
NORTH AYRSHIRE COUNCIL

23 August 2022

Cabinet

Title:	Ayrshire Skills Investment Fund: Ayrshire Growth Deal Regional Revenue Project
Purpose:	To update and provide an overview of the Ayrshire Skills Investment Fund (AGD Project).
Recommendation:	It is recommended that Cabinet notes the contents of this report and the approval of the ASIF Outline Business Case by the Ayrshire Economic Joint Committee in June 2022.

1. Executive Summary

- 1.1 Inclusive growth lies at the heart of Ayrshire Growth Deal (AGD), by tackling inequality through growing local talent, providing new opportunities and routes into employment for people across the region. Included within the AGD, a Regional Skills and Inclusion Programme will ensure that businesses and people in Ayrshire have the opportunity to engage with and benefit from the opportunities arising from the investments delivered through this Deal.
- 1.2 The Ayrshire Skills Investment Fund (ASIF) is a responsive skills fund which aims to drive Inclusive Growth by supporting skills interventions to improve economic productivity, accelerate growth and ensure work provides a genuine route out of poverty by supporting career development, better quality jobs and ability to earn higher wages. The skills support is also aligned to Ayrshire Growth Deal projects to ensure residents' benefit and will respond to demand identified in a newly approved Regional Skills Investment Plan. This fund will support capacity building to ensure innovation in the skills sector and is intended to deliver skills interventions to meet current and emerging skills gaps.
- 1.3 The June meeting of the Ayrshire Economic Joint Committee approved the ASIF Outline Business Case. This is currently with Scottish Government for approval and feedback will inform preparation of the Final Business Case. This report seeks to update cabinet on the strategic context to this project, details on North Ayrshire's leadership in this initiative and set out the next steps to seeking approval and implementing the proposals.

2. Background

- 2.1 The Scottish Government's *National Strategy for Economic Transformation*, launched in March 2022, includes a key investment priority to develop skills to improve economic productivity, accelerate growth and ensure work provides a genuine route out of poverty

through better quality jobs and higher wages. The ASIF delivers this opportunity for Ayrshire by supporting skills development for unemployed and low paid workers to gain new skills and qualifications in existing and emerging growth sectors. This fund will support training, where funding is currently unavailable.

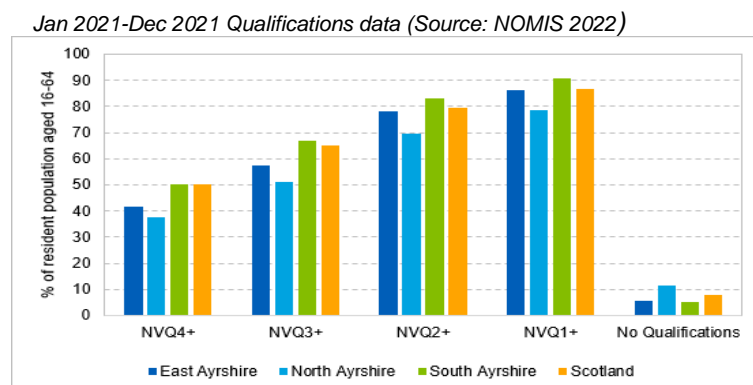
- 2.2 The work of the University of Strathclyde's Fraser of Allander Institute highlights levels of significant regional inequality in Scotland. The underperformance of the Ayrshire economy provides a compelling case for change. Ayrshire has remained persistently behind other regions in Scotland and requires refreshed and innovative approaches to deliver transformational change.
- 2.3 The AGD Deal Document outlined a £8.5m investment in a Regional Skills and Inclusive Growth programme. The Deal Document states the following:

"Inclusive growth lies at the heart of Growth Deals. This Deal will tackle inequality through growing local talent, creating new connections with the world and providing new opportunities and routes into employment for people across the region".

"The Scottish Government will provide up to £8.5 million for a new Regional Skills and Inclusion Programme which will ensure that businesses and communities throughout the entire region are given the opportunity to engage with and benefit from the opportunities arising from the investments delivered through this Deal. Key to this will be an all-Ayrshire model of delivery which offers community engagement, pre-employability support, recruitment, in-work interventions, and employability services; with links to employers to tailor investments to demand, and priority given to those struggling to maintain secure and meaningful work."

The component elements of the Regional Skills and Inclusive Growth programme have now been further developed to include the following projects, both led by North Ayrshire Council's Economic Development & Regeneration Service and delivered in partnership with all 3 Councils across Ayrshire; Working for a Healthy Economy (implemented: May 2021) and Ayrshire Skills Investment Fund (currently in development).

- 2.4 Adapting to a post Covid sustainable economy, will require qualification levels to increase to help boost skills and enable residents and employers to take advantage of employment and growth opportunities:



- 2.5 The ASIF will provide a flexible and responsive skills fund for Ayrshire's businesses and residents. The fund will be strategically aligned, supporting inclusive growth and community wealth building principles. It is aimed at helping employers grow and develop their employees and increase skills for Ayrshire residents, linking them to

growth sectors and employment opportunities, with the objectives of reducing unemployment and increasing productivity.

2.6 The ASIF will support:

- Skills development in sectors where demand exists including hospitality, care, and construction
- Skills development in emerging areas including digital, advanced manufacturing, green jobs
- Focused skills interventions for disadvantaged groups; females, young people, disabled, those with health issues, armed force veterans
- Employed and unemployed individuals
- Opportunities arising from AGD capital investments
- Inward investment
- Training not supported from existing funds
- Accredited and non-accredited training opportunities
- 500 employed participants
- 500 unemployed participants
- 300 participants will gain an accredited qualification
- 300 businesses will receive support to deliver the skills of their workforce
- 10 Inward investment companies to access skills interventions

2.7 The ASIF will complement the Regional Skills Investment Plan (RSIP), which was approved by the Ayrshire Economic Joint Committee (AEJC) in June 2022. The RSIP will identify skills priorities and gaps, which can be supported by the ASIF.

2.8 This project is currently profiled to spend a total of £3.5 million revenue from the Ayrshire Growth Deal funding, which includes fund management and administration costs. The financial profile below illustrates the estimated funding to be drawn down.

Financial Years	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Revenue	£350,000	£500,000	£700,000	£800,000	£1,000,000	£150,000	£3,500,000

It is proposed that North Ayrshire Council as lead authority of the Regional Skills and Inclusion Programme and lead contracting authority for this provision will incur costs, which will then be submitted to East Ayrshire Council as lead authority for the Ayrshire Growth Deal. East Ayrshire Council would then submit financial claims for the activity to Scottish Government and when in receipt would reimburse North Ayrshire Council.

2.9 A new Sub-Committee of the AEJC is to be established with delegated authority to:

- Consider the output of the Regional Skills Investment Plan.
- Identify and prioritise skills gaps on an ongoing basis
- Determine and implement the most appropriate means of administering the ASIF to meet identified skills gaps
- Invite and evaluate ASIF Grant applications
- Award grants from the ASIF; and
- Develop and establish a suitable procurement process to ensure sufficient training provision is secured to meet identified skills gaps.

Secretariat arrangements including sub-committee administration are to be agreed and confirmed with partners.

2.10 Proposed membership of the ASIF sub-committee would include representatives from:

- North, East and South Ayrshire Councils
- Skills Development Scotland
- Scottish Government
- Business Leaders
- Trade Unions
- Others (TBC)
- FE/HE (Excluded from Grant/procurement decisions and limited to advisory capacity to avoid conflict of interest if they are a grant recipient/bidder)

2.11 It is proposed a hybrid model which includes grant awards and procurement routes to allocate ASIF funding would be utilised to secure training providers appropriately. Applying this model, local training providers (and employers) will have an opportunity to apply for grant funding to support identified training needs. Any training requirement which cannot be fulfilled in this way will be sourced from the wider market through a procurement process. This model will require a robust governance structure to:

- Consider grant funding training requirements which can be satisfied by local training partners
- Identify any training courses which may require to be delivered by other third-party providers via a competitive procurement process, through the establishment of a framework or Dynamic Purchasing System (DPS)
- Consider the possibility of grant funding employers to upskill their employees where appropriate.

2.12 The OBC is currently being reviewed by the Scottish Government for approval. Feedback from Scottish Government will inform the Final Business Case (FBC) which will be presented for approval at the AEJC in November 2022. Meetings with partners will be convened over the coming months to design and develop the ASIF to inform the FBC. Following this approval, the application process and procurement exercise will commence to generate providers to deliver the skills interventions required for Ayrshire.

2.13 There are key actions/timescales to work towards fund implementation:

Key Actions	Stakeholder	Timescale
AEJC Sub Committee Design/Develop Fund	AEJC SC	July – Oct 2022
Approve ASIF FBC and Implementation	AEJC	Nov 2022
Request Grant Applications: Training providers		Dec 2022
Assess/ Award Grant Applications	AEJC SC	Jan- Feb 2023
Implement Fund	NAC	Dec 2022
Create Open Framework	NAC	2023

3. Proposals

3.1 It is recommended Cabinet notes the contents of this report and the approval of the ASIF Outline Business Case by the Ayrshire Economic Joint Committee in June.

4. Implications/Socio-economic Duty

Financial

4.1 Funds secured from the Ayrshire Growth Deal are in place to support the ASIF.

Human Resources

4.2 The fund management and administration requirements are being assessed and still to be finalised but may require additional staffing complement. This will be considered within the context of existing EDR resources and capacity.

Legal

4.3 The ASIF project requires robust governance to ensure that its objectives are achieved in accordance with statutory obligations, such as procurement rules, the duty to secure best value and subsidy control requirements. The newly established ASIF sub-committee of the Ayrshire Economic Joint Committee is recommended as the most efficient and effective way to achieve this while ensuring consistency with the existing AGD governance structure.

Equality/Socio-economic

4.4 An Equality Impact Assessment has been completed with mitigating measures included to ensure equality is included as part of the design and delivery of this fund. The fund was created to address inequality and improve socio-economic outcomes for disadvantaged groups in Ayrshire. The aim of this fund is to develop skills and increase local training capacity to develop future skills to achieve inclusive growth and increase productivity across the region delivering a direct impact on social-economic outcomes.

Climate Change and Carbon

4.5 A Carbon Assessment has been completed. ASIF is a skills programme with no specific carbon objectives that involves no construction and is intended to enhance the employability of individuals within the region. Skills development associated with carbon reduction, climate change and energy transition are expected to feature within the proposals being developed as part of this fund.

Key Priorities

4.6 The ASIF will contribute to the following Council Plan priorities including:

- North Ayrshire has an inclusive, growing, and enterprising economy
- North Ayrshire is well-connected with effective infrastructure
- North Ayrshire is a sustainable environment
- North Ayrshire is a vibrant, welcoming, and attractive environment
- An efficient Council that maximises resources and provides value for money

Community Wealth Building

- 4.7 The ASIF is aligned to the North Ayrshire Community Wealth Building vision to create a fairer and more inclusive local and regional economy that delivers economic, social, and environmental justice for the citizens of North Ayrshire. This vision will be achieved by delivering training interventions to support people to move into employment and improve existing employment which will support progression to fair jobs.

5. Consultation

- 5.1 North, East and South Ayrshire Councils have contributed to the development of ASIF. Scottish Government officials have been consulted extensively – all feedback has been responded to and incorporated into plans. Key local partners such as Department for Work and Pensions have been consulted during the development phase.
- 5.2 This has been considered by North, East and South Ayrshire Council's Legal and procurement teams who are supportive of the proposed hybrid approach.
- 5.3 The Ayrshire Regional Economic Partnership have been consulted and support the proposed fund and governance structure.

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For further information please contact **Laura Neill, Senior Manager (Employability & Skills)**, on 07795 528243.

Background Papers

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

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

[Ayrshire Skills Investment Plan](#), approved by the Ayrshire Economic Joint Committee in June 2022

Ayrshire Growth Deal Ayrshire Skills Investment Fund Outline Business Case (AGD ISIF OBC)