ongoing impacts (average annual FTEs, 25-year cumulative FTEs, and 25-year cumulative GVA) which are attributed to AGD and leveraged investment contributions.

Table 16: Attribution of Net Ongoing Impacts

Region	Average Annual		25-year Cumulative		GVA	
	AGD	LI	AGD	LI	AGD	LI
Ayrshire	125	20	3250	490	£52m	£8m
Scotland	100	15	2570	390	£43m	£6m

2.3.6 Impact Ratio and Cost per FTE Job

The total (construction plus ongoing) discounted net GVA benefits are assessed against the total discounted public sector costs. The ratios for are presented below in **Table 17**, overleaf, for the Ayrshire and Scotland levels and at the 15-year and 25-year time horizons.

Table 17: Impact Ratios

Region		2035	2045
Ayrshire	GVA Benefit	£42m	£67m
	Public Sector Cost	£12m	£12m
	Impact Ratio	3.4	5.4
Scotland	GVA Benefit	£43m	£63m
	Public Sector Cost	£12m	£12m
	Impact Ratio	3.5	5.1

Note: GVA and cost figures round to nearest £m. Impact ratio based on non-rounded values.

Table 18 presents cost per FTE job estimates and the Ayrshire and Scotland levels and at 15 years and 25 years.

Table 18: Cost per FTE Job

Region		2035	2045
Ayrshire	FTEs	1880	3650
	Public Sector Cost	£12m	£12m
	Cost per FTE	£7,000	£3,000
Scotland	FTEs	1480	2950
	Public Sector Cost	£12m	£12m
	Cost per FTE	£8,000	£4,000

2.3.1 Wider Benefits

The project delivers a high number of jobs (3650 FTEs) over 25 years to Ayrshire many of which will be located in Irvine where 23 of its 45 data zones are amongst the top 20% most deprived in Scotland (SIMD 2020). Creating employment opportunities in highly deprived areas is consistent with Scottish Government's inclusive growth goals.

Further, the types of jobs created by the project are primarily in retail and accommodation which are medium to low skilled and therefore be accessible to the local labour force. Also of note is the potential population increase driven by the new housing development which, under full occupancy, could support approximately 700 new residents.

Appendix G

Equality Impact Assessment

**Ayrshire Growth Deal
Equality Impact Assessment including Fairer Scotland Duty**



Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on the Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [Interim Guidance for Public Bodies](#) in respect of the Duty was published by the Scottish Government in March 2018.

Please note that the term 'project' is used throughout and applies to policies, strategies, provisions, criteria, functions, practices, budget savings and activities, including the delivery of services.

If you require assistance please contact:

- East Ayrshire Council Alyia Zaheed alyia.zaheed@east-ayrshire.gov.uk
- North Ayrshire Council Andrew Hale andrewhale@north-ayrshire.gov.uk
- South Ayrshire Council Geraldine McGivern Geraldine.McGivern@south-ayrshire.gov.uk

Section One: Project Details*

Name of Project	Great Harbour – Maritime Mile
Lead Officer (Name/Position)	George Hunter (Senior Manager – Growth & Investment) North Ayrshire Council
Support Team (Names/Positions) including Critical Friend	Neale McIlvanney (Strategy & Programme Manager – Growth & Investment) North Ayrshire Council
What are the main aims of the project?	To unlock the economic potential within the Clyde Coast creating a regional destination at Irvine Harbourside that supports inclusive economic growth through an approach that focuses on Community Wealth Building. 2 To secure area wide regeneration based on the developing the special qualities of place alongside

	<p>community participation within a place-based regeneration framework, building on the legacy of the Irvine Development Corporation and advancing NAC objectives on regeneration and a strategic Vision for Irvine. 3 To address place infrastructure deficiencies that constrain investment developing the enabling infrastructure to address market failure created by commercial values that restrict private sector investment. Showcasing the potential through a high quality approach to destination development. 4 To lock in at a local level, the benefits of economic development to ensure NAC communities are actively engaged and supported through enterprise support, skills development, training, community enterprise supporting inclusive growth & community wealth building. 5 To enhance an existing Ayrshire coastal location celebrating a nationally significant approach to place quality and building a destination developed around a Maritime Quarter / Maritime Mile / National Maritime Museum creating a new profile, footfall and spend to the town and supporting wider Marine Tourism objectives</p>
<p>What are the intended outcomes of the project</p>	<p>The Great Harbour project is a transformational project. It will create a new national and regional waterfront destination transforming the tourism and the visitor potential of Ayrshire and the Clyde Coast. The project addresses a regional perspective and is aligned with the Regional Growth Strategy, Community Wealth Building programme. Great Harbour and the area of Harbourside, Beach Park and Coast is North Ayrshire and Irvine’s greatest asset. Investment in the Great Harbour is about ‘world class / best in class’ investment in place that can support area regeneration. Regeneration requires partner activity unlocked through the catalyst of enabling infrastructure (AGD investment). The project will transform Ayrshire’s tourism offer, secure area-wide regeneration, with a strong focus on community, led by NAC’s regional approach on community wealth building and importantly, creating a destination of national appeal. The project will use the AGD funding to unlock wider partner investment (commercial / residential/leisure) in the Great Harbour including future partnership aims in re-purposing the Big Idea site, extending the appeal of the National Maritime Museum.</p> <p>The project deliverables include: Direct AGD Investment</p> <ul style="list-style-type: none"> • a new national / regional waterfront destination at Great Harbour • quays and a unique direct marine access

	<ul style="list-style-type: none"> • slipway and active leisure marine access points • provision for play, active leisure, active travel • waterfront and town-to-waterfront gateways • comprehensive streetscape enhancement • National Ayrshire Coastal Path connections • community enterprise /community wealth building programme • investment in a key visitor destination supporting the Coig, route development work
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Section Two: What are the Likely Impacts of the Project?

<p>Will the project impact upon the whole population of Ayrshire or a specific council area and/or particular groups within the population (please specify the equality groups)</p>	<p>Increased levels of investment, including FDI</p> <ul style="list-style-type: none"> • Uplift in commercial rental/sales values (£) • Average house price uplifts • Increased supply of commercial space • Increased employment • Increased GVA • Reduced congestion • Improved road safety • Increased cycle usage • Increased footfall • Reduced levels of deprivation in local areas • Reduction in commercial property vacancy rates • Reduction in level of vacant and derelict land • Increased drainage capacity • CO2 savings via modal shift • Enhanced accessibility - employment/ business locations • Enhanced accessibility – services/ community locations • Widening of labour market • Improved business productivity • Businesses attracted to the locality
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Consider the ‘Three Key Needs’ of the Equality Duty

Which aspects of the project eliminate unlawful discrimination, harassment and victimisation?

The proposals have been developed in concept utilising the Scottish Government Place Standard toolkit, which ensured the strategic objectives of the project were influenced by, and delivered, concept proposals that will result in a regeneration programme that is fundamentally inclusive and removes barriers to participation and engagement with the place, in terms of increasing employment opportunities through a range of investment opportunities ranging from public and private sector developments, larger investment proposals, support for SME scale private commercial enterprises, and community entrepreneurialism and ownership of the economy – particularly through community workshops. The physical impact of the proposals will also promote equality of opportunities.

While the harbourside is currently a primary local attraction, which draws footfall to the beach, beach park, harbourside walk and a small number of local businesses, the implementation of the project will provide infrastructure that makes the accessibility of the place significantly greater, with improved surfacing, improved access to the water environment, reduction in the dominance of road based layouts in favour of multi-generational, accessible outdoor leisure/play facilities. A new beach front facility will house current coast watch, and provide amenities and commercial potential to create jobs, linking with the pilot house to support wide engagement with the heritage of the place, and partnership with the maritime museum will support further access to heritage and community-based learning opportunities.

DRAFT

Which aspects of the project advance equality of opportunity between people who share a relevant protected characteristic and those who do not?

The interaction with the regional skills programme and community wealth building will promote and wider the accessibility to the opportunities throughout the growth deal and beyond, and it is considered that this is a critical relationship throughout project development and implementation to secure the added value to the capital investment.

The proposals have been developed in concept utilising the Scottish Government Place Standard toolkit, which ensured the strategic objectives of the project were influenced by, and delivered, concept proposals that will result in a regeneration programme that is fundamentally inclusive and removes barriers to participation and engagement with the place, in terms of increasing employment opportunities through a range of investment opportunities ranging from public and private sector developments, larger investment proposals, support for SME scale private commercial enterprises, and community entrepreneurialism and ownership of the economy – particularly through community workshops. The physical impact of the proposals will also promote equality of opportunities.

While the harbourside is currently a primary local attraction, which draws footfall to the beach, beach park, harbourside walk and a small number of local businesses, the implementation of the project will provide infrastructure that makes the accessibility of the place significantly greater, with improved surfacing, improved access to the water environment, reduction in the dominance of road based layouts in favour of multi-generational, accessible outdoor leisure/play facilities. A new beach front facility will house current coast watch, and provide amenities and commercial potential to create jobs, linking with the pilot house to support wide engagement with the heritage of the place, and partnership with the maritime museum will support further access to heritage and community-based learning opportunities.

Which aspect of the project foster good relations between people who share a protected characteristic and those who do not? (Does it tackle prejudice and promote a better understanding of equality issues?)

The proposals have been developed in concept utilising the Scottish Government Place Standard toolkit, which ensured the strategic objectives of the project were influenced by, and delivered, concept proposals that will result in a regeneration programme that is fundamentally inclusive and removes barriers to participation and engagement with the place, in terms of increasing employment opportunities through a range of investment opportunities ranging from public and private sector developments, larger investment proposals, support for SME scale private commercial enterprises, and community entrepreneurialism and ownership of the economy – particularly through community workshops. The physical impact of the proposals will also promote equality of opportunities.

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Have any cross-cutting impacts been identified from other Council Services or Partner Agencies? (Multiple discrimination or accumulated effects of multiple proposals on a protected characteristic group)

No

Island Proofing

Island Proofing is about considering the particular needs and circumstances of island communities when public sector organisations exercise their functions and make decisions. This process includes a range of issues such as access to services, digital connectivity, employment and access to education; transport and access to goods and services.

Not applicable.

Considering the following Protected Characteristics and themes, what likely impacts or issues does the project have for the group or community?

Please outline evidence in relation to impacts identified. List any likely positive and/or negative impacts. If negative impacts are identified, can these be mitigated or lessened?

Protected Characteristics	Evidence	Positive/Negative Impacts	Mitigating Factors
Age: Issues relating to different age groups e.g. older people or children and young people	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place • Proof of concept baseline 	Positive	None identified. Though progression to technical design will be driving by overall project objectives to ensure inclusive nature of place will be embedded in solutions.
Disability: Issues relating to disabled people	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place • Proof of concept baseline 	Positive	None identified. Though progression to technical design will be driving by overall project objectives to ensure inclusive nature of place will be embedded in solutions.
Gender Reassignment – Trans/Transgender: Issues relating to people who have proposed, started or completed a process to change his or her sex	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place • Proof of concept baseline 	Neutral	<ul style="list-style-type: none"> • Identify examples of best practice in strategic scale public realm project in terms of displaying positive impacts on the characteristic group and embed in technical design stage • Ongoing engagement with communities teams through LPP and cultural and heritage lead officer.

<p>Marriage and Civil Partnership: Issues relating to people who are married or are in a civil partnership</p>	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place • Proof of concept baseline 	<p>Neutral</p>	<ul style="list-style-type: none"> • Identify examples of best practice in strategic scale public realm project in terms of displaying positive impacts on the characteristic group and embed in technical design stage • Ongoing engagement with communities teams through LPP and cultural and heritage lead officer.
<p>Pregnancy and Maternity: Issues relating to woman who are pregnant and/or on maternity leave</p>	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place • Proof of concept baseline 	<p>Positive</p>	<p>None identified. Though progression to technical design will be driving by overall project objectives to ensure inclusive nature of place will be embedded in solutions.</p>
<p>Protected Characteristics</p>	<p>Evidence</p>	<p>Positive/Negative Impacts</p>	<p>Mitigating Factors</p>
<p>Race: Issues relating to people from different racial groups, (BME) ethnic minorities, including Gypsy/Travellers</p>	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place • Proof of concept baseline 	<p>Neutral</p>	<ul style="list-style-type: none"> • Identify examples of best practice in strategic scale public realm project in terms of displaying positive impacts on the characteristic group and embed in technical design stage • Ongoing engagement with communities teams through LPP and cultural and heritage lead officer.

<p>Religion or Belief: Issues relating to a person's religion or belief (including non-belief)</p>	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place 	<p>Neutral</p>	<ul style="list-style-type: none"> • Identify examples of best practice in strategic scale public realm project in terms of displaying positive impacts on the characteristic group and embed in technical design stage • Ongoing engagement with communities teams through LPP and cultural and heritage lead officer.
<p>Sex: Gender identity: Issues specific to women and men/or girls and boys</p>	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place 	<p>Neutral</p>	<ul style="list-style-type: none"> • Identify examples of best practice in strategic scale public realm project in terms of displaying positive impacts on the characteristic group and embed in technical design stage • Ongoing engagement with communities teams through LPP and cultural and heritage lead officer.
<p>Sexual Orientation: Issues relating to a person's sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight</p>	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place 	<p>Neutral</p>	<ul style="list-style-type: none"> • Identify examples of best practice in strategic scale public realm project in terms of displaying positive impacts on the characteristic group and embed in technical design stage • Ongoing engagement with communities teams through LPP and cultural and heritage lead officer.

<p>Children's Rights Issues and impacts affecting children's rights* *for more information please email – andrewhale@north-ayrshire.gov.uk</p>	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place 	<p>Positive</p>	<p>None identified. Though progression to technical design will be driving by overall project objectives to ensure inclusive nature of place will be embedded in solutions.</p>
<p>Health Issues and impacts affecting people's health</p>	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place 	<p>Positive</p>	<p>None identified. Though progression to technical design will be driving by overall project objectives to ensure inclusive nature of place will be embedded in solutions.</p>

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Protected Characteristics	Evidence	Positive/Negative Impacts	Mitigating Factors
<p>Human Rights: Issues and impacts affecting people's human rights such as being treated with dignity and respect, the right to education, the right to respect for private and family life, and the right to free elections. Further information can be found here</p>	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place • Proof of concept baseline 	<p>Positive</p>	<p>None identified. Though progression to technical design will be driving by overall project objectives to ensure inclusive nature of place will be embedded in solutions.</p>

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Socio-Economic Disadvantage			
	Evidence	Impact	Mitigating Factors
<p>Low Income/Income Poverty: Issues: cannot afford to maintain regular payments such as bills, food and clothing.</p>	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place • Proof of concept baseline 	Positive	None identified. Though progression to technical design will be driving by overall project objectives to ensure inclusive nature of place will be embedded in solutions.
<p>Low and/or no wealth: Issues: enough money to meet basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future</p>	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place • Proof of concept baseline 	Positive	<ul style="list-style-type: none"> • Identify examples of best practice in strategic scale public realm project in terms of displaying positive impacts on the characteristic group and embed in technical design stage • Integration with skills and CWB programmes will provide mechanism to deliver benefits
<p>Material Deprivation: Issues: being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies</p>	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place • Proof of concept baseline 	Neutral	<ul style="list-style-type: none"> • Identify examples of best practice in strategic scale public realm project in terms of displaying positive impacts on the characteristic group and embed in technical design stage • Integration with skills and CWB programmes will provide mechanism to deliver benefits

<p>Area Deprivation: Issues: where you live (rural areas), where you work (accessibility of transport)</p>	<ul style="list-style-type: none"> • Place standard toolkit application • Project scoping • Relationship to LPP priorities and other spatial frameworks in place • Proof of concept baseline 	<p>Positive</p>	<p>None identified. Though progression to technical design will be driving by overall project objectives to ensure inclusive nature of place will be embedded in solutions.</p>
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Section Three: Evidence Used in Developing the Project

<p>Involvement and Consultation In assessing the impact(s) set out above what evidence has been collected from involvement, engagement or consultation? Who did you involve, when and how?</p>	<ul style="list-style-type: none"> • Consultation with community planning partnership (various occasions and at various for a e.g. LPP meeting and leadership group (involving multiple agencies and community reps throughout 2020) • Significant historic engagement with communities through the development of the Irvine Vision (throughout 2015) • Alignment of consultation through participation in a development consultation for social housing provision in the Great Harbour (public consultation and exhibition event in 2019) • Statutory consultation processes undertaken through LDP2 development (at main issues report stage in 2017 and proposed plan stage in 2019) • Continuous local business engagement (over several years) • Proof of concept work to inform the assumptions around the impact of the projects and target market for deriving benefits (2019)
<p>Data and Research In assessing the impact set out above what evidence has been collected from research or other data. Please specify <i>what</i> research was carried out or data collected, <i>when</i> and <i>how</i> this was done.</p>	<ul style="list-style-type: none"> • LDP2 and background/evidence documents to inform strategic land use proposals for the place • SIMD data – indicating pockets of deprivation and indicating spatial relationship • Locality Planning Partnership – contains full socio-economic and demographic profile of the area, which informed
<p>Partners data and research In assessing the impact(s) set out in Section 2 what evidence has been provided by partners? Please specify partners</p>	<ul style="list-style-type: none"> • Locality Planning Partnership: Locality profile • Community: Feedback through consultations listed above • Local Business: partnership arrangements with major landowner and harbour authority and information from various local businesses
<p>Gaps and Uncertainties Have you identified any gaps or uncertainties in your understanding of the issues or impacts that need to be explored further?</p>	<ul style="list-style-type: none"> • Although there is a predicted neutral impact on the following groups (sex, gender, race and marriage), it is predicted that the inclusive nature of the physical development works will improve physical and engagement potential of the place for all groups. Progression of the project to technical design may benefit from additional analysis of impact on these groups.

Section Four: Detailed Action Plan to address identified gaps in:

a) evidence and

b) to mitigate negative impacts

No.	Action	Responsible Officer(s)	Timescale
1	Identify best practice of placemaking and physical regeneration public realm works, including leisure and outdoor play space, and its impact on characteristic groups including sex, gender, marriage and race and incorporate measures to secure accessibility of the place to those groups where possible. It is not currently predicted that there are any adverse impacts, and impacts are likely to be positive.	George Hunter	December 2021
2			
3			
4			
5			

Note: Please add more rows as required.

Section Five - Performance monitoring and reporting

Considering the project as a whole, including its equality and diversity implications:

When is the project intended to come into effect?	24/25
When will the project be reviewed?	Ongoing and through AGD monitoring and project and programme delivery steering groups

Which Panel will have oversight of the project?	As above.
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Section 6

Ayrshire Growth Deal



Summary Equality Impact Assessment Implications & Mitigating Actions

Name of Project: Great Harbour (Maritime Mile)

Name of Project Lead George Hunter

Email of Project Lead georgehunter@north-ayrshire.gov.uk

Date of Assessment February 2021

This project will assist or inhibit the Council's ability to eliminate discrimination; advance equality of opportunity; and foster good relations as follows:

1. Summary of project aims

To deliver a place-based regeneration programme providing infrastructure to support secondary and tertiary investment proposals that will combine to transform the area into a regional and national destination and sustainable place with an increased and wide range of employment opportunities, a range of investment opportunities, access to quality outdoor space and cultural, heritage and learning opportunities.

2. Summary of how the project will eliminate discrimination

The physical proposals as described in the assessment provide a significant improved accessibility the key attributes of the place such as employment opportunities (which will grow), outdoor play and leisure facilities, access to the water environment and access to the culture and heritage of the locality, thereby providing extensive place-based learning opportunities for local and deprived communities. The project will enable an agenda-free place, with multiple component to enable and encourage all population characteristic groups to access and enjoy to locality and place.

3. Summary of how the project will advance equality of opportunity

The project is fundamentally a programme of infrastructure improvements to the place to make it physically more inclusive by generating opportunities to access play, outdoor leisure, water environment, harbour walk and access culture and heritage assets and one of the core project drivers is enabling increased accessibility to the physical and socio-economic components of the project.

4. Summary of how the project will foster good relations

There is a core community component to the project, which will see it deliver a community wealth building regeneration scheme at a locality scale. The project will enable increased investment opportunities targeted at large commercial leisure offers, but also to support local scale entrepreneurialism and community participation and ownership of the economy of the place, which will promote diversity and inclusiveness, ultimately delivering an organic and balanced, sustainable demographic within the place.

5. Summary of how the project considers Socio-Economic Disadvantage (Fairer Scotland Duty)

The project actively seeks to reduce and tackle poverty and socio-economic disadvantaged communities within the region and locality and the proposal is for enabling infrastructure to create the conditions for the place to thrive in a sustainable manner supported by secondary and tertiary employment and investment opportunities.

6. Summary of how the project considers the needs of island communities

Note applicable

7. Summary of Key Action to Mitigate Negative Impacts

a. Actions and Timescales

No negative impacts are identified, however an action to research and identify best practice related to the implementation of major scale public realm regeneration initiatives implementation and alignment with key characteristic groups is identified, and this should be carried out as part of the development of a technical design and to inform the final business case (by Dec 21)

Project Lead George Hunter

Signed (electronically) George Hunter

Appendix H

IG and CWB Template

**NAC – Ayrshire Growth Deal
GREAT HARBOUR PROGRAMME – IG and CWB Template for Great Harbour**

Inclusive Growth Ambition/Objective	How?	IG Barrier	IG Action Plan	CWB pillar	CWB theme	Equalities/Excluded Group
To unlock the economic potential within the Clyde Coast creating a regional destination at Irvine Harbourside that supports inclusive economic growth through an approach that focuses on Community Wealth Building. This will be demonstrated through increased visitor numbers / footfall/ visitor spend and user/customer and community feedback and surveys.	Key Baseline Data Against Which to Measure the Impact of the Project Number of visitors: circa 750,000 (estimated Moffat Centre) Number of tourism businesses on Harbourside: 9 currently	<ul style="list-style-type: none"> • Business Premises • Transport people to work) • Business support • Soft and basic skills (work – readiness) • Aspirations • Community empowerment • Childcare • Health 	<ul style="list-style-type: none"> • Maximising benefits for Ayrshire’s business base. • Maximising benefits for business and people through skills investment. • Maximising benefits for people – Fair Work. • Maximising benefits for places/communities. • Maximising benefits for equalities groups. 	<ul style="list-style-type: none"> • Fair employment • Land and Assets • Plural ownership 	<ul style="list-style-type: none"> • Enhancing local spend • Promote and embed fair work • Democratic ownership and diverse business models • Maximise local assets • Inclusive resilient economy • Business-led inclusive growth 	<ul style="list-style-type: none"> • Age • Disability • Pregnancy and Maternity rights • Children’s rights • Health • Human rights • Poverty • Low wealth • Deprivation
Objective 2: To secure area wide regeneration based on developing the special qualities of place alongside community participation within a place-based regeneration framework, building on the legacy of the Irvine Development Corporation.	Key Baseline Data Against Which to Measure the Impact of the Project Number of tourism businesses on Harbourside: 9 currently Number of 3rd sector groups operating from Harbourside 5 currently	<ul style="list-style-type: none"> • Business Premises • Transport people to work) • Business support • Soft and basic skills (work – readiness) • Aspirations • Community empowerment • Childcare • Health 	<ul style="list-style-type: none"> • Maximising benefits for Ayrshire’s business base. • Maximising benefits for business and people through skills investment. • Maximising benefits for people – Fair Work. • Maximising benefits for places/communities. • Maximising benefits for equalities groups. 	<ul style="list-style-type: none"> • Land and Assets 	<ul style="list-style-type: none"> • Enhancing local spend • Promote and embed fair work • Democratic ownership and diverse business models • Maximise local assets • Inclusive resilient economy • Business-led inclusive growth 	<ul style="list-style-type: none"> • Age • Disability • Pregnancy and Maternity rights • Children’s rights • Health • Human rights • Poverty • Low wealth • Deprivation

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<p>Objective 3: To address place infrastructure deficiencies that constrain investment developing the enabling infrastructure to address market failure created by commercial values that restrict private sector investment. Showcasing the potential through a high-quality approach to destination development</p>	<p>Key Baseline Data Against Which to Measure the Impact of the Project Number of new house starts in past 5-year period: 150 Number of new retail/tourism outlets in past 5-year period 2-3</p>	<ul style="list-style-type: none"> • Business Premises • Transport people to work) • Business support • Soft and basic skills (work – readiness) • Aspirations • Community empowerment 	<ul style="list-style-type: none"> • Maximising benefits for Ayrshire’s business base. • Maximising benefits for business and people through skills investment. • Maximising benefits for people – Fair Work. • Maximising benefits for places/communities. • Maximising benefits for equalities groups. 	<ul style="list-style-type: none"> • Land and Assets • Financial power • Plural ownership 	<ul style="list-style-type: none"> • Enhancing local spend • Democratic ownership and diverse business models • Maximise local assets • Inclusive resilient economy • Business-led inclusive growth 	<ul style="list-style-type: none"> • Age • Disability • Pregnancy and Maternity • Children’s rights • Health • Human rights • Poverty • Low wealth • Deprivation
<p>Objective 4: To lock in at a local level, the benefits of economic development to ensure Ayrshire communities are actively engaged and supported through enterprise support, skills development, training, community enterprise supporting inclusive growth & community wealth building.</p>	<p>Key Baseline Data Against Which to Measure the Impact of the Project Number of local jobs created in Harbourside in past 5-year period XX Number of local residents from LOIP area employed in construction /jobs in past 5-year period</p>	<ul style="list-style-type: none"> • Transport people to work) • Business support • Soft and basic skills (work – readiness) • Aspirations • Community empowerment • Childcare • Health 	<ul style="list-style-type: none"> • Maximising benefits for Ayrshire’s business base. • Maximising benefits for business and people through skills investment. • Maximising benefits for people – Fair Work. • Maximising benefits for places/communities. • Maximising benefits for equalities groups. 	<ul style="list-style-type: none"> • Procurement • Fair employment • Financial power • Plural ownership 	<ul style="list-style-type: none"> • Promote and embed fair work • Democratic ownership and diverse business models • Maximise local assets • Inclusive resilient economy • Business-led inclusive growth 	<ul style="list-style-type: none"> • Age • Disability • Pregnancy and Maternity • Children’s rights • Health • Human rights • Poverty • Low wealth • Deprivation
<p>Objective 5: To enhance an existing Ayrshire coastal location celebrating a nationally significant approach to place quality and building a destination developed around a Maritime Quarter / Maritime Mile / National Maritime Museum creating a new profile, footfall and spend to the town and supporting wider Marine Tourism objectives.</p>	<p>Key Baseline Data Against Which to Measure the Impact of the Project Number of visitors: circa 750,000 (estimated Moffat Centre) Number of tourism businesses on Harbourside: 9 currently</p>	<ul style="list-style-type: none"> • Business Premises • Transport people to work) • Business support • Soft and basic skills (work – readiness) • Aspirations • Community empowerment • Childcare • Health 	<ul style="list-style-type: none"> • Maximising benefits for Ayrshire’s business base. • Maximising benefits for business and people through skills investment. • Maximising benefits for people – Fair Work. • Maximising benefits for places/communities. • Maximising benefits for equalities groups. 	<ul style="list-style-type: none"> • Land and Assets 	<ul style="list-style-type: none"> • Enhancing local spend • Promote and embed fair work • Democratic ownership and diverse business models • Maximise local assets • Inclusive resilient economy • Business-led inclusive growth 	<ul style="list-style-type: none"> • Age • Disability • Pregnancy and Maternity • Children’s rights • Health • Human rights • Poverty • Low wealth • Deprivation

Appendix I

Visitor Tracker

NAC – Ayrshire Growth Deal

GREAT HARBOUR PROGRAMME – VISITOR NUMBER TRACKER – 2021 Update V02 (following MMStudy)

MOFFAT CENTRE VISITOR FORECASTS (2018-2028)					
TOURISM & VISTOR DATA					
Proof of Concept Study undertaken for North Ayrshire Council by Moffat Centre – Prof. John Lennon					
Attractions and 'Pull' Factors	2018 Visitation Estimate and/or As Advised	Moffat Centre Projected Visitation By 2027	Moffat Centre Projected Post 2027-Visitation	NAC Tourism Reconciliation / Project Development	NAC Current Status Tracker
Visitation Scottish Maritime Museum	65,000	85,000 (with art collection) + 20,000	100,000	High Confidence Moffat Centre predicted 120,000 NMMS rapidly developing Arts NMMS full partner MM NMMS secured S Govt support NMMS applying Lottery Funding New Arts Facility Visitor @Gt Harbour offers potential for significant uplift.	Positive NMMS fully engaged Visitor numbers look conservative
Food and Beverage Attractions	330,000	475,000 +145,000	650,000	High Confidence Existing businesses seeking to reinvest. These include Gro Expansion HM House SHIP New Offer New Puffer Café New HAC	Positive Existing Business Expansion Significant new investment anticipated before 2027
Scottish National Centre for Play (Forecast)		125,000	300,000	Prog. Slippage Deferred. NAC don't control timescales. Concept	Repurposing Big Idea No progress COVID Impact Programme/Concept outwith NAC Major element in Visitor No. post 2027. Must be considered at risk
Irvine Retail / Old Town	150,000	230,000 (with Maritime Mile) +80,000	320,000	Med Confidence Covid Impacts High Street Impacts Public Trans Impacts	NAC major investment in Place Upgrading of Town Centre Town Centre investment Uplift impacted by Covid Impacts unclear

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Beach Park South	175,000	235,000 (with sculpture and play) +60,000 + 125,000	265,000	High Confidence Additional 125,000 replacing National Centre for Play >2027 Significant area to drive additional visits and footfall. New Play Facility Visitor 200,000	Amended MM proposals place stronger emphasis on Beach Park South. Proposals include: Upgraded Beach Park / New Pilot House Park New Regional Play Facility Beach Pavilion Proposals would significantly add to visitor numbers. Local 3 rd Sector organisations also add to activity/vibrancy
Beach Park North (Ardeer Peninsula)		65,000 (accessible with sculpture) +0	155,000	Prog. Slippage . NAC don't control timescales. Concept	Predicated by repurposing Big Idea. Opening of the Inventors Bridge. No progress NPL Linked to National Centre Play COVID Impacted Programme/Concept outwith NAC Major element in Visitor No. post 2027. Must be considered at risk
General Day Visitors	150,000	275,000 +125,000	400,000	High Confidence MM Project more strongly aligned on attractions / visitor needs New Place quality Staycations	Maritime Mile focussed on delivering local/regional /national attractions as part of destination. Stronger offer for Day Visitors Combination of Play / Park/ Greenspace / Heritage
Visiting Friends and Relatives	87,000	150,000 +63,000	200,000	Med-High Confidence Covid-19 v Staycations	Covid Impacts unclear over Med Term Short term benefits with 'staycations' local short breaks / holidays. Increase in 'experience' and active leisure.

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Hotel (Accommodation, Food, Beverage, Leisure, Meetings / Conferences)		26,000 +26,000	34,000	High Confidence New Place quality Staycations Robertson Foundation interest in Hotel. NPL commercial development positive	Positive Existing Business Expansion Ship Inn Marina Inn New Restaurant Beach Pavilion Significant new investment anticipated before 2027
SUB- TOTAL	957,000	1,666,000	2,209,000		
Additional Visitors		584,000		OBC advises 574,000	Medium-High confidence On-tracker with AGD Investment (MM) and Partner Projects to secure additional visitors by 2027 Covid uncertainty – with lack of clarity around Short/Med/Long term impact. Ayrshire particularly badly impacted. Impacts post 2027 and future of Big Idea / Development of Major Visitor Based Attraction unclear.
Less Duplicate Counting*	181,000	316,000	419,000		
TOTAL	776,000	1,350,000	1,790,000		
Additional Visitors		574,000	1,014,000		

- ❖ Based on Moffat Centre Visitor Assessment and Projections 2019 (Proof of Concept Report)
- ❖ Updated / Tracked G&I (NAC)

Appendix J

Partner Tracker

**NAC – Ayrshire Growth Deal
GREAT HARBOUR PROGRAMME - PARTNER TRACKER - 2021 Update V03**

Partner	Contact		Potential Funding	Status
NMMS	David Mann CEO 07403009768	<p>NMMS Board Member – Gt Harbour Programme Board NMMS committed to NMMS@Gt Harbour NMMS seeking development of the Harbour Project Cluster in MM NMMS seeking Lottery Funding for Arts/Gallery /Educational space - Submission to Lottery Mar 2021 - Feasibility Study funded Scottish Govt. Funding via NAC - Board Supported / Approved December 2020 NMMS engaged in Stage 1 Gateway Project Approval Report to ELT Feb 2021</p> <p>Roles: Development Partner Development Funding Operational Partner</p>	<p>Circa £4-5m CAPEX</p> <p>Circa £10m OPEX Operational Support Funding over 25 years</p> <p>Revenue Support Retained NMMS</p> <p>Additional opportunity: Increase CAPEX Increase commercial activity Increase events Role in Pilot House</p>	Positive Strong participation
NPL Dev.	Simon Towers Director 07771893856	<p>NPL Board Member – Gt Harbour Programme Board NPL / NAC operate within MoU 2019-2022 NPL seeking full Development Agreement NPL seeking 'Lead' Development Partner Role NPL are Harbour Authority</p> <p>NAC & NPL need to define roles - Developer (Harbourside) - Developer (Ardeer Bridgehead / Big Idea /Other) - Harbour Authority NPL potential contribution via Env. Trust Funds seeking to develop Open Market Housing / Mixed Use Dev. - NPL engaged in Stage 1 Gateway Project Approval NPL developing Business Case & JV Structure for review</p> <p>Roles: Development Partner (Housing) Development Partner (Commercial) Harbour Authority</p>	<p>Housing /commercial Investment Circa £20-25- £30m CAPEX</p> <p>Circa £5m OPEX Operational Support Funding over 25 years</p> <p>Env. Trust Funds Potential £2million</p> <p>Additional opportunity: Increase CAPEX Increase commercial activity</p> <p>Further opportunities repurposing Big Idea / Ardeer Bridgehead / Commercial</p>	Positive Seeking to define roles and future procurement
Robertson Foundation	Mr G Spiers CEO 07925310347	<p>Investment Interest Robertson Foundation seeking Development project Major Leisure Development - Hotel & Conference Centre</p>	<p>Hotel /Commercial Investment Circa £60-£80m CAPEX</p>	Early Engagement Scope to be confirmed.

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		<p>- Activity Leisure - Wet Play – Pool - Sports & Gym Centre Identified Magnum site Seeking Development Agreement NAC Detailed proposals to NAC Estates Land Purchase with Development Agreement</p> <p>NAC need to define scope and procurement arrangements</p> <p>Roles: Development Partner (Hotel / Leisure / Commercial)</p>	<p>Circa £25m OPEX Operational Support Funding over 25 years</p> <p>Additional opportunity: Increase CAPEX Increase commercial activity</p> <p>Scope not currently fully understood. Awaiting OBC / Business Case detail. Architects Concept Detail issued</p>	
Crown Estate Scotland	<p>Tom Mallows Dev. Officer 0131 460 7650</p>	<p>Investment Interest CES keen to invest in Ayrshire CES funding for Blue Economy / Leisure / Marine Positive dialogue on NMMS ambitions / project Potential role with Beach Facility / Community / Coastwatch</p> <p>NAC / CES agreed MoU Partnership Funding model - Development Agreement NAC need to define scope and procurement arrangements</p> <p>CES identified as a strong potential public sector / commercial investment partner. Aligned interest in Gt Harbour. Wider involvement</p> <p>Roles: Development Partner (Coastal / Marine Project Funding)</p>	<p>Investment Circa £2-4m CAPEX</p> <p>Coastal Communities Fund future project programme</p> <p>Additional opportunity: Increase CCF Dredging Harbour Marine Education CWB</p>	<p>Early Engagement Scope to be confirmed.</p>
NPL Ardeer	<p>Simon Towers Director 07771893856</p>	<p>NPL Board Member – Gt Harbour Programme Board NPL / NAC operate within MoU 2019-2022 NPL own Ardeer / Big idea / Innovators Bridge NPL Harbour Authority</p>	<p>Housing /commercial /Big idea Investment Circa £20-30m CAPEX</p> <p>Circa £10m OPEX (??) Operational Support Funding over 25 years</p> <p>Most focus on: - Leisure Development - Housing Development - Tourism / Lodge Big Idea</p>	<p>Seeking to define scope and how all parties facilitate sustainable investment / development.</p> <p>Challenges in geography / LDP / scope</p>

GT. HARBOUR

			<p>Probable significant lag time Big Idea market responsive 2030+</p> <p>Additional opportunity: Increase CAPEX Increase commercial activity</p> <p>Further opportunities repurposing Big Idea / Ardeer Bridgehead / Commercial</p>	outwith Gt Harbour.
Gt Harbour Business community	Gordon Rennie Marco Edge Cheryl Lamont	<p>Investment interest. Expansion Plans</p> <p>Gro Artisan Coffee Extend Premises Outdoor Eating / Waterfront Seating Acquisition Harbour Master's House</p> <p>Vanilla Joe's Extend Premises Outdoor Eating / Waterfront Seating Acquisition Harbour Master's House</p> <p>SHIP Inn Potential sale and new owner/manager /investor Integration in Masterplan Framework – Expansion</p> <p>Puffer Café Redevelopment Re-purpose existing building Develop new Waterfront Facility within NMMS@gt Harbour</p> <p>Coastwatch Integrate with Commercial Beach Offer Grd Floor new Beach Pavilion facility Education /Training/first Aid / CCTV / Café-Outlet</p>	<p>Investment Circa £1-5m CAPEX</p> <p>Strong CWB elements Key Local Artisan activity</p> <p>Timescales/Support & scope not currently clear</p> <p>Additional opportunity: Local Enterprise Community Enterprise CWB</p>	
Total Partner Investment	Best Guess	<p>Emerging activity Triggered in part by AGD Ratification / OBC / Masterplan and Engagement with partners.</p>	<p>Advancing Circa £35 million</p> <p>Potential Circa £50million</p>	

Appendix K Interdependencies

**NAC – Ayrshire Growth Deal
GREAT HARBOUR PROGRAMME – 2021 Update
Annexe 1 –Interdependencies for the Great Harbour Outline Business Case**

Project Interdependencies

The AGD proposes a set of projects that sit alongside each other and are reinforcing in their impact and contribution to the shared vision for Ayrshire. A case of the whole being greater than the sum of the parts. In this important respect the AGD needs to be seen as a cohesive programme sitting alongside partners' day to day delivery both supporting and enhancing that activity. It has been identified there is a need to understand project interdependencies, both to assess the anchor projects within the AGD and also to aid discussion with Governments and partners.

A heat map has been produced which shows the strength of relationship between projects allowing partners to clearly understand the role of each project to support the whole Ayrshire Growth Deal.

While the Great Harbour project is not dependent on any other project, there are particularly strong links with the following projects:

- **Marine Tourism** – this will complement the coastal and regional tourism infrastructure and marine tourism capacity of the region.
- **Digital Infrastructure** – by improving the connectivity local businesses will not be restricted from using robotics or digital programmes which require excellent connectivity connections
- **Ayrshire Skills Investment Fund** –The fund will add flexibility and responsiveness to the skills system to enable local populations to access employment opportunities generated, particularly through providing market entry skills, including digital
- **Working for a Healthy Economy** – the AMIC centre can provide support to the Working for a Healthy Economy project by providing a platform to educate and train the clients enrolled

Annexe x outlines the key activity that will take place to ensure close working with these projects and also the benefits that will come of this close integration.

Project link	What is the link	Key actions to maximise link	Expected benefits of the link	Targets
Ayrshire Skills Investment Fund	The fund can help support people on the programme to develop skills. The Ayrshire Skills Investment Fund will add flexibility and responsiveness to the skills system to address the locality employment needs and providing access to skills, such as digital competence. It can also ensure that disadvantaged sectors of the community have access to career opportunities within the marine sector.	<ul style="list-style-type: none"> • Set up referral routes from the project • Working group oversees both projects and responsible for integration • Joint discussions with Ayrshire, College and UWS to ensure a collaborative approach which will benefit both projects. 	<ul style="list-style-type: none"> • Direct link to skills training that is not currently available • Support to prepare those out of labour market to new jobs 	
Project link	What is the link	Key actions to maximise link	Expected benefits of the link	Targets
Marine Tourism	Across Ayrshire as a whole, the tourism sector had the second highest levels of employment, accounting for 14,800 jobs in 2018. In 2017, North Ayrshire employed 4,100 in the sustainable tourism industry. Sustainable tourism employment in all Ayrshire local authority areas have increased since 2008. The investment in the Ayrshire Growth Deal Marine Tourism Programme provides over £20m investment to make a step change in the provision of marine tourism infrastructure across the region. While the projects are not interdependent, there is merit in a programme board arrangement retaining strategic oversight of the programme to deliver programme benefits	<ul style="list-style-type: none"> • A programme Board is established for Marine Tourism, which will capture links between the projects • Sharing of learnings and studies which would benefit the programme. 	<ul style="list-style-type: none"> • Sharing of information and resource. • Collaboration on projects which can be developed with mass benefit to the wider manufacturing sector in Ayrshire. • Delivery of network of infrastructure within the Clyde Coast to support step change in infrastructure provision. 	<ul style="list-style-type: none"> •
Project link	What is the link	Key actions to maximise link	Expected benefits of the link	Targets

<p>Digital Infrastructure</p>	<p>The Digital Infrastructure programme will provide the high-speed data handling capability to Ayrshire. The landing point for the cable is potentially located at Irvine Beach and routed to i3 at Irvine, bringing potential investment opportunities.</p>	<ul style="list-style-type: none"> • Set up referral routes from the project • The Great Harbour Programme board should oversee the development of a framework for Great Harbour to maximise potential for investment opportunities and should consider the potential of the digital infrastructure programme 	<ul style="list-style-type: none"> • Information sharing 	<ul style="list-style-type: none"> •
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Project link	What is the link	Key actions to maximise link	Expected benefits of the link	Targets
<p>Working for a Healthy Economy</p>	<p>The programme will support access to employment opportunities and retention of people in work, which will benefit supporting local people access opportunities arising from the Great Harbour programme.</p>	<ul style="list-style-type: none"> • Set up referral routes from the project • Working group oversees both projects and responsible for integration. 	<ul style="list-style-type: none"> • Additional support for the Working for a Healthy Economy Initiative. 	<ul style="list-style-type: none"> •

Appendix L: Project Description

2 Project Description

2.1 What is the project about?

This project comprises part of an expansive investment programme to secure The Great Harbour as a major regional destination. Growth Deal components of the investment programme will commit £14m to a phased programme of works which will lead the physical transformation of the wider location by implementation of the maritime mile project. Additional Growth Deal funding will create capacity to support community participation in commercial opportunities at the maritime mile.

The development of The Great Harbour will 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 drive 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. These will include heritage, arts, maritime and outdoor active leisure and activity hubs, providing an animated waterfront that connects from town centre to coast, to achieve a regional waterfront destination that will transform the tourism and the visitor potential of Ayrshire and the Clyde Coast. The Maritime Mile will unlock a series of secondary development opportunities which will contribute to the creation of a premium regional coastal destination that delivers Community Wealth Building opportunities.

2.2 Why is it being undertaken?

The Great Harbour project is developing a new market by transforming an under-developed local asset into a regional and national destination. Market activity alone cannot achieve the project objective. Market failure (externalities: delivery of public infrastructure) acts as a barrier to investment and prevents the opportunities being captured and/or project investment being delivered. The project focus is on addressing the enabling public place-based infrastructure to develop the essential qualities of the location, facilitate economic activity, regenerate communities and build a destination. These define the economic case for intervention. It is recognised that developing Place Infrastructure will require more than physical interventions and involve wider socio-economic support to encourage activity, participation and visitor infrastructure services. Without Growth Deal funding to leverage wider regeneration investment, the counterfactual analysis would conclude that area economic status / visitor activity / visitor spend / place quality will remain unchanged. The options analysis did not identify any other credible alternative locational options that provide the infrastructure (marine/land/transport) required or provide a similar boost to coastal tourism.

2.3 How does it fit within the wider deal?

The Ayrshire Councils have developed a regional approach to build on all the area's assets and key sectors to grow the economy. The Regional Economic Partnership has coordinated the submissions and requirements of the Ayrshire Growth Deal. Great Harbour is a partnership approved AGD project. The partnership identified and agreed a series of strategic priorities, which reflect our vision and ambition for what we want our economy to be by 2030. Taking a place and asset based approach to the strategy, and building on our strategic priorities, we have identified 6 areas of transformational growth, where the strategy sets out how we can position Ayrshire are sector-leading in Advance Manufacturing, Aerospace/space, Blue Economy, Clean Energy/Decarbonisation, Rural and Islands Economy, and the Visitor Economy, by capitalising on

the geographical, environmental and sectoral advantages Ayrshire currently offers. The Strategy also outlines how we can optimise the building blocks of the Ayrshire economy, so they offer the best platform to delivering our vision. This will focus on business growth accelerator, skills, digital ecosystem, connectivity, and thriving communities.

2.4 How it will work

The project delivery will largely take the form of strategic scale public realm infrastructure being developed to form three key hubs for maritime, community/arts, and coastal leisure zones. This will be supported by funding to support community arts workshops. This will act as a strategic enabler for a Great Harbour strategic framework that will identify a series of secondary and tertiary investment opportunities and locations and provide strategic briefs for those locations and a programme of activity to enable those community, commercial and market activities.

2.5 How it will be delivered

Project governance is established to lead the project, via and appointed design team, to a technical design for the project, which will be implemented as a first phase of the Great Harbour programme. Running concurrently with the continued project development, the wider Great Harbour Framework will be developed – build on a community engagement strategy to facilitate the delivery of additional investment to follow on consecutively from the project delivery.

2.6 Outcomes

- To unlock the economic growth potential & secure Community Wealth
- To secure area wide regeneration
- To address place infrastructure deficiencies
- To spread the benefits of economic development by Inclusive Growth & Community Wealth Building
- To enhance an existing Ayrshire coastal destination

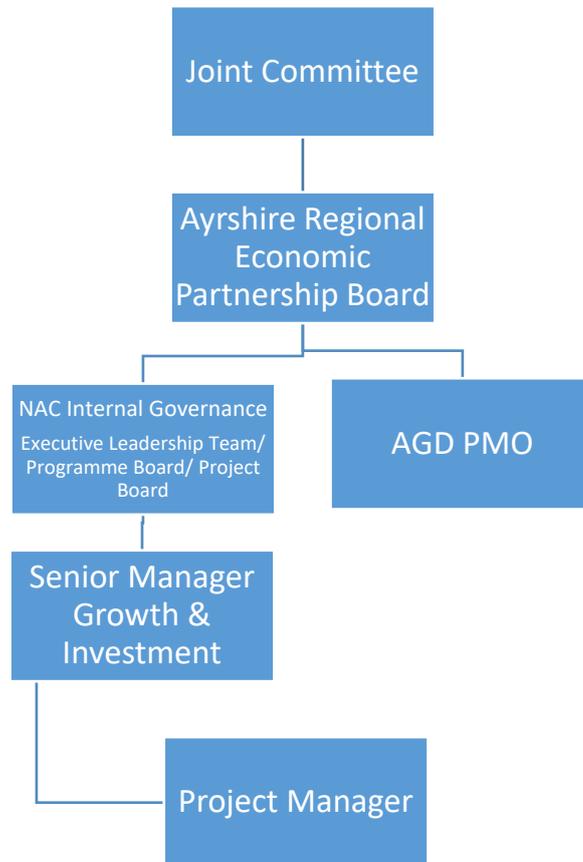
2.7 Who will use it and why

A strategic evidence baseline was developed to inform the project and targeting a significant uplift in the potential for the Great Harbour to become a strategic regional and national scale destination, capable of drawing significant visitor numbers from the domestic market. However, the value in the project, will be the combined benefit of the potential for visitor increase, combined with the local employment opportunities generated, housing opportunities, opportunities to benefit local deprived communities by providing accessible high-quality outdoor space, access to water environment, history and cultural learning opportunities.

2.8 The headline financials

The total value of the project is £14million, with £9m allocated from Scottish Government and £5m investment contribution from North Ayrshire Council.

Appendix M: Organisation Chart



Appendix N: AGD Community Benefits Statement

AGD Business Cases – Regional Community Benefits Statement

Community Benefits

Community Benefits have been a key component of public procurement policy and practice in Scotland for more than ten years.

To embed best practice and drive public bodies to consider Community Benefits clauses in procurement, The Procurement Reform (Scotland) Act 2014 established a national legislative framework for sustainable public procurement that supports Scotland's economic growth through improved procurement practice.

The Reform Act requires public bodies, including Ayrshire Growth Deal (AGD) Partners, to consider how their procurement activity can improve the economic, social and environmental wellbeing of their communities.

Community Benefits are one of a range of social and environmental requirements that can be included in public contracts, contributing to national outcomes on sustainability including, but not limited to, employment, learning, skills, supply chain development and community engagement.

Contractors, suppliers and Service Providers appointed through AGD projects must demonstrate their organisations' commitment to providing Community Benefits within Ayrshire, over and above their obligations to deliver on the core purpose of a contract.

In accordance with guidance of the Reform Act and always in a relevant and proportionate manner, applicable appointments, through AGD projects, which require procurement activity, will be subject to Community Benefits requirements.

Community Benefits Themes

Through their separate procurement activities and where possible, AGD Partners are committed to assisting both young and unemployed people by encouraging access to quality sustainable employment and providing skills and training opportunities. Organisations appointed to AGD projects must therefore be able to demonstrate their commitment to integrate trainees and long-term unemployed persons into the labour market, without distinction to sex, marital status, race, ethnic origin or political or religious beliefs.

AGD projects will also bring together an extensive range of experienced Professionals who, with minimal sacrifice of time, could provide useful learning and knowledge exchange opportunities for various groups of people in our Ayrshire communities and over a wide range of subject areas and expertise. Organisations appointed to AGD

projects must therefore be able to demonstrate their commitment in providing learning opportunities across the wider Ayrshire community.

Community Benefits pledges from AGD projects should also have a focus on supporting and developing Ayrshire's existing business base and building on this with the aim of increasing the number of new business start-ups and growing sustainable businesses. The long-term sustainable development of Ayrshire's SME business base is vital and AGD Partners recognise the need to support the development of the SME sector through the use of a procurement approach which maximises SME exposure to procurement opportunities.

As such and through the procurement phases of any AGD project, contracting organisations will be asked to consider the following objectives when committing to the delivery of Community Benefits:

- Improving Education and Skills. For example, creation of apprenticeships or delivering knowledge exchange and presentations in schools or community groups.
- Improving Local Employability. For example, creation of new jobs, recruitment of the long-term unemployed, disadvantaged or young people.
- Work Experience Placements/Programmes. For example, providing work experience placements to those in education.
- Delivering Training and Development in the Community. For example, mentoring - private sector suppliers can offer support, normally as part of their CSR activity, where they can offer training and guidance to local organisations and individuals.
- Community Consultation - giving the local community an opportunity to express an opinion and possibly influence the design and delivery of a project or service in an area.
- Enhancing & Improving Local Community and Environmental Projects. For example, providing volunteers or donations to local initiatives.
- Sponsorship and Charity Work
- Supply Chain, Supported Business, Third Sector and Voluntary Initiatives. For example, offering Small and Medium Enterprises and Voluntary Sector organisations opportunities to provide goods, works and/or services as part of a contract.

Tracking & Reporting Community Benefits

Organisations who are successful in being awarded a contract through an AGD project will have their Community Benefits pledges evaluated on an ongoing basis, throughout the duration of their contract and through each of the AGD Partners' contract management procedures, using a shared Community Benefits tracking system.

Along with providing an excellent, flexible and accessible record of business information for those organisations appointed to Growth Deal projects, the AGD Partners' shared, online Community Benefits Tracker will ensure a consistent approach is applied to the monitoring of Community Benefits pledged through AGD procurement.

At a Meeting of the Ayrshire Economic Partnership Board at 2.00 p.m. involving participation by remote electronic means.

Present

Councillors Peter Henderson and Brian Connolly (South Ayrshire Council); Marie Burns, Joe Cullinane and Alex Gallagher (North Ayrshire Council); Tom Cook, John McGhee and Douglas Reid (East Ayrshire Council).

In Attendance

C. Hatton, R. McCutcheon, K. Yeomans and C. McAuley (North Ayrshire Council); E. Fraser, D. McDowall, J. McLauchlan and A. Craig (East Ayrshire Council); E. Howat, D. Gillies and T. Leijser (South Ayrshire Council); E. Baird and R. Phillips (Scottish Government); G. Adam and S. Ingledew (Scottish Enterprise); J. Mone and M. Radosavljevic (University of West of Scotland); A. Dobson (Taste of Arran); S. Foster (Spirit AeroSystems); M. Goodfellow (Highlands and Islands Enterprise); A. Glass (Skills Development Scotland); A. Gillespie (University of Strathclyde); A. McGregor (University of Glasgow); H. Kuboyama (Federation of Small Businesses); M. Roughhead (Visit Scotland); V. Russell (Ayrshire Chamber of Commerce); C. Hume (Utopia Computers) and H. Clancy (North Ayrshire Council).

Also in Attendance

A. Bullough (Audit Scotland)

Apologies

Councillor Siobhian Brown (South Ayrshire Council), Katie Hutton (Skills Development Scotland), Craig Mahoney (University of the West of Scotland) and Carol Turnbull (Ayrshire College).

Chair

Councillor Peter Henderson in the Chair.

1. Apologies

Apologies were noted.

2. Minutes

The Minutes of the meeting of the Partnership Board held on 29 January 2021 were confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

3. Actions from Last Meeting

3.1 Analysis of Data and Information Requirements

Submitted report by David McDowall, Interim Head of Planning and Economic Development East Ayrshire Council on the analysis of data & information requirements.

The Partnership Board asked questions and was provided with further information in relation to: -

- importance of establishing baseline data against which progress could be measured;
- ensuring projects aligned with Community Wealth Building; and
- environmental impacts.

Noted.

3.2 Communications/PR Plan

The Partnership Board received a verbal update from Allison Craig on the development of a Communications/PR Plan for the work of the Partnership Board. Allison advised that a draft Communication, Marketing and Stakeholder engagement plan had been pulled together by the PMO. The draft plan highlighted who the key stakeholders are in relation to the Growth Deal, communications requirements and how best to engage with them.

Noted.

4 Ayrshire Growth Deal Programme Update

Submitted report by David McDowall, Interim Head of Planning and Economic Development East Ayrshire Council on the Ayrshire Growth Deal. The Ayrshire Growth Deal and development of its component projects were set out at Appendix 1 to the report, the draft spend profile set out at Appendix 2, the suite of deal documents set out at Appendices 3 – 7 and the finalised agreement set out at Appendix 8 to the report.

The Partnership Board was advised that delivery of the HALO Kilmarnock, Enterprise and Innovation Hub, on the former Johnnie Walker site in Kilmarnock, was on track for the end of April 2021 with the property being marketed and a number of positive enquiries. However, it was anticipated that formal agreements would only be possible once lockdown eased, and a revised target date of September 2021 for completion and opening of the building.

Noted.

5. Project Presentations

Received a presentation by Karen Yeomans, Director (Growth and Investment) North Ayrshire Council on i3 Flexible Space, Irvine and the Maritime Mile, Irvine.

The Partnership Board was advised that Scottish Government had verbally agreed the Outline Business Cases for both projects and that formal confirmation was expected shortly.

The i3 Flexible Space presentation highlighted the aims of the projects, draft Masterplan, land ownership overview, progress to date and each phase and associated timeline.

The Maritime Mile presentation highlighted the strategic delivery plan, great harbour framework, masterplan, concept design, maritime hub, concept and arts hub, coastal hub, cost plan and project timeline.

Noted.

5. National Economic Opportunities Presentation

Received a presentation by Stephen Ingledew, Scottish Enterprise on the refreshed approach to National Economic opportunities. The presentation highlighted the opportunities and ambitions and the themes including Climate and Net Zero, Health and Wellbeing, Advanced Manufacturing, and Digital and Data.

The Partnership Board asked questions and was provided with further information in relation to: -

- flexibility of the programmes and how tailored they could be towards the needs of an individual region like Ayrshire;
- the Partnership Board's involvement and the opportunity to consider this work further at the future workstream leads workshop;
- opportunities for Ayrshire to be part of Scotland's ambitions for Fintech; and
- how measuring the correct data would help increase the life chances and opportunities for people in Ayrshire.

Noted.

6. Freeports/Greenports Update

Received a verbal update from Caitriona McAuley, Head of Service (Economic Development and Regeneration) North Ayrshire Council on the establishment of Freeports in the UK. It was highlighted the Scottish Government had planned to launch the Greenport prospectus in March 2021 but were unable to reach agreement with the UK Government therefore the prospectus bid was not launched.

The Partnership Board agreed that officers would not continue to prepare a bid for Freeports/Greenports and would instead continue to monitor the development of other bids and report back to the Board any issues that would impact upon the region.

Noted.

7. COP 26

Received a verbal update on the 26th UN Climate Change Conference of the Parties. It was highlighted Scottish Enterprise and Highlands and Islands Enterprise were working with the Scottish Government to create a strategy that would support business engagement in the lead up to COP 26. It was noted that Scottish Government now had an established team for COP 26 and hoped to have an implementation plan out at an early date.

The Partnership Board were also advised of the progress of the Council's in developing initiatives directly within the COP26 conference and at a local level.

Noted.

9 Workstream Updates

Submitted, for noting, the workstream progress reports.

Noted.

The meeting ended at 4.05 p.m.