



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

Cabinet

A Meeting of the **Cabinet** of North Ayrshire Council will be held in the **Council Chambers, Ground Floor, Cunninghame House, Irvine, KA12 8EE** on **Tuesday, 23 August 2022** at **14:30** to consider the undernoted business.

Meeting Arrangements - Hybrid Meetings

This meeting will be held on a predominantly physical basis but with provision, by prior arrangement, for remote attendance by Elected Members 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>.

1 **Declarations of Interest**

Members are requested to give notice of any declarations of interest in respect of items of business on the Agenda.

2 **Minutes**

The accuracy of the minutes of meeting of the Cabinet held on 7 June 2022 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).

GENERAL BUSINESS FOR DECISION

Reports by the Chief Executive

3 **Third Church Representation on Cabinet (Education)**

Submit a report by the Head of Service (Democratic Services) seeking the appointment of Reverend Mark Goodman to replace Ian Haining as the Third Church representative on Cabinet when it meets to consider Education business. (copy enclosed).

- 4 Valaris DS-4 Investigation Report**
Submit a report by the Head of Service (Democratic Services) on an investigation by the Republic of the Marshall Islands Maritime Administrator in relation to the above event (copy enclosed).

Reports by the Executive Director (Communities and Education)

- 5 Proposals for Community Investment Fund (CIF) Expenditure**
Submit a report by the Executive Director (Communities and Education) on applications by Locality Partnerships to allocate CIF funding to proposed projects (copy enclosed).

- 6 Community Support Funding for North Ayrshire Residents**
Submit a joint report by the Executive Director (Communities and Education) and Executive Director (Place) on a range of community supports for North Ayrshire residents during the current cost of living crisis (copy enclosed).

Reports by the Executive Director (Place)

- 7 'Energy Smart': Energy Based Community Support Model**
Submit a report by the Executive Director (Place) on a proposed £1.726m 'Energy Smart': Energy Based Community Support Model designed to support North Ayrshire households during the ongoing cost-of-living crisis (copy enclosed).

- 8 UK Shared Prosperity Fund**
Submit a report by the Executive Director (Place) on the Council's application to the UK Shared Prosperity Fund (SPF) and seeking approval of the proposed Investment Plan for submission to UK Government (copy enclosed).

- 9 Ayrshire Skills Investment Fund: Ayrshire Growth Deal Regional Revenue Project**
Submit a report by the Executive Director (Place) on an overview of the Ayrshire Skills Investment Fund (AGD Project) (copy enclosed).

- 10 Net Zero Energy and Transport Committee – Inquiry into a modern and sustainable ferry service for Scotland**
Submit a report by the Executive Director (Place) on the proposed North Ayrshire Council submission to the Net Zero Energy and Transport Committee's Inquiry into a modern and sustainable ferry service for Scotland (copy enclosed).

Reports by the Director (Growth and Investment)

11 Digital Processing Manufacturing Centre, i3 Irvine: Phase 1, Full Business Case

Submit a report by the Director (Growth & Investment) seeking endorsement of the Full Business Case (FBC) for Phase 1 of the Digital Processing Manufacturing Centre (copy enclosed).

12 Ardrossan Strategic Regeneration Programme and advanced works infrastructure update

Submit a report by the Director (Growth & Investment) on the Ardrossan Strategic Regeneration Programme and the package of infrastructure works to enable construction of the Ardrossan Community Campus, marine, commercial and residential development (copy enclosed).

Report by the Director (Health and Social Care Partnership)

13 North Ayrshire – The Promise 2 years on

Submit a report by the Director (Health & Social Care Partnership) on the ongoing work within North Ayrshire to deliver “The Promise” to our Children and Young People (copy enclosed).

14 Urgent Items

Any other items which the Chair considers to be urgent.

Webcasting

Please note: this meeting may be filmed/recorded/live-streamed to the Council's internet site and available to view at <https://north-ayrshire.public-i.tv/core/portal/home>, where it will be capable of repeated viewing. At the start of the meeting, the Provost/Chair will confirm if all or part of the meeting is being filmed/recorded/live-streamed.

You should be aware that the Council is a Data Controller under the Data Protection Act 2018. Data collected during the webcast will be retained in accordance with the Council's published policy, including, but not limited to, for the purpose of keeping historical records and making those records available via the Council's internet site.

Generally, the press and public seating areas will not be filmed. However, by entering the Council Chambers, using the press or public seating area or (by invitation) participating remotely in this meeting, you are consenting to being filmed and consenting to the use and storage of those images and sound recordings and any information pertaining to you contained in them for webcasting or training purposes and for the purpose of keeping historical records and making those records available to the public. If you do not wish to participate in a recording, you should leave the meeting. This will constitute your revocation of consent.

If you have any queries regarding this and, in particular, if you believe that use and/or storage of any particular information would cause, or be likely to cause, substantial damage or distress to any individual, please contact dataprotectionofficer@north-ayrshire.gov.uk.

Cabinet Sederunt

Marie Burns (Chair)
Shaun Macaulay (Vice-Chair)
Scott Davidson
Tony Gurney
Alan Hill
Margaret Johnson
Christina Larsen

Chair:

Apologies:

Attending:

IRVINE, 7 June 2022 - At a Meeting of the Cabinet of North Ayrshire Council at 2.30 p.m.

Present

Marie Burns, Scott Davidson, Tony Gurney, Alan Hill, Margaret Johnson, Christina Larsen and Shaun Macaulay; and Elizabeth Turbet (Church Representative) and Jackie MacKenzie (Teaching Representative) (Agenda Items 2-3).

In Attendance

C. Hatton, Chief Executive, M. Boyd, Head of Service (Finance), F. Walker, Head of Service (People & ICT), D. Forbes, Senior Manager (Finance Management) and L. Miller, Senior Manager (Audit, Fraud, Safety and Insurance) (Chief Executive's Service); R. McCutcheon, Executive Director, C. McAuley, Head of Service (Economic Development and Regeneration), L. Kirk, Senior Manager (Regeneration) and L. Neill, Senior Manager (Employability) (Place); A. Sutton, Executive Director, R. Arthur, Head of Service (Connected Communities), A. McClelland, Head of Service (Education), K. Herron, Senior Manager (Education) and L. Forsyth, Senior Manager (Information and Culture); C. Cameron, Director (Health and Social Care Partnership); J. Hutcheson, Senior Communications Officer and C. Stewart, Committee Services Officer (Democratic Services).

Apologies

Andrew Bruce, Church Representative.

Chair

Marie Burns in the Chair.

1. Chair's Remarks

Councillor Burns, Chair, welcomed those present to the first meeting of the Cabinet under the new Administration and advised that due to a technical issue this meeting of Cabinet was unable to be webcast. The Chair also reminded Members that all decisions were subject to the Call In Procedure detailed at Standing Order 26.

2. Declarations of Interest

There were no declarations of interest by Members in terms of Standing Order 11 and Section 5 of the Code of Conduct for Councillors.

3. School Attainment Results 2021

Submitted a report by the Executive Director (Communities and Education) on (a) the overall performance of the 2021 North Ayrshire Council school leavers as highlighted in the INSIGHT benchmarking tool; and (b) Curriculum for Excellence attainment levels in literacy and numeracy for 2021. Improving attainment in Literacy and Numeracy was shown in the charts in Appendix 1 to the report; Improving Attainment for All was shown in the charts in Appendix 2; Attainment vs. Deprivation

was shown in the charts in Appendix 3; Increasing Post-School Participation was shown in the charts in Appendix 4 and Attainment in Broad General Education – Attainment of Curriculum for Excellence Level (ACEL) in P1, P4 and P7 was shown in Appendices 5 and 6 to the report.

Members asked questions and were provided with further information in relation to Pupil Equity Funding (PEF) and the measurable outcomes in this respect.

The Cabinet agreed to (a) note (i) the content of the report, including the progress being made by learners, specifically in literacy and numeracy, (ii) the achievements of school leavers in SQA examinations in 2021; and (b) approve the measures being taken to make further improvements to attainment and achievement levels across all schools.

4. Educational Achievement of Care Experienced Learners in North Ayrshire in 2021

Submitted a report by the Executive Director (Communities and Education) on (a) Curriculum for Excellence Broad General Education (BGE) attainment levels of care experienced learners in 2021; (b) Senior Phase attainment of care experienced school leavers in 2021; and (c) Postschool participation of care experienced learners. The total number of care experienced young people in North Ayrshire at the annual census date in September each year was shown in the charts in Appendix 1 to the report; Attainment in Literacy and Numeracy in Broad General Education for care experienced leavers was shown in the charts in Appendix 2; Attainment in Literacy and Numeracy and overall attainment in all qualifications at Senior Phase level for care experienced school leavers was shown in the charts in Appendices 3-5 and Post-school participation of care experienced school leavers was shown in the charts in Appendix 6 to the report.

Members asked questions and were provided with further information in relation to the types of positive outcomes for care experienced learners.

The Cabinet agreed to note (i) the content of the report, including the progress being made by learners, specifically in literacy and numeracy and (ii) the achievements of school leavers in SQA examinations in 2021.

5. Community Asset Transfer

Submitted a report by the Executive Director (Communities and Education) seeking approval for the transfer of ownership of Thornhouse Avenue Tennis Courts, Irvine to Irvine Tennis Club. A location plan was attached at Appendix 1 to the report.

Members asked questions and were provided with further information in relation to the development plans and number of full-time members of the Tennis Club.

The Cabinet agreed to (a) the asset transfer of Thornhouse Avenue Tennis Courts, Irvine from North Ayrshire Council to Scottish Incorporated Charitable Organisation (SCIO), "Irvine Tennis Club"; (b) approve the recommended terms of transfer on this occasion at 1% of the property valuation of £113,000 (totalling £1130); and (c)

authorise officers to conclude the associated legal and community asset transfer processes for Thornhouse Avenue Tennis Courts.

6. Child Poverty Report 2021/22 & Action Plan 2022/23

Submitted a report by the Executive Director (Communities and Education) seeking approval for (a) The North Ayrshire Child Poverty Report 2021-22 and Action Plan 2022-23; (b) the submission of the report to the Scottish Government and the publication on the North Ayrshire Community Planning Partnership website; (c) the proposal to develop a strategy to tackle child poverty, covering the period 2023-26; (d) the introduction of a “Tackling Child Poverty” Board to agree, monitor and deliver our local strategy in relation to the wide-ranging proposals within the Scottish Government’s Tackling Child Poverty Delivery Plan, to be chaired by the Council Leader; and (e) Permission to propose North Ayrshire as a “Pathfinder” local authority in tackling child poverty, as described in the Scottish Government delivery plan (Best Start, Bright Futures: tackling child poverty delivery plan 2022 to 2026). The draft North Ayrshire Local Child Poverty Action Plan and Report 2022-23 was attached as Appendix 1 to the report.

Members asked questions and were provided with further information in relation to:

- income maximisation to focus on the maximum take up of all supports available in North Ayrshire;
- ‘pathfinder’ areas designed to tackle child poverty and which would commence work on a phased approach to develop a whole system, person-centred support; and
- the range of payments and supports already in place which were being taken forward by Local Government.

The Cabinet agreed (a) to approve the North Ayrshire Child Poverty Report 2021-22 and Action Plan 2022-23; (b) that the report could be submitted to the Scottish Government and published on the North Ayrshire Community Planning Partnership website; (c) to approve the proposal to develop a strategy to tackle child poverty, covering the period 2023-26; (d) to approve the introduction of a “Tackling Child Poverty” Board to agree, monitor and deliver our local strategy in relation to the wide-ranging proposals within the Scottish Government’s Tackling Child Poverty Delivery Plan, to be chaired by the Council Leader; and (e) to grant permission to propose North Ayrshire as a “Pathfinder” local authority in tackling child poverty, as described in the Scottish Government delivery plan (Best Start, Bright Futures: tackling child poverty delivery plan 2022 to 2026).

7. Appointment of Champions

Submitted a report by the Head of Service (Democratic Services) on the appointment of five Champions to represent Young People, Mental Health, Older People, Veterans and Carers.

Having heard the Chief Executive advise of a change in nomination to the Veterans Champion contained in the report, the Cabinet agreed to make the following appointments:

Young People's Champion - Councillor Chloe Robertson
Mental Health Champion - Provost Anthea Dickson
Older People's Champion - Councillor Donald L. Reid
Veterans Champion – Councillor Jim Montgomerie
Carers Champion - Councillor Nairn McDonald

Please note – the following item was heard by the Audit & Scrutiny Committee on 30 June 2022, please refer to the minute of that Committee for the decision.

8. Revenue Budget 2021/22: Financial Performance to 31 March 2022

Submitted a report by the Head of Service (Finance) on the financial performance for the Council at 31 March 2022. Detailed explanations of the significant variances in service expenditure compared to the approved budgets, together with information on funding to be carried forward to support expenditure during 2022/23 were provided in Appendices 1-5 of the report. A full list of the proposed carry forward of earmarked funds was included at Appendix 5. Information in respect of the Housing Revenue Account (HRA) was set out in Appendices 6 and 6a to the report.

Members asked questions and were provided with further information in relation to:

- the position in relation to unearmarked reserves; and
- energy efficiency measures including heating support funding, scheduled to be in place prior to the start of the Autumn/Winter heating season.

The Cabinet agreed (a) to note (i) the information and financial performance outlined in the report and its associated appendices, (ii) the transfer of the net in-year underspend of £3.073m to supplement the Investment Fund, (iii) the financial performance of the Health and Social Care Partnership at paragraph 2.7 of the report and (iv) the IJB cumulative deficit position of £2.320m at 31 March 2022; and (b) to approve the additional earmarking of £11.833m identified at section 2.5 of the report to meet future year commitments.

9. Capital Programme Performance to 31 March 2022

Submitted a report by the Head of Service (Finance) on progress in delivering the Capital Investment Programme for 2021/22.

Members asked questions and were provided with further information on issues affecting Capital Programme projects, including inflationary pressures in relation to increases in materials and construction costs.

The Cabinet agreed to (a) note (i) the revisions to budgets outlined in the report, and (ii) the General Services and HRA expenditure to 31 March 2022.

10. Strategic Risk Register 2022/23

Submitted a report by the Head of Service (Finance) seeking approval of the Strategic Risk Register for 2022/23. The Strategic Risk Register was set out at Appendix 1 to the report.

The Cabinet agreed to approve the Council's Strategic Risk Register for 2022/23 as set out at Appendix 1 to the report.

Please note – the following item was heard by the Audit & Scrutiny Committee on 30 June 2022, please refer to the minute of that Committee for the decision.

11. Regeneration Delivery Plan Funding Proposals 2022/23

Submitted a report by the Executive Director (Place) seeking approval for the 2022/23 Regeneration Delivery Plan funding proposals.

Members asked questions and were provided with further information in relation to timescales for submitting applications to the Scottish Government's Regeneration Capital Grant Fund (RCGF).

The Cabinet agreed (a) to approve the Regeneration Delivery Plan funding proposals for 2022/23 provided at Appendix 1 to the report; (b) that delegated authority be granted to the Executive Director (Place) to agree changes to the funding allocations in consultation with the Portfolio Lead, as required; and (c) to note the update on the previously agreed Levelling Up Fund (LUF) bid for the 'Gateway to the West Coast and Clyde Islands strategic regeneration package' and that this LUF bid would now be solely based on the development of Lochshore.

12. North Ayrshire's Local Employability Partnership - No One Left Behind Delivery Plan

Submitted a report by the Executive Director (Place) on North Ayrshire's Local Employability Partnership and seeking approval of the proposed North Ayrshire 'No One Left Behind' Delivery Plan.

Members asked questions and were provided with further information in relation to employability and fair and sustainable work.

The Cabinet agreed to (a) note the update on the work of North Ayrshire's Local Employability Partnership; (b) approve (i) the North Ayrshire 'No One Left Behind' Delivery Plan attached at Appendix 3 to the report, and investment priorities detailed therein and (ii) the submission of the North Ayrshire Delivery Plan to the Scottish Government as requested to support the 'No One Left Behind' Offer of Grant.

13. UK Shared Prosperity Fund

Submitted a report by the Executive Director (Place) on the UK Shared Prosperity Fund (SPF) and seeking agreement on the Council's approach to developing an investment plan to secure funding from the three-year programme.

The Cabinet agreed to (a) note the proposed local approach to the Shared Prosperity Fund (SPF); (b) support the production of a North Ayrshire SPF Investment Plan that reflected future aspirations for a regional investment plan; (c) the Ayrshire Regional Economic Joint Committee as the 'SPF partnership group'; (d) note the timelines indicated and supports the request to UK Government (UKG) for an extension period until the 31 August 2022; and (e) receive a further report to the next meeting of the Cabinet presenting and seeking approval of North Ayrshire Council's proposed SPF Investment Plan submission to UKG.

Please note – the following item was heard by the Audit & Scrutiny Committee on 30 June 2022, please refer to the minute of that Committee for the decision.

14. North Ayrshire Economic COVID Recovery Fund

Submitted a joint report by the Executive Director (Place) and the Executive Director (Communities & Education) on the Economic COVID Recovery Fund and seeking agreement for the proposed North Ayrshire Economic COVID Recovery Fund Investment Plan.

Members asked questions and were provided with further information in relation to grant funding including the range and supports available.

The Cabinet agreed to (a) note the Scottish Government's recently announced Economic Covid Recovery Fund, which would see an allocation of £2.154m for North Ayrshire; and (b) approve the proposed North Ayrshire Economic COVID Recovery Fund Investment Plan.

The meeting ended at 4.35 p.m.

NORTH AYRSHIRE COUNCIL

23 August 2022

Cabinet

Title: Third Church Representation on Cabinet (Education)

Purpose: To seek the appointment of Reverend Mark Goodman to replace Ian Haining as the Third Church representative on Cabinet when it meets to consider Education business.

Recommendation: That the Cabinet agrees (a) to note the resignation of Ian Haining from Cabinet and (b) to appoint Reverend Mark Goodman as the Third Church representative on Cabinet when it meets to consider Education business.

1. Executive Summary

1.1 This report notes the resignation of Ian Haining as a religious representative on Cabinet. It seeks to appoint Reverend Mark Goodman as the Third Church representative on Cabinet when it considers Education business.

2. Background

2.1 The Council's Scheme of Administration reflects the provision within Section 124 of the Local Government (Scotland) Act 1973, as amended by Section 31 of the Local Government Etc. (Scotland) Act 1994, in respect of the appointment of three persons interested in the promotion of religious education to serve on the Council's Cabinet when it meets to consider Education business.

2.2 A previous expression of interest that had been received in the vacancy was not taken forward. However, following formal advertisement of the Third Church Representative vacancy for Cabinet (Education) interest in the vacancy has been received from a Reverend Mark Goodman, Rector of St. Columba's Scottish Episcopal Church, Largs, who has since followed up his interest.

2.3 St Columba's Scottish Episcopal Church has been serving the local community since 1876, has a congregation of approximately 104. It broadly covers the north of the Council area, from West Kilbride northwards.

3. Proposals

3.1 It is recommended that the Cabinet (a) notes the resignation of Mr Ian Haining from Cabinet and (b) agrees to appoint Rev Mark Goodman as the Third Church representative on Cabinet when it considers Education business.

4. Implications/Socio-economic Duty

Financial

4.1 None arising from this report.

Human Resources

4.2 None arising from this report.

Legal

4.3 Section 124 of the Local Government (Scotland) Act 1973, as amended by Section 31 of the Local Government Etc. (Scotland) Act 1994, provides for the appointment of three religious representatives to serve on the Cabinet.

Equality/Socio-economic

4.4 The appointment of religious representatives in the Education functions of Cabinet allows for religious involvement in decisions relating to the education of children and young people.

Climate Change and Carbon

4.5 None arising from this report.

Key Priorities

4.6 Not applicable.

Community Wealth Building

4.7 Not applicable.

5. Consultation

5.1 No additional consultation required.

Aileen Craig
Head of Democratic Services

For further information please contact **Craig Stewart, Committee Services Officer** , on email: craigstewart@north-ayrshire.gov.uk

Background Papers

Email correspondence concerning Third Church Representative including press advertisement

NORTH AYRSHIRE COUNCIL

23 August 2022

Cabinet

Title: Valaris DS-4 Investigation Report

Purpose: To inform Cabinet that the investigation by the Republic of the Marshall Islands Maritime Administrator has been concluded and a report issued.

Recommendation: That the Cabinet notes that (i) the investigation by the Republic of the Marshall Islands Maritime Administrator has been concluded and (ii) recommendations have been issued to the parties concerned.

1. Executive Summary

1.1 An investigation carried out by the Republic of the Marshall Islands Maritime Administrator into the incident at Hunterston on 2nd February 2021 incident when the Valaris DS-4 broke free from its moorings has been concluded and a report and recommendations issued. The Council has no legal responsibility or remit in relation to investigation of the incident and this report is for information.

2. Background

2.1 Drill Ships Valaris DS-4 and Ensco DS-8 were moored at Hunterston jetty on 2nd February 2021. The Valaris DS-4 broke free from its moorings in strong winds and emergency action required to be taken to have it re-secured to the jetty. The Ensco DS-8 remained at the jetty relying on the assistance of tugs. The investigation into the marine incident was the responsibility of the Republic of the Marshall Islands Maritime Administrator as the ships were registered to the Marshall Islands and managed by Joulon Asset Management and Noah Ship Management Companies. The investigation report notes in detail the causal factors which contributed to the incident, the preventative actions taken following the incident and recommendations have been issued to the parties concerned. The report is attached at Appendix 1 and is also available on the Scottish Government website at :

[Mooring failure of the drill ship Valaris DS-4 - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

2.2 The report notes that the causal factors which contributed to the incident include:

- (a) the inability of VALARIS DS-4's crewmembers to bring the thrusters online in time to prevent the mooring lines from being overloaded by the storm force winds from the northeast; and

- (b) the Master of VALARIS DS-4 did not request tug assistance when the weather forecast for storm force north easterly winds was received on the afternoon of 2 February 2021.

Additional causal factors which may have contributed to the incident are detailed in the investigation report are as follows:

- (a) inadequate coordination between Joulon Asset Management Company (Joulon) and Clydeport Operations Ltd throughout the planning process for the lay-up of VALARIS DS-4 and ENSCO DS-8 at Hunterston Jetty;
- (b) inadequate identification and consideration of local conditions, including the higher than forecast north-easterly and easterly winds, winter temperatures, and the time required for tugs to arrive after being requested, as part of Joulon's risk assessment for berthing the drill ships alongside at Hunterston Jetty;
- (c) inadequate identification of the drill ships' power requirements during the Asset Management Companies' planning for the lay-up of VALARIS DS-4 and ENSCO DS-8 to ensure that a sufficient number of diesel generators and thrusters would be available if needed during a period of high winds or an emergency situation;
- (d) the apparent deviation from the drill ships' mooring plans when VALARIS DS-4 and ENSCO DS-8 were moored after being shifted along the jetty in late January 2021;
- (e) the lack of third-party verification that VALARIS DS-4 and ENSCO DS-8 were moored in accordance with the drill ships' mooring plans;
- (f) with the exception of the drill ships' mooring plans, the lack of third-party assurance of the Asset Management Companies' planning and execution of the lay-up of VALARIS DS-4 and ENSCO DS-8 at Hunterston Jetty;
- (g) the lack of comprehensive flag State regulations intended to ensure the safety and security of laid-up vessels;
- (h) the lack of flag State requirements for Republic of the Marshall Islands-registered vessels that are in lay-up to undergo inspections or other forms of oversight to verify they do not pose a safety or security hazard; and
- (i) the absence of port State regulations intended to ensure the safety and security of ships laid-up in ports and harbours in the United Kingdom.

2.2 The report notes that preventative actions were taken by the ships' asset management companies, Clydeport Operations Ltd (COL) and the Republic of the Marshall Islands' Maritime Administrator. The preventative actions taken by Clydeport are detailed in the report and summarised as follows:

1. The COL risk assessment for the lay-up of drill ships was reviewed and additional mitigation measures were added.
2. A risk assessment addressing emergency response for a fire on board a vessel and lines parting in severe weather was conducted.
3. The existing COL procedures for the lay-up of vessels were reviewed and revised to include more detailed guidance and establish clear expectations for vessel owners wanting to lay a vessel up at one of its facilities on the Clyde Estuary. The revised procedures require that vessel owners provide information regarding the vessel's planned lay-up status, the mooring plan, the status of machinery and safety systems

while in lay-up, the maintenance and inspection of mooring lines, and emergency procedures. They also require that the vessel's proposed manning while in lay-up be approved by the flag State before it will be reviewed by the statutory harbour authority. The revised procedures are being adopted by each of the statutory harbour authorities within Peel Ports.

4. COL, in coordination with Joulon, conducted a review of VALARIS DS-4's and ENSCO DS-8's equipment status (e.g., diesel generators, thrusters, and related systems) and criteria for activating the drill ships' weather contingency plan.
5. COL reviewed and agreed to Joulon's revised manning for both VALARIS DS-4 and ENSCO DS-8.
6. COL conducted a review of the jetty infrastructure taking into consideration winter conditions.
7. COL contracted to have an independent third-party review of the drill ship's new mooring plans completed.
8. Contingency response plans for responding to emergencies involving a laid-up vessel were developed for each statutory harbour area within Peel Ports.
9. A weather monitoring station was installed at the Hunterston Jetty.

2.3 The report contains recommendations which are as follows:

1. It is recommended that Joulon and Noah:
 - (a) review and revise their procedures for planning for vessel lay-ups taking the lessons learned from this marine incident into account.
2. It is recommended that Peel Ports:
 - (a) propose guidance on planning and conducting of vessel lay-up in ports in the United Kingdom to the Marine Coastguard Agency's Port Marine Safety Code (PMSC) Steering Group, for inclusion in the PMSC's Guide to Good Practice.
3. It is recommended that the Republic of the Marshall Islands Maritime Administrator:
 - (a) develop additional regulatory requirements that take different lay-up conditions into account to ensure the safety of Republic of the Marshall Islands-registered vessels that are placed in lay-up and crews on board such vessels; and
 - (b) review, and revise where required, internal procedures related to oversight of compliance with established requirements for vessels in lay-up.
4. It is recommended that the Marine Coastguard Agency in coordination with the PMSC Steering Group:
 - (a) consider publishing guidance on the planning and conducting of vessel lay-ups in ports in the United Kingdom, for inclusion in the PMSC's Guide to Good Practice.

3. Proposals

3.1 That Cabinet notes that (i) the investigation by the Republic of the Marshall Islands Maritime Administrator has been concluded (ii) that preventative actions have been taken in response to the incident and (iii) recommendations have been issued.

4. Implications/Socio-economic Duty

Financial

4.1 None arising from this report.

Human Resources

4.2 None arising from this report.

Legal

4.3 None arising from this report.

Equality/Socio-economic

4.4 Not applicable.

Climate Change and Carbon

4.5 Not applicable.

Key Priorities

4.6 Not applicable.

Community Wealth Building

4.7 Not applicable.

5. Consultation

5.1 Not applicable.

Aileen Craig
Head of Democratic Services

For further information please contact **Aileen Craig , Head of Democratic Services** , on email: acraig@north-ayrshire.gov.uk

Background Papers

None

Appendix 1



REPUBLIC OF THE MARSHALL ISLANDS

Maritime Administrator

VALARIS DS-4 CASUALTY INVESTIGATION REPORT

Loss of Moorings

Hunterston, Scotland | 2 February 2021

Official Number: 3636

IMO Number: 9459943



DISCLAIMER

In accordance with national and international requirements, the Republic of the Marshall Islands Maritime Administrator (the “Administrator”) conducts marine safety investigations of marine casualties and incidents to promote the safety of life and property at sea and to promote the prevention of pollution. Marine safety investigations conducted by the Administrator do not seek to apportion blame or determine liability. While every effort has been made to ensure the accuracy of the information contained in this Report, the Administrator and its representatives, agents, employees, or affiliates accept no liability for any findings or determinations contained herein, or for any error or omission, alleged to be contained herein.

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AUTHORITY

An investigation, under the authority of the Republic of the Marshall Islands laws and regulations, including all international instruments to which the Republic of the Marshall Islands is a Party, was conducted to determine the cause of the casualty.



Maritime Administrator

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LIST OF ABBREVIATIONS AND ACRONYMS

1 A/E	First Assistant Engineer
3 A/E	Third Assistant Engineer
3/O	Third Officer
AIS	Automatic Identification System
ANSI	American National Standards Institute
ANSI/API RP 2MET	ANSI/API Recommended Practice Derivation of Metocean Design and Operating Conditions
API	American Petroleum Institute
API RP 2SK	API Recommended Practice Design and Analysis of Stationkeeping Systems for Floating Structures
ASD	Able Seafarer Deck
ASE	Able Seafarer Engineer
C/E	Chief Engineer
C/O	Chief Officer
COVID-19	Coronavirus Disease 2019
DNV GL	Det Norske Veritas Germanischer Lloyd
DNV GL-RP-C205	DNV GL Recommended Practice Environmental Conditions and Environmental Loads
DNV GL-ST-NOO1	DNV GL Standard Marine Operations and Marine Warranty
DOC	Document of Compliance
DP	Dynamic Positioning
DPA	Designated Person Ashore
ERA5	European Centre for Medium-Range Weather Forecasts
ETO	Electro-Technical Officer
HMPE	High Modulus Polyethylene
ICLL	International Convention on Load Lines, 1966
ILO	International Labour Organization
IMO	International Maritime Organization
ISM	International Safety Management
ISM Code	International Management Code for the Safe Operation of Ships and for Pollution Prevention
kg/m ³	Kilograms per Cubic Meter

kn	.....	Knots
kW	.....	Kilowatt
m	.....	Meters
m/s	.....	Meters Per Second
m ²	.....	Square Meters
MARPOL	.....	International Convention for the Prevention of Pollution from Ships
MBL	.....	Minimum Breaking Load
MLC, 2006	.....	Maritime Labour Convention, 2006
MODU	.....	Mobile Offshore Drilling Unit
MSMC	.....	Minimum Safe Manning Certificate
MSMS	.....	Marine Safety Management System
N	.....	Newtons
NM	.....	Nautical Miles
OICEW	.....	Officer in Charge of an Engineering Watch
OICNW	.....	Officer in Charge of a Navigational Watch
OS	.....	Ordinary Seafarer
P&I Club	.....	Protection and Indemnity Club
PA system	.....	Public Address System
PMSC	.....	Port Marine Safety Code
SMS	.....	Safety Management System
SOLAS	.....	International Convention for the Safety of Life at Sea, 1974
SOP	.....	Standard Operating Procedure
STCW Code	.....	Seafarers' Training, Certification and Watchkeeping Code
STCW	.....	International Convention on Standards of Training, Certification and Watchkeeping for Seafarers
SWL	.....	Safe Working Load
T	.....	True
t	.....	Ton
UHMWPE	.....	Ultra High Molecular Weight Polyethylene
URL	.....	Uniform Resource Locator
V	.....	Volt
VHF	.....	Very High Frequency



PART 1: EXECUTIVE SUMMARY

On 2 February 2021, the Republic of the Marshall Islands-registered drill ships VALARIS DS-4 and ENSCO DS-8, managed by Noah Ship Management DMCCO (Noah), were moored at the Hunterston Jetty, which is located at the southern end of the Clyde Estuary, on the Largs Channel, between Great Cumbrae Island and the Scottish mainland. Both drill ships held a Provisional Certificate of Registry with the endorsement “This Certificate is Only Valid while the Vessel Remains in Laid-up Status and is Not Valid for Navigation.”¹

Offshore winds from the northeast had increased throughout the day and by 1800² were between 50-55 kn. At about 1915, VALARIS DS-4’s moorings failed during storm force winds. The drill ship was blown off the jetty and drifted to the southwest until about 1923, when the anchor, which had previously been deployed as part of the VALARIS DS-4’s mooring arrangements, held. This likely prevented the drill ship from going aground on Great Cumbrae Island, which was about 400 m to the west.

VALARIS DS-4’s crew were able to start all but one of the drill ship’s diesel generators but did have difficulties bringing the bow and stern thrusters online. VALARIS DS-4 was re-moored at Hunterston Jetty on 8 February 2021 after the crewmembers were able to start all but one of the azimuth thrusters.

ENSCO DS-8 remained moored alongside the jetty with tug assistance and the use of its thrusters.

1 A vessel holding a Provisional Certificate of Registry with the endorsement “This Certificate is Only Valid while the Vessel Remains in Laid-up Status and is Not Valid for Navigation” is out of service and is not required to comply with the international and national requirements that would otherwise be applicable to the vessel when it is in service.

2 Unless otherwise stated, all times are the drill ships’ local time (UTC +0).

The marine safety investigation conducted by the Republic of the Marshall Islands Maritime Administrator (the “Administrator”)³ identified the following:

1. Causal factors that contributed to this marine incident include:
 - (a) the inability of VALARIS DS-4’s crewmembers to bring the thrusters online in time to prevent the mooring lines from being overloaded by the storm force winds from the northeast; and
 - (b) the Master of VALARIS DS-4 did not request tug assistance when the weather forecast for storm force north easterly winds was received on the afternoon of 2 February 2021.

2. Additional causal factors that may have contributed to this marine incident include:
 - (a) inadequate coordination between Joulon Asset Management (Joulon) and Clydeport Operations Limited (COL) throughout the planning process for the lay-up of VALARIS DS-4 and ENSCO DS-8 at Hunterston Jetty;
 - (b) inadequate identification and consideration of local conditions, including the higher than forecast northeasterly and easterly winds, winter temperatures, and the time required for tugs to arrive after being requested, as part of Joulon’s risk assessment for berthing the drill ships alongside at Hunterston Jetty;
 - (c) inadequate identification of the drill ships’ power requirements during Joulon’s and Noah’s planning for the lay-up of VALARIS DS-4 and ENSCO DS-8 to ensure that a sufficient number of diesel generators and thrusters would be available if needed during a period of high winds or an emergency situation;
 - (d) the apparent deviation from the drill ships’ mooring plans when VALARIS DS-4 and ENSCO DS-8 were moored after being shifted along the jetty in late January 2021;
 - (e) the lack of third-party verification that VALARIS DS-4 and ENSCO DS-8 were moored in accordance with the drill ships’ mooring plans;
 - (f) with the exception of the drill ships’ mooring plans, the lack of third-party assurance of Joulon’s and Noah’s planning and execution of the lay-up of VALARIS DS-4 and ENSCO DS-8 at Hunterston Jetty;
 - (g) the lack of comprehensive flag State regulations intended to ensure the safety and security of laid-up vessels;
 - (h) the lack of flag State requirements for Republic of the Marshall Islands-registered vessels that are in lay-up to undergo inspections or other forms of oversight to verify they do not pose a safety or security hazard; and
 - (i) the absence of port State regulations intended to ensure the safety and security of ships laid-up in ports and harbors in the United Kingdom.

3. Actions or events that reduced the adverse consequences of this marine incident include:
 - (a) that VALARIS DS-4’s and ENSCO DS-8’s anchors had been pre-deployed when the drill ships were berthed at Hunterston Jetty and that VALARIS DS-4’s anchor was reset and held the drill ship in mid-channel after being blown off the jetty following the loss of moorings; and
 - (b) the arrival of tugs to hold ENSCO DS-8 alongside the berth.

³ The United Kingdom of Great Britain and Northern Ireland (hereinafter “United Kingdom”) was a substantially interested State for this marine safety investigation. The United Kingdom Marine Accident Investigations Branch (MAIB) supported the Administrator throughout the investigation.

PART 2: FINDINGS OF FACT

The following Findings of Fact are based on the information obtained during the Administrator’s marine safety investigation.

1. Ship particulars: *see* charts to right.
2. VALARIS DS-4 and ENSCO DS-8 are both dynamically positioned deep water drill ships (*see* Figure 1).

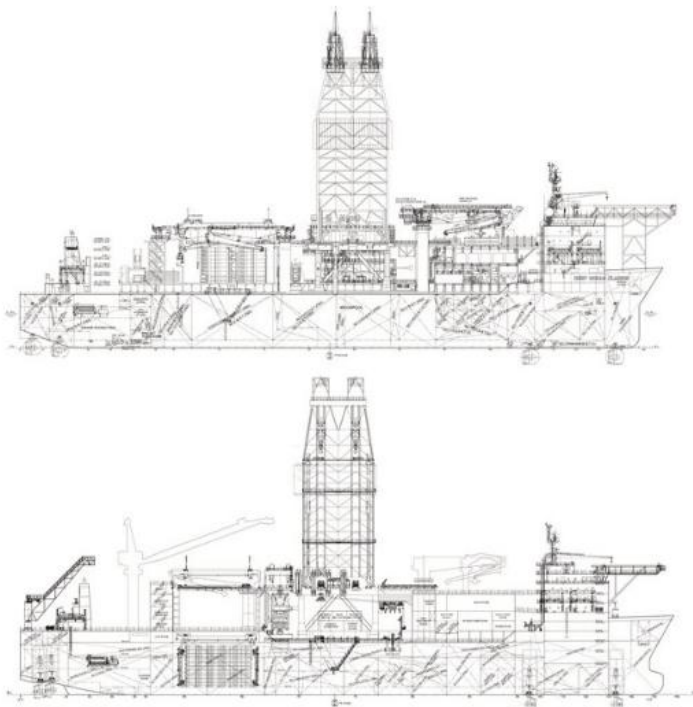


Figure 1: General Arrangement Drawing of VALARIS DS-4 (top) and ENSCO DS-8 (bottom).

3. Both drill ships are equipped with three forward and three aft electrically driven azimuth thrusters that are used for propulsion and steering. Electrical power is provided by six diesel generators. Relevant details of the drill ships’ propulsion systems are in the following table:

COMPONENT	VALARIS DS-4	ENSCO DS-8
Diesel Generators (six each)	MAN B&W 8,000 kW	Wartsila 7,290 kW
Azimuth Thrusters (six each)	Rolls Royce 5,500 kW	Rolls Royce 5,500 kW

SHIP PARTICULARS

Ship Name
VALARIS DS-4

Registered Owner
EnSCO Ocean 1 Company

ISM Ship Management
Noah Ship Management DMCCO

Flag State
Republic of the Marshall Islands

IMO No. 9459943	Official No. 3636	Call Sign V7SE8
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Year of Build 2010	Gross Tonnage 60,162
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Net Tonnage 18,048	Deadweight Tonnage 96,273
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Length x Breadth x Depth
211.3 x 42 x 19 m

Ship Type
Drill Ship

Document of Compliance
Recognized Organization
Bureau Veritas

Safety Management Certificate
Recognized Organization
Bureau Veritas

Classification Society
American Bureau of Shipping

Persons on Board
Crewmembers: 7
Technical Support: 2

Lay-up at Las Palmas de Gran Canaria

4. Following their arrival at Las Palmas de Gran Canaria (hereinafter “Las Palmas”), Kingdom of Spain (hereinafter “Spain”) in May 2020, VALARIS DS-4 and ENSCO DS-8 were Laid-up Warm Stacked in accordance with American Bureau of Shipping’s (ABS’s) Guide for Lay-up and Reactivation of Mobile Offshore Drilling Units.⁴ At the time, both drill ships were managed by Enco International Inc. (Enco).⁵
5. The Administrator issued a Provisional Certificate of Registry with the endorsement “This Certificate is Only Valid while the Vessel Remains in Laid-up Status and is Not Valid for Navigation”⁶ to ENSCO DS-8 on 16 June 2020 and to VALARIS DS-4 on 1 July 2020.
6. ABS changed the lay-up status of VALARIS DS-4 in August 2020 and ENSCO DS-8 in October 2020 to laid-up without additional notation when annual lay-up surveys were not completed.
7. The drill ships’ owners decided to move VALARIS DS-4 and ENSCO DS-8 to another lay-up location while they were at Las Palmas.

Change of Lay-up Location

8. By late September 2020, the drill ships’ owners had contracted Joulon to plan for the their continued lay-up at either another Spanish port or in Hunterston, Scotland. This included conducting risk assessments and the development of contingency plans, coordination with port authorities, and establishing preventive maintenance requirements.
9. Joulon did not hold a DOC. Joulon subcontracted Noah, who holds a DOC, as marine managers for both drill ships. This included assisting with conducting risk assessments and developing contingency plans. It also included daily

⁴ The ABS guidelines are addressed in greater detail later in this report.

⁵ Enco held a DOC issued in accordance with the ISM Code and was named on the SMCs held by VALARIS DS-4 and ENSCO DS-8 as the company responsible for the operation of both drill ships per SOLAS chapter IX.

⁶ A vessel holding a Provisional Certificate of Registry with the endorsement “This Certificate is Only Valid while the Vessel Remains in Laid-Up Status and is Not Valid for Navigation” is out of service and is not required to comply with the international and national requirements that would otherwise be applicable to the vessel when it is in service.

SHIP PARTICULARS

Ship Name
ENSCO DS-8

Registered Owner
Enco Intercontinental GMBH

ISM Ship Management
Noah Ship Management DMCCO

Flag State
Republic of the Marshall Islands

IMO No. 9659531	Official No. 5307	Call Sign V7CQ5
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Year of Build 2015	Gross Tonnage 57,335
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Net Tonnage 17,200	Deadweight Tonnage 77,000
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Length x Breadth x Depth
213.6 x 38 x 18.5 m

Ship Type
Drill Ship

Document of Compliance
Recognized Organization
Bureau Veritas

Safety Management Certificate
Recognized Organization
Bureau Veritas

Classification Society
American Bureau of Shipping

Persons on Board
Crewmembers: 6
Technical Support: 4

management of both drill ships, hiring of marine crews, ensuring required preventive maintenance tasks were conducted, and coordination with the drill ships' flag State.

10. It was planned that Joulon and Noah would assume responsibility for managing the drill ships after their arrival at another lay-up location.
11. On 24 November 2020, ABS surveyors attended VALARIS DS-4 and ENSCO DS-8 to complete reactivation surveys. Both drill ships were issued short term international statutory certificates⁷ that were valid through 23 December 2020 and class certificates for VALARIS DS-4 to complete a single voyage to Almería, Spain and for ENSCO DS-8 to complete a single voyage to Motril, Spain.
12. Sometime after the reactivation surveys were completed, the drill ships' owners, in coordination with Joulon and Noah, decided to move both drill ships from Las Palmas to Hunterston rather than Almería and Motril for continued lay-up.

Hunterston Jetty

13. Hunterston Jetty is located at the southern end of the River Clyde between Great Cumbrae Island and the Scottish mainland (see Figure 2). The jetty was built in 1979 to accommodate ships up to 380 m in length on its outer face⁸ delivering iron ore to the Ravenscraig steelworks. The jetty has been largely vacant since the steelworks closed in 2016.⁹

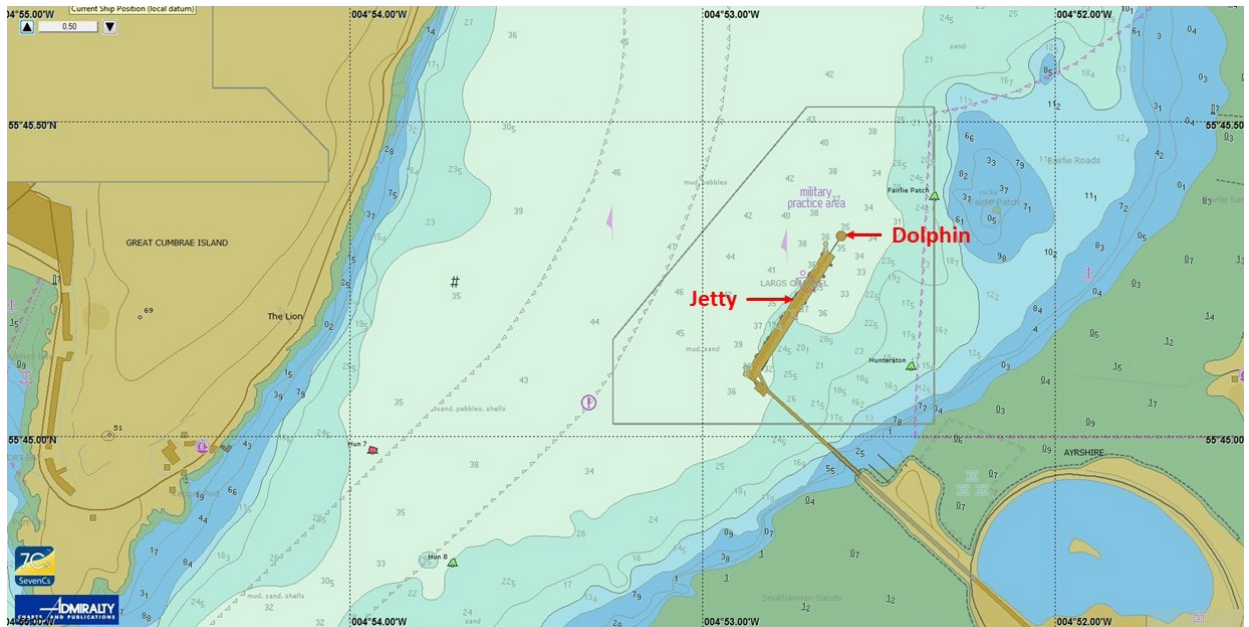


Figure 2: Hunterston Jetty.

7 The following short term international certificates were issued to both drill ships: International Load Line Certificate, International Oil Pollution Prevention Certificate, International Air Pollution Prevention Certificate, Mobile Offshore Drilling Unit Safety Certificate (1989), and an International Sewage Pollution Prevention Certificate. The Safety Management Certificates held by both drill ships had remained valid since no intermediate audits had been required while the drill ships were in lay-up at Las Palmas.

8 Vessels up to 280 m in length could be moored on the inside face of the jetty.

9 The cranes and cargo handling equipment were removed from the jetty when the steelworks were closed.

14. The jetty is 443 m long and is oriented along the 033° T/213° T axis (see Figure 2). It is fitted with 100 t bollards approximately every 20 m. There is also a 150 t bollard on a dolphin at its north end (see Figure 2). The jetty is equipped with seven Yokohama fenders. The maximum tidal range alongside is 3.9 m.
15. The jetty was owned and operated by COL, which was the statutory harbor authority for the Clyde Estuary.
16. COL oversaw the safe operation of the port and jetty based on Peel Ports Group's (Peel Port's) MSMS and the supporting SOPs.¹⁰
17. In 2014, COL created a generic risk assessment¹¹ for the lay-up of ships within the area for which it was the statutory harbor authority. The following mitigation measures were identified that:
- the ship's mooring plan met Classification Society requirements;
 - the ship's operating procedures and COL emergency procedures were aligned;
 - the ship's crewmembers were aware of local sensitivities and the Harbour Master's requirements;
 - a joint planning meeting be conducted to discuss the availability of tug assistance and to ensure that the moorings were in good condition;
 - the local police force and fire and rescue service were aware of the laid-up ship; and
 - the proposed lay-up plan met the port's emergency preparedness procedures as described in the port's MSMS.

Planning for Lay-up at Hunterston Jetty

Drill Ship Risk Assessment

18. On 24 November 2020, Joulon completed a risk assessment for berthing drill ships alongside at Hunterston, Scotland. Identified hazards, potential consequences, and current and additional controls include:¹²

HAZARD	POTENTIAL CONSEQUENCES	BARRIERS / CONTROLS	
Vessel mooring component failure	Losing vessel position at quay	<u>Current Controls</u> <ul style="list-style-type: none"> Mooring analysis and line arrangement Regular inspections of lines by crew Third-party verification Port competence – tug availability Equipment maintenance and certification Following procedures as per contingency plan Power thruster availability 	<u>Additional Controls</u> <ul style="list-style-type: none"> Equipment verification Additional mooring ropes available Line adjustment for tidal variations Deploying ship's anchors

¹⁰ The MSMS was based on the United Kingdom's PMSC and Guide to Good Practice on Port Marine Operations. Both documents are discussed later in the report.

¹¹ Risk assessment 156 – lay-up vessels: covering vessels laid-up at Loch Striven, Great Harbour or elsewhere within COL's jurisdiction.

¹² The other identified hazards were tidal variations and collisions with another vessel.

HAZARD	POTENTIAL CONSEQUENCES	BARRIERS / CONTROLS	
Mooring rope failure	Strain on the mooring rope Losing vessel position at quay	<u>Current Controls</u> <ul style="list-style-type: none"> Constant monitoring of the mooring ropes Monitoring environmental conditions on daily basis Crew are trained in the event of a mooring failure and other associated emergencies by way of regular drills (per contingency plan) Daily operations preparedness meeting 	<u>Additional Controls</u> <ul style="list-style-type: none"> Additional mooring ropes available Sufficient manning levels for adjusting lines Additional resources to be made available at quayside during adverse weather conditions Deploying anchors as required
Quayside mooring component failure	Losing vessel position at quay	<u>Current Controls</u> <ul style="list-style-type: none"> Mooring analysis and line arrangement Third-party verification Port competence – tug availability Quayside bollards maintenance and load test Following procedures as per contingency plan Power thruster availability 	<u>Additional Controls</u> <ul style="list-style-type: none"> Cross lining to adjacent bollard Additional mooring ropes available Equipment verification Line adjustment for tidal variations Deploying ship’s anchors Additional resources available on quayside
Adverse weather	Strain on the mooring rope Vessel structure colliding with quayside	<u>Current Controls</u> <ul style="list-style-type: none"> Mooring analysis and line arrangement Monitoring environmental conditions on daily basis Weather forecast data from two independent parties Daily operations preparedness meeting Coordination with Port Authorities on regular basis Contingency plan and emergency response in place 	<u>Additional Controls</u> <ul style="list-style-type: none"> Power thrusters available Tug availability Additional resources available on quayside Deploying ship’s anchors Deploying anchors as required

19. It was determined that the level of residual risk for each of the identified hazards was broadly acceptable with the identified current and additional controls in place.

Mooring Plan

20. On 25 November 2020, Joulon contracted InterMoor¹³ to develop a plan for mooring ENSCO DS-8 at Hunterston Jetty. The plan was based on the drill ship’s anchor being deployed.¹⁴ Joulon also provided InterMoor with the results of an extreme wind study with a 10-year return period that had been prepared for the drill ship’s owners

13 InterMoor is an engineering firm that specializes in design, installation, inspection, and maintenance of offshore mooring arrangements.

14 ENSCO DS-8’s ground tackle consists of one 14 t high holding power anchor and 14 shackles of anchor chain.

based on the ERA5 dataset for 1979-2019.¹⁵ The 10-year average maximum 1-minute wind speeds¹⁶ at an elevation of 10 m identified by this study were:

1-MINUTE MEAN WIND SPEED	WIND DIRECTION (T)							
	337.5° - 022.5°	022.5° - 067.5°	067.5° - 112.5°	112.5° - 157.5°	157.5° - 202.5°	202.5° - 247.5°	247.5° - 292.5°	292.5° - 337.5°
m/s	18.5	20.5	21.4	26.3	30.6	34.2	34.7	28.3
kn	36.1	39.8	41.5	51.1	59.5	66.5	67.4	55.0

21. On 30 November 2020, InterMoor provided an initial mooring plan (Rev. 00) for ENSCO DS-8 to Joulon for their review.
22. On 1 December 2020, Joulon contracted InterMoor to produce a plan for mooring VALARIS DS-4 at Hunterston Jetty. This plan was supposed to be based on the weather data that had been used for ENSCO DS-8's mooring plan. The initial plan (Rev. 00) was provided to Joulon on 4 December 2020. This plan was based on the use of two anchors rather than one.¹⁷
23. On 18 December 2020, in response to comments received from Joulon following their review of the initial mooring plans for VALARIS DS-4 and ENSCO DS-8, InterMoor recommended that the revisions to these plans be based on weather data for a 100-year return per DNV GL-ST-N001.¹⁸ The 100-year mean wind speeds at an elevation of 10 m were calculated based on the ERA5 dataset of 1-hour mean wind speeds for 1979-2019. The wind speeds were:¹⁹

REPORTING PERIOD	WIND DIRECTION (T)											
	000°	030°	060°	090°	120°	150°	180°	210°	240°	270°	300°	330°
1-hour mean (m/s)	17	18	20	20	19	23	25	25	27	27	25	22
10-minute mean (m/s)	18	20	22	22	21	25	27	28	30	30	27	24
1-minute mean (m/s)	20	22	24	24	23	27	30	31	33	33	30	26
3-second gust (m/s)	22	24	26	27	25	31	33	35	38	38	34	29
1-hour mean (kn)	33.0	35.0	38.9	38.9	36.9	44.7	48.6	48.6	52.5	52.5	48.6	42.8
10-minute mean (kn)	35.0	38.9	42.8	42.8	40.8	48.6	52.5	54.4	58.3	58.3	52.5	46.7
1-minute mean (kn)	38.9	42.8	46.7	46.7	44.7	52.5	58.3	60.3	64.1	64.1	58.3	50.5
3-second gust (kn)	42.8	46.7	50.5	52.5	48.6	60.3	64.1	68.0	73.9	73.9	66.1	56.4

¹⁵ This data is distributed by the Copernicus Climate Change Service (<https://climate.copernicus.eu/>).

¹⁶ The ERA5 dataset does not report 1-minute maximum winds speeds. These were determined by converting maximum 3-second wind gusts using a wind-averaging formula in ANSI/API RP 2MET.

¹⁷ VALARIS DS-4's ground tackle consists of one 15 t high holding power anchor and 14 shackles of anchor chain.

¹⁸ Based on DNV GL-ST-N001, quayside/inshore moorings that are intended to be in place for more than one year should be based on a 100-year return, those that are intended to be in place for one month to a year should be based on a 50-year return, and those that will be in place for seven days to one month should be based on a 10-year return. A lower return period could be used if the vessel could leave its berth on receipt of a forecast for poor weather.

¹⁹ The calculations to determine the 10-minute mean, 1-minute mean, and 3-second gust wind speeds were based on DNV GL-RP-C205.

24. On 23 December 2020, InterMoor provided the results of the mooring analysis completed using the data for the 100-year return to Joulon and the drill ships' owners. In response, Joulon directed InterMoor to base the mooring plans on the data for the 10-year return as provided for by API RP 2SK.²⁰ Joulon also informed InterMoor that VALARIS DS-4 had one anchor.
25. InterMoor provided the revised mooring plan for VALARIS DS-4 to Joulon on 24 December 2020. Based on this plan, the drill ship was to be moored with 15 UHMWPE lines and the anchor. The lines consisted of 30, 36, and 40 mm diameter lines. Except for a 36 mm line leading forward from a connection point on the starboard side forward of amidships, a 36 mm line leading aft from the starboard quarter, and two 40 mm stern lines, the remainder of the lines were all 30 mm.
26. The revised mooring plan for ENSCO DS-8 was provided on 28 December 2020. The drill ship was to be moored using 14 40 mm diameter UHMWPE lines and the anchor.
27. In addition to specifying the number of lines that were to be used and the points on the ships and on the jetty where each line was to be connected, they also specified the type, diameter, length of line that should be paid out from the fairlead, and pre-tension force for each line. Both plans also specified how much anchor chain should be paid out when the anchors were set.
28. Neither of the two mooring plans included a requirement for the drill ships' thrusters to be started or that they should leave the jetty when the forecast or actual wind speed exceeded a given speed.
29. InterMoor reported that the length of each line was established to maximize how much load it could absorb²¹ and to account for tidal changes. This was done so the drill ships' crewmembers would not need to adjust the lines when the tide changed.
30. The mooring plan was developed using the OrcaFlex model, which assumes that wind speed is constant or steady.
31. The mooring plans were not reviewed by the Administrator nor were they required to be reviewed by the Administrator.²²

Drill Ships' Emergency Response Plans

32. On 24 December 2020, Joulon finalized the emergency response plans for both VALARIS DS-4 and ENSCO DS-8. Both plans included emergency contact numbers for Joulon, Noah, Hunterston Terminal, tugs, and emergency services. They also both included emergency response procedures for adverse weather.²³
33. The procedures for adverse weather consisted of a decision-making flow chart that included a list of actions that should be taken following the receipt of a forecast for adverse weather. Adverse weather was not defined by these procedures. The flow chart included decision points for each Master to decide if tugs or a berthing team would be required.

20 API RP 2SK recommends that weather data for a 100-year return period be used for permanent moorings. It also indicates that a shorter return period, determined by a risk analysis that takes the consequences of a mooring failure into account, may be justified if the design life of the mooring is less than 20 years. Further, API RP 2SK does not differentiate between quayside/inshore moorings and offshore moorings.

21 This is based on the MBL and axial stiffness of the line, which are functions of the line type and diameter. In general, short lines are able to absorb less load than longer lines of the same type and diameter.

22 The Administrator's requirements for vessels in lay-up are discussed later in the report.

23 They also included response procedures for vessel collision, fire, man overboard, loss of containment, and medical emergency.

34. The procedures did not include guidance addressing when to request the support of tugs or a berthing team or starting the drill ships’ thrusters nor did they reference the weather contingency plans that had been developed for both drill ships.

Drill Ships’ Weather Contingency Plans

35. The weather contingency plans were developed taking into account the risk assessment that Joulon completed for berthing VALARIS DS-4 and ENSCO DS-8 alongside at Hunterston Jetty.²⁴ The plans included the actions that should be taken in different scenarios, including winds that exceeded the upper limits of the drill ships’ mooring plan.²⁵

36. The actions required by the weather contingency plans, if the forecast or actual wind speeds exceeded those that the mooring plans were based on, or if there was an indication that the drill ships’ moorings might fail, were divided into three phases based on forecast and actual wind speeds. The actions that were supposed to be taken during each of these phases were:

INITIAL PHASE Wind Speed Forecast to Exceed Mooring Plan Limits (> 50 kn)	SECOND PHASE Wind Speed Increased to 60 kn	THIRD PHASE Wind Speed is More Than 70 kn
<ul style="list-style-type: none"> • Inform crew to prepare for second phase • Escalate port authority to standby • Ensure the quayside is clear or free from any obstruction • Keep extra mooring lines and equipment ready • Put engines and thrusters on standby 	<ul style="list-style-type: none"> • Inform crew of escalation • Mobilize port authority contingency response team • Follow emergency thruster control procedure • Start engines and keep thrusters ready per the emergency thruster control procedure • Monitor mooring lines 	<ul style="list-style-type: none"> • Call Peel Ports and request help from contingency response team, including tugs and mooring line handling team • Initiate onshore contingency response organization • Monitor engines and thrusters • Monitor mooring lines

37. The weather contingency plan indicated that up to four thrusters were available for use when required. It also stated that the thrusters should be limited to 30-50% of their rated capacity in extreme weather conditions. The plan also indicated that tugs at Greenock could arrive on scene within 2–3 hours and that tugs engaged in ship assist work might be available sooner.

Port Planning

38. In September 2020, a structural assessment conducted on behalf of Peel Ports determined the jetty could accommodate five drill ships, two of which were VALARIS DS-4 and ENSCO DS-8.

39. This assessment was based on three of the drill ships being moored side-by-side on the outside face of the jetty and the other two being moored side-by-side on the inside face. It was assumed that each drill ship had a transverse windage area of 8,000 m². It was also assumed that the second and third drill ships would receive 30% and 15% of the force of the wind and current acting on the outermost drill ship.

²⁴ This risk assessment is addressed earlier in this report.

²⁵ The other scenarios were collision, an emergency departure from the quay, and extreme tidal variations.

40. It was reported that the mooring loads were calculated using different wind and current directions. Neither the source nor the details of the weather data that was used for this assessment were reported.
41. Also in September 2020, COL commissioned a third-party analysis of wind speeds and directions at the Hunterston Jetty. The analysis was based on wind speeds recorded at 5-minute intervals from 2009-2020²⁶ that were averaged to hourly mean values and adjusted to represent the speed at 10 m above the ground. This analysis indicated that the 10-year hourly extreme winds at the jetty were:

REPORTING PERIOD	WIND DIRECTION (T)											
	000°	030°	060°	090°	120°	150°	180°	210°	240°	270°	300°	330°
1-hour mean (kn)	16.9	15.7	22.7	19	10.4	11.1	19.7	22.1	24.1	26.2	18.6	14.6
1-hour mean (kn)	32.8	30.5	44.1	36.9	20.2	21.6	38.3	43	46.8	50.9	36.2	28.4

The third-party’s report did state that it was not possible for a hindcast model to “resolve highly modified local features.”

42. In December 2020, Joulon provided copies of the initial mooring plans (Rev. 00) for both VALARIS DS-4 and ENSCO DS-8 to COL for their review. It was reported that COL initially had some reservations about the mooring plans and considered engaging a third-party to review them and to propose any changes deemed necessary. COL subsequently determined that the drill ships’ mooring plans were adequate given their understanding that they had been developed by InterMoor based on the conditions at the Hunterston Jetty and that they had been approved by the drill ships’ flag State and insurers.
43. After reviewing the mooring plans, COL advised Joulon there was a 3-hour lead time for tug support at the jetty. It was not reported when COL provided this information to Joulon or if this information was also provided to the Masters of VALARIS DS-4 and ENSCO DS-8.
44. Neither the risk assessment, the emergency response plans, nor the weather contingency plans were revised based on the information provided by COL regarding the lead times for tugs.
45. On 8 December 2020, COL had the mooring bollards on the jetty re-tested and certified by an independent consultant to confirm their SWL.
46. On 24 December 2020, a contractual agreement between COL and Thanh Ngoc DMCC (Thanh Ngoc)²⁷ for VALARIS DS-4 and ENSCO DS-8 to be laid-up at Hunterston Jetty was signed. The agreement was for 24 months.
47. The agreement included the following clauses addressing the drill ships’ manning:
- (a) that details regarding the drill ships’ lay-up crew were to be provided to COL “before the commencement of the Vessel lay-up;”
 - (b) that Thanh Ngoc would always keep marine operations crew available at the jetty; and

²⁶ The source of this data was not reported.

²⁷ Thanh Ngoc is a subsidiary company of Joulon. See <http://thanh-ngoc.com>.

- (c) that COL and Thanh Ngoc agreed the drill ship manning would be “to levels approved by [the] Harbour Master and in accordance with Applicable Laws.”²⁸
48. The agreement also included a schedule containing copies of the original revisions of the mooring plans for both VALARIS DS-4 and ENSCO DS-8, a schedule stipulating conditions for mooring, and an annex with a list of documents that were to be provided for each of the laid-up drill ships.
49. The stated conditions for mooring VALARIS DS-4 and ENSCO DS-8 at Hunterston Jetty included, among other things, that:²⁹
- (a) two anchors be used by each of the two drill ships;
 - (b) the drill ships be provided with adequate moorings; and
 - (c) that “a sufficient number of persons” are available to maintain an effective mooring watch and fire patrol.
50. The documents that were required to be provided included:
- (a) mooring plans that had been approved by the drill ships’ P&I Club(s);
 - (b) risk assessments for the moorings;
 - (c) layout plans for the ships’ anchors;
 - (d) action plans for emergency situations, including fire, oil spill, and loss of onboard systems (e.g., power or communications);
 - (e) ships’ particulars;
 - (f) minimum manning in accordance with flag State policy and proof that the ships’ flag State is content with reduced manning during laid-up period; and
 - (g) arrangements for immobilization of propulsion systems.
51. Based on the information available to the Administrator, it is not possible to establish if Joulon or Noah provided COL with drawings of the drill ships and details of their mooring arrangements, which showed that both VALARIS DS-4 and ENSCO DS-8 were equipped with only one anchor each, prior to providing COL copies of the drill ships’ mooring plans. It is also not possible to establish when COL may have received copies of the drill ships’ contingency plans.

Lay-up at Hunterston Jetty

52. On 14 December 2020, ABS surveyors attended VALARIS DS-4 and ENSCO DS-8 to conduct reactivation surveys. Both drill ships were issued short term international statutory certificates³⁰ that were valid through 13 January 2021 and class certificates for a single voyage from Las Palmas to Hunterston.

²⁸ The agreement defined Applicable Laws as “the laws of England and Wales and any other laws, bye laws or regulations (including health and safety regulations), internationally binding conventions, regulatory policies, directives, guidelines or industry codes (including the Vessel Regulations) which apply to the operation of the Vessels and Terminal and personnel there.”

²⁹ The stated conditions also addressed issues related to compliance with orders that might be issued by the Harbour Master, compliance with pollution prevention requirements, ballasting, maintenance of safe access to the drill ships, and communications.

³⁰ The following short term international certificates were issued to both drill ships: International Load Line Certificate, International Oil Pollution Prevention Certificate, International Air Pollution Prevention Certificate, Mobile Offshore Drilling Unit Safety Certificate (1989), and an International Sewage Pollution Prevention Certificate. As previously noted, the Safety Management Certificates held by both drill ships had remained valid since no intermediate audits had been required while the drill ships were in lay-up at Las Palmas.

53. The Administrator issued a Provisional Certificate of Registry with an endorsement for a single voyage in ballast from Las Palmas to Hunterston to ENSCO DS-8 on 15 December 2020 and to VALARIS DS-4 on 17 December 2020.
54. On 23 December 2020, a pre-arrival meeting involving COL, Joulon, and the Masters of VALARIS DS-4 and ENSCO DS-8 was conducted. It was reported that during the meeting the drill ships' Masters asked for some additional survey information for the locations where each drill ships' anchor was planned to be dropped when they arrived at Hunterston Jetty. COL provided the requested information after the meeting was completed.
55. VALARIS DS-4 arrived at Hunterston Jetty on 27 December 2020. Prior to berthing, the drill ship's anchor was dropped to the northeast of the jetty so that it would be about 35° off its starboard bow once the drill ship was moored alongside. The drill ship then laid out 10 shackles of anchor chain while maneuvering alongside the jetty.
56. ENSCO DS-8 arrived at Hunterston Jetty on 28 December 2020. The drill ship's anchor was dropped to the southeast of the jetty so it would be 45° off the port bow and then 12 shackles of anchor chain were laid out as it maneuvered alongside the jetty.
57. It was reported that both VALARIS DS-4 and ENSCO DS-8 were then moored using additional lines and that some lines were made up to different connection points than those specified by the mooring plans developed by InterMoor. Compliance with the mooring plan was not verified by the drill ships' Masters, InterMoor, COL, or any other third-party. There is no available documentation recording the length of each of the mooring lines.
58. VALARIS DS-4 was moored starboard side to at the northeast end of the jetty with the bow extending past the dolphin. ENSCO DS-8 was moored port side to at the southwest end of the jetty.
59. It was reported that the Masters of VALARIS DS-4 and ENSCO DS-8, during the transit from Las Palmas to Hunterston, had expressed some concerns regarding the drill ships' mooring plans to the pilot who was on board when they were moored at the Hunterston Jetty. The concerns that the pilot reported to COL were related to the high windage of the drill ships and included that the Masters would:
 - (a) normally plan on using the thrusters to supplement the moorings when the winds were from some relative directions³¹ more than 18 kn; and
 - (b) typically depart the berth when the winds were above 25-30 kn and shift to safe water until the wind speeds were lower.

It is not known if the Masters of the laid-up drill ships, who had also been on board during the transit from Las Palmas, had similar concerns, or if they discussed this with Joulon or Noah.

60. It was also reported that the pilot advised the Masters of the laid-up drill ships regarding the need to ensure their moorings were well maintained, particularly when easterly winds were forecast. The pilot was reported to have told the Masters that the actual velocity of winds from the east is typically higher than what was forecast. Lastly, the pilot advised that there were no tugs in the immediate vicinity and a 6-hour notice was required for normal assistance. It is not known if Joulon or Noah were made aware of this information.

³¹ It was not reported what these relative directions were.

61. On 28 December 2020, United Kingdom Maritime and Coastguard Agency (MCA) inspectors attended VALARIS DS-4 and ENSCO DS-8 to conduct a port State control inspection on both drill ships. It was reported that both drill ships had a full marine crew³² on board when the inspections were conducted. The available documentation for these inspections provides no indication that VALARIS DS-4 and ENSCO DS-8 were going to be placed in lay-up at Hunterston Jetty. Both inspection reports included an observation noting that they had been in lay-up at Las Palmas to explain why they held short term certificates.³³ A deficiency was issued to ENSCO DS-8 requiring that surveys for full-term certificates be conducted prior to departure.³⁴ A similar deficiency was not issued to VALARIS DS-4.³⁵
62. On 28 December 2020, management of VALARIS DS-4 was transferred from Ensco to Joulon and Noah and the drill ship was placed into lay-up.
63. Concurrent with the change of management, there was a handover from the crewmembers who had been on board for the transit from Las Palmas to the lay-up crew hired by Noah. The VALARIS DS-4 lay-up crew consisted of a Master, C/E, ETO, two ASDs, and two Oilers/Motormen. A Project Manager and Project Technician hired by Joulon were also on board.
64. On 29 December 2020, ENSCO DS-8 was also placed in lay-up after management was transferred from Ensco to Joulon and Noah along with a handover from the transit crew to the lay-up crew. The lay-up crew consisted of a Master, C/E, ETO, two ASDs, and Motorman hired by Noah Ship Management, as well as an Operations Engineer, two Project Engineers, and a Technical Assistant hired by Joulon.
65. Based on the drill ships' logs, the daily routine on board both VALARIS DS-4 and ENSCO DS-8, from the time that they entered lay-up, included checking and adjusting the mooring lines at least once a day. It could not be verified if the lines were adjusted to maintain the lengths specified in the InterMoor mooring plans or if this was to prevent them from going slack per customary practice.
66. Following the VALARIS DS-4's and ENSCO DS-8's arrival at Hunterston Jetty, one main diesel generator and two thrusters on each drill ship were to be kept ready for use. Their other five main diesel generators and four thrusters were placed into cold iron.
67. Both drill ships were fitted with a 220 V deck generator that provided power to the Accommodations and essential services, such as the mooring winches and fire pumps. If the thrusters needed to be placed in standby or online, it was necessary to switch over to one of the drill ships' permanently installed 440 V diesel generators. The changeover was not automatic and required the drill ship be blacked out until a 440 V generator assumed the load.

32 Based on the MSMC issued by the Administrator, the minimum marine crew for both drill ships included a Master, C/O, two 3/Os, three ASDs, two OSs, C/E, 1 A/E, two 3 A/Es, and three Oilers/Motormen or ASE.

33 The following short term international certificates had been issued to both drill ships before they departed Las Palmas: International Load Line Certificate, International Oil Pollution Prevention Certificate, International Air Pollution Prevention Certificate, Mobile Offshore Drilling Unit Safety Certificate (1989), and an International Sewage Pollution Prevention Certificate. The certificates issued to both drill ships were valid through 13 January 2021. ENSCO DS-8 had also been issued interim Safety Management Certificate by Bureau Veritas since the drill ship's full-term certificate expired on 14 December 2020 and a renewal audit had not been conducted while it was in lay-up. The Safety Management Certificate held by VALARIS DS-4 had been issued on 23 March 2020 and was valid through 17 July 2023.

34 ENSCO DS-8 was also issued a deficiency for an inoperable rescue boat that was required to be rectified prior to departure.

35 VALARIS DS-4 was issued three deficiencies for the emergency lighting for the Engine Room escape not working, the line throwing apparatus being expired, and the rescue boat not being operational. All three were required to be rectified prior to departure.

68. On 4 January 2021, Joulon updated the weather contingency plans for both drill ships based on comments from the Master of VALARIS DS-4 regarding the potential impact of winds from the northeast. The plans were revised to require that:
- (a) when winds of 40 kn or more from the northeast to east were forecast, the crew should be on standby, the drill ship's diesel generator started, and the thrusters placed on standby; and
 - (b) when the winds were 50 kn or more from the northeast to east that two thrusters be engaged.
69. On 4 January 2021, based on the owner's notification that VALARIS DS-4 and ENSCO DS-8 were safely moored at Hunterston Jetty, ABS changed the status of both drill ships to laid-up, without additional qualification.³⁶ The effective date of the change of status was 28 December 2020 for VALARIS DS-4 and 29 December 2020 for ENSCO DS-8.
70. On 14 January 2021, the drill ships' owners informed the Administrator that VALARIS DS-4 and ENSCO DS-8 were in lay-up at Hunterston Jetty and requested that a Provisional Certificate of Registry in Laid-up Status be issued to each of the drill ships. These certificates were issued that same day.³⁷

Weather Information

71. The Masters of VALARIS DS-4 and ENSCO DS-8 had access to the Meteorological (Met) Office's inshore and shipping forecasts³⁸ and its local weather forecasts for Hunterston and the surrounding area. The inshore forecast included the Firth of Clyde.³⁹
72. Both drill ships also had functioning anemometers mounted on the port and starboard sides of the mainmast, which is above the Bridge.

VALARIS DS-4 Partial Loss of Moorings on 13 January 2021

73. On the evening of 13 January 2021, the winds were from the northeast at 20-25 kn with gusts of 30 kn.⁴⁰
74. Between about 2115–2230, VALARIS DS-4 was reported to be yawing on the jetty with the forward third of the drill ship moving as far as 12-15 m away from the jetty. This caused the gangway to pull off the jetty and hang over the drill ship's side.
75. It was reported that line No. 8⁴¹ had parted. Although the remaining mooring lines remained intact, they were all reported to have slipped as much as 4-5 m on the bollards.
76. The initial efforts to start the drill ship's diesel generators so the thrusters could be brought online were not successful and at 0028 on 14 January 2021, the Master contacted the port and requested tug assistance. He was informed that tugs would not be on scene until 0600.

36 The notification was provided in an email to ABS that was sent on 30 December 2021.

37 The certificate for ENSCO DS-8 was dated 13 January 2021. This was because the Provisional Certificate of Registry that had been issued for the voyage from Las Palmas to Hunterston expired on that date.

38 The inshore forecast was for coastal waters extending up to 12 NM from shore whereas the shipping forecast included offshore waters.

39 The Firth of Clyde is the mouth of the River Clyde. Hunterston is located in this area.

40 Based on the drill ships' deck logs, there had previously been winds of 20 knots from the northeast on 4 January 2020.

41 Line No. 8 was a 30 mm UHMWPE forward spring line.

77. Sometime after VALARIS DS-4 had stopped yawing, the engineers were able to start a diesel generator and bring the thrusters online. The Master then brought VALARIS DS-4 back alongside the jetty. Once alongside, the drill ship's crewmembers adjusted the mooring lines.
78. At 0139, the port was informed that the drill ship's thrusters had been started and that tug assistance was no longer required.
79. Later in the day, COL conducted an inspection of VALARIS DS-4's moorings. During this inspection they observed that some of the lines appeared to have been damaged because of drill ship's movement during the recent easterly winds, that some of the lines appeared to not have been properly made fast on the drill ship's bits, and that several of the mooring lines were slack.
80. On 15 January 2021, COL held a remote meeting with Joulon and Noah. It was reported that this included a discussion of the observations made during COL's inspection of the moorings. COL also questioned whether the drill ship's mooring lines were the proper size. Following the meeting, COL produced a written inspection report with recommendations that was shared with Joulon and the Master of VALARIS DS-4.

Shift of VALARIS DS-4 and ENSCO DS-8

81. After meeting with COL, Joulon, and Noah decided to shift VALARIS DS-4 and ENSCO DS-8 to the southwest along the berth. Joulon also contracted InterMoor to conduct an analysis to determine the likely cause for VALARIS DS-4's mooring line No. 8 parting and to develop a revised mooring plan. They also decided to replace all of VALARIS DS-4's mooring lines with 42 mm and 48 mm diameter UHMWPE lines.
82. InterMoor determined that the likely cause of VALARIS DS-4's Line No. 8 parting was that less line had been paid out from the fairlead than was specified by the mooring plan.
83. Ahead of the planned move, a planning meeting involving the drill ships' Masters, pilots, Joulon, and COL was held to discuss the sequence for how the move would be conducted and related safety issues.
84. Between 24-25 January 2021, VALARIS DS-4 was shifted 27 m and ENSCO DS-8 was shifted 10 m to the southwest along the jetty and re-moored. After being re-moored, VALARIS DS-4's bow did not extend past the dolphin at the northeast end of the jetty.
85. The revised mooring plan InterMoor developed for VALARIS DS-4 specified that the drill ship be moored with 12 42 mm and four 48 mm UHMWPE lines plus the anchor. Two of the 48 mm lines led aft from bits located amidships and starboard quarter. The other two 48 mm lines were used as stern lines.
86. It was reported that when VALARIS DS-4 was re-moored, some of the lines included in the revised mooring plan were made up to different connection points than specified by the plan. It was also reported that one additional line was installed at the drill ship's bow and that two additional lines were installed at the stern. There is no available documentation recording the actual length of the mooring lines when VALARIS DS-4 was re-moored.
87. The revised mooring plan InterMoor developed for ENSCO DS-8 specified that the drill ship be re-moored with 13 40 mm and four 42 mm diameter UHMWPE lines plus the anchor.

88. It was reported that when ENSCO DS-8 was re-moored, some of the lines were made up to different connection points than identified in the mooring plan developed by InterMoor. It was also reported that an additional 42 mm diameter line was installed as a forward breast line. There is no available documentation recording the actual length of the mooring lines when ENSCO DS-8 was re-moored.
89. Compliance of the mooring arrangements with the mooring plans was not verified by any third-party on behalf of the drill ships' managers or the port.
90. Based on the drill ships' logs, the crewmembers continued to monitor and adjust the mooring lines each day. It could not be verified if the lines were adjusted to maintain the lengths specified in the mooring plans developed by InterMoor or if this was to prevent them from going slack.
91. Neither the owner, Joulon, nor Noah informed the Administrator of VALARIS DS-4's partial loss of moorings as required by the Republic of the Marshall Islands Maritime Regulations (MI-108) (the "Maritime Regulations"), section 6.36.⁴²

Availability of Diesel Generators and Thrusters

92. By mid-January 2021, the engineers on VALARIS DS-4 and ENSCO DS-8 were reported to have difficulty starting the diesel generators and thrusters on both drill ships due to inadequate preheating of the lube oil and jacket water for both the diesel generators and thrusters. There was also inadequate heating for the fuel oil purifiers. It was additionally reported that there were water leaks on the thrusters.
93. It was determined that these problems were related to the temperatures during this period, which generally were between -1 and 2°C, and that the 220 V deck generators on both drill ships could not provide sufficient power for the preheaters. In addition, it was also not possible to provide power to the feeder panel for thrusters Nos. 1-3 on both drill ships without switching over to the diesel generators.
94. Throughout January 2021, the engineers and Joulon technicians on VALARIS DS-4 and ENSCO DS-8 worked to identify a solution so that the diesel generators and thrusters could be placed online if needed.
95. On 30 January 2021, the Master of ENSCO DS-8 sent an email to Noah reporting that in an emergency they would need to request tug assistance since the drill ship's thrusters were not available for use. He also reported that they required weather forecasts that were more accurate. Noah responded by stating that the issue with the diesel generators and thrusters needed to be resolved as soon as possible. Based on the records and information available to the Administrator, the Master of VALARIS DS-4 did not make any similar reports to Noah.
96. On 1 February 2021, the C/E on board ENSCO DS-8 sent an email to Joulon reporting that the cold weather (0°C) was making it difficult to preheat the jacket water and lube oil for diesel generator No. 4 using only one heating element.⁴³ The C/E stated that they planned to turn off the preheater for the deck crane so that a second heating element could be turned on to better preheat the jacket water and lube oil for diesel generator No. 4.⁴⁴

⁴² The Administrator was first made aware of this marine incident by the United Kingdom MCA on 12 February 2021.

⁴³ It was planned to start this diesel generator to operate a deck crane.

⁴⁴ The preheating system was designed to use five heating elements.

97. By the morning of 2 February 2021, the jacket water temperature had reached 60°C, which was the minimum temperature for starting the diesel generator. By contrast, the lube oil temperature was between 21-33°C. It was supposed to be not less than 40°C. The C/E advised Joulon that preheating the lube oil more efficiently would require running the pre-lube oil pump continuously, but that they did not have sufficient electrical power to do this.

Weather 29 January 2021 to 1 February 2021

98. Between 29 January 2021 to 1 February 2021, both drill ships were reporting winds from the northeast between 20-30 kn with some higher gusts. In the email that ENSCO DS-8's Master sent Noah on 30 January 2021, it was reported that gusts up to 55 kn had been observed. It also stated that based on the Met Office forecast that had been provided by Peel Ports, the winds had been expected to be from the northeast at 15 kn with gusts of 20-25 kn. Based on the URL the Master included in the email, the reference was to the Met Office local forecast for Hunterston and the surrounding area.
99. The Met Office inshore forecasts for the period predicted that the winds would generally be from the northeast to southeast between Beaufort Force 4-5 (11-21 kn) with occasional periods of Beaufort Force 6-8 (22-40 kn).
100. Local pilots and tug operators subsequently reported that easterly winds at the Hunterston Jetty can exceed the forecast by up to 10 kn and that gusts can be as much as 15 kn higher than was forecast.

Loss of Moorings on 2 February 2021

101. Based on the Met Office inshore weather forecast issued at 0001 UTC on 2 February 2021, the forecast for the next 24 hours was for winds from the east to southeast between Beaufort Force 5-7 (17-33 kn) with periods of Beaufort Force 8 (34-40 kn). Forecasts issued later in the day were for easterly winds of similar force.
102. Based on VALARIS DS-4's Noon Report for 2 February 2021, the observed winds were from the northeast at 25 kn with gusts between 45-53 kn. It was reported that the mooring lines and gangway were being checked due to the high gusts and that the drill ship was being prepared for the upcoming days of forecast high winds coming off the shore.⁴⁵
103. ENSCO DS-8's Noon Report indicated that winds from the east at 30-35 kn with gusts of 40-50 kn had been recorded. It was also reported that the mooring lines were being adjusted as necessary and that diesel generators Nos. 3 and 4 were being preheated.
104. Based on the drill ships' logs, the wind speed increased throughout the day. At 1600, VALARIS DS-4 reported northeast winds of 50 kn. The storm force winds continued, and at 1830, it was reported that the winds were 55 kn.⁴⁶
105. By 1720, ENSCO DS-8's diesel generator No. 3 had been started and the drill ship's power had been swapped from the portable deck generator.
106. At 1845, VALARIS DS-4's Master, C/E, and ASD on duty reported hearing a noise that they thought sounded like the anchor chain. It was reported that the wind speed was about 70 kn.⁴⁷ When the Master and ASD went on

⁴⁵ It was not reported if these actions included trying to make any of the diesel generators and thrusters ready to start.

⁴⁶ Winds of 48-55 knots are Beaufort Force 10.

⁴⁷ It was not reported if this was a gust or sustained speed.

deck to investigate, they observed that several of the forward mooring lines had parted, and that the drill ship was moving away from the jetty.

107. VALARIS DS-4's C/E went to the Engine Room to start a diesel generator and to prepare thruster No. 5.
108. Based on AIS information, by about 1915, all of the drill ship's forward mooring lines had parted. Within the next 2-3 minutes, the remaining mooring lines had parted. The drill ship was blown off the jetty and started drifting to the southwest at about 2 kn.
109. About when VALARIS DS-4 started drifting away from the jetty, the Master made an announcement on the drill ship's PA system directing all crewmembers to muster on the Bridge. The C/E left the Engine Room and went to the Bridge.
110. It was reported that the diesel generator the C/E had started stopped running a short time after he left the Engine Room.
111. At 1915, the Master of VALARIS DS-4 broadcast a MAYDAY by VHF.
112. Based on AIS information, at about 1923, the anchor held. By this time, VALARIS DS-4 had drifted approximately halfway across the channel between the jetty and Great Cumbrae Island, which was about 400 m to the west.
113. At about 1920, the Master of ENSCO DS-8 called the Harbor Master to request tug assistance. He also notified Noah, Joulon, Peel Ports, and the MCA.
114. Following VALARIS DS-4's loss of moorings and reported inability to start the diesel generators and thrusters, the MCA mobilized equipment for a Tier 3 oil spill response in case the drill ship went aground.
115. At 2040, the first tug arrived with a pilot on board. After determining that VALARIS DS-4 was not dragging anchor, the pilot directed the tug to go alongside ENSCO DS-8 and help hold the drill ship alongside the jetty. A second tug arrived on scene at 2040 and also started pushing ENSCO DS-8.
116. At 2204, ENSCO DS-8's gangway was pulled off the jetty when the drill ship was struck by a gust of 60-70 kn.
117. A third tug arrived at 2310 and started pushing on ENSCO DS-8.
118. At 0530 on 3 February 2021, a fourth tug arrived and also was used to help hold ENSCO DS-8 alongside the jetty.
119. Throughout the day, both drill ships were reporting the winds to be from the east northeast. VALARIS DS-4, which remained at anchor halfway across the channel between the jetty and Great Cumbrae Island, reported winds of 30 kn with gusts of 45-50 kn. ENSCO DS-8 reported winds of 40-45 kn with gusts of 50-60 kn. The forecast was for winds from the east 30-35 kn with gusts of 45-55 kn.
120. By noon on 3 February 2021, VALARIS DS-4's diesel generator No. 3 and thruster No. 2 had been started and were online. Efforts to start thruster No. 5 were not successful.⁴⁸ ENSCO DS-8's diesel generators Nos. 3 and 4 were online and thrusters Nos. 3, 5, and 6 were being preheated. These thrusters were started by noon on 4 February 2021 and were being used to help hold the drill ship alongside the jetty.

⁴⁸ Thrusters Nos. 2 and 5 were the two thrusters that had been designated to be started. It was reported that both had been successfully tested before the temperatures dropped to between -1 and 2°C in mid-January 2021.

121. From 4-5 February 2021, the crewmembers on board VALARIS DS-4, with remote assistance from service technicians from the manufacturers of the thrusters and the thruster control system, continued their efforts to determine why thruster No. 5 could not be started. During this period, tugs were pushing on the drill ship's stern to relieve pressure on the anchor chain. The number of tugs that were pushing at any one time varied between one and two.
122. The weather began to improve over the course of the next several days. The winds continued to be from the northeast but at 15-30 kn with gusts of 45-50 kn. By 6 February 2021, the winds had shifted to the east at 20 kn.
123. On 6 February 2021, service technicians from the manufacturers of the thrusters and the thruster control system embarked VALARIS DS-4 to assist the crewmembers as they continued their efforts to troubleshoot the thrusters. It was reported that the issues that prevented the thrusters from being started included electrical faults and low cooling water pressure due to leaking hoses.
124. During the day on 7 February 2021, most of the issues with the VALARIS DS-4's thrusters were resolved and thrusters Nos. 1-4 and No. 6 were operational. Thruster No. 5 remained non-operational due to the failure of some diodes in the thruster's control system.
125. At 1500, the Master of ENSCO DS-8 released the tugs on 30-minute notice after receiving permission from the MCA. By this time, the winds were from the north at 10 kn with gusts up to 15 kn.
126. On the morning of 8 February 2021, the MCA granted permission for VALARIS DS-4 to return to the jetty. By 1700, the drill ship was moored alongside the jetty.

Crew on Board VALARIS DS-4 and ENSCO DS-8

127. On 17 November 2020, while planning for the continued lay-up of VALARIS DS-4 and ENSCO DS-8 at another Spanish port or at Hunterston, Noah informed the Administrator that they intended to maintain the drill ships' current manning, which consisted of a navigating officer, an engineering officer, an ETO, and three ratings. The Administrator replied by stating that per Marine Guideline No. 1-11-1, Lay-Up of Vessels (MG 1-11-1),⁴⁹ the manning level while the drill ships were in lay-up should be developed in coordination with the port or coastal State authorities and the drill ships' P&I Club.⁵⁰
128. On 20 November 2020, Ensco, who was then the drill ships' manager, requested that the Administrator issue a letter accepting their proposed manning for VALARIS DS-4, ENSCO DS-8, and five other drill ships while they were in lay-up. It was proposed that each drill ship would have a five-person marine crew who held the required STCW endorsements for their position on board and a two-person maintenance crew. The marine crew would consist of a Master, one OICNW, two ASDs/OSs, and one C/E or 2/E. The request did not state where the drill ships would be laid-up.⁵¹
129. The Administrator issued letters on 23 November 2020 stating there was no objection to the manning proposed by Ensco for VALARIS DS-4, ENSCO DS-8, and the five other drill ships while they were in lay-up at Las

⁴⁹ MG 1-11-1 is discussed later in the report.

⁵⁰ The MSMCs that had previously been issued by the Administrator to VALARIS DS-4 and ENSCO DS-8 in accordance with SOLAS regulation V/14 were not applicable since the drill ships were out of service. Per SOLAS regulations V/14.2 and I/1(a), the MSMCs would be applicable when the drill ships departed Hunterston after coming out of lay-up.

⁵¹ Ensco had not submitted a similar request to the Administrator before VALARIS DS-4 and ENSCO DS-8 entered lay-up in May 2020.

Palmas. Each of the letters also stated that “the manning level, however, must be in compliance with all local regulations and Administrator guidelines, and must be adequate to ensure the safety and security of the vessel and crew, and the protection of the marine environment.”

130. COL reported they had not been made aware of the specific number of crewmembers on board VALARIS DS-4 and ENSCO DS-8 while they were in lay-up before the drill ships arrived at Hunterston Jetty. COL also stated they first became aware of the Administrator’s requirement that the drill ships’ manning be approved by the port authorities at the lay-up location sometime after 9 February 2021.
131. When the loss of moorings occurred on 2 February 2021, VALARIS DS-4 had a marine crew of six, along with a project manager and technician on board. Each member of the marine crew held either a certificate of competence or proficiency issued by their national administration. The Master held valid seafarer documentation issued by the Republic of the Marshall Islands for his position on board.⁵²
132. The experience of the marine crew on board VALARIS DS-4 prior to 2 February 2021:

Rank	Time On Board VALARIS DS-4	Time in Rank	Time with Company
Master	2 months	11 years	2 years
C/E	2 months	20 years	1 month
ETO	2 months	7 years, 1 month	2 months
ASD1	4 days	2 years, 15 days	4 days
ASD2	4 days	2 years, 15 days	4 days
Oiler	21 days	1 year, 2 months	21 days

133. On 2 February 2021, there was a marine crew of six, an operations engineer, two project engineers, and a technical assistant on board ENSCO DS-8. Each member of the marine crew held either a certificate of competence or proficiency issued by their national administration. The Oiler held valid seafarer documentation issued by the Republic of the Marshall Islands appropriate for his position on board.⁵³
134. The experience of the marine crew on board ENSCO DS-8 prior to 2 February 2021:

Rank	Time on Board ENSCO DS-8	Time in Rank	Time with Company
Master	2 months	1 year, 10 months	2 months
C/E	2 months	9 years	2 months
ETO	2 months	3 years, 4 months	2 months
ASD1	23 days	12 years, 6 months	23 days
ASD2	8 days	11 months	8 days
Oiler	4 days	1 year, 8 months	4 days

52 Because VALARIS DS-4 was out of service while holding a Provisional Certificate of Registry with the endorsement “This Certificate is Only Valid while the Vessel Remains in Laid-up Status and is Not Valid for Navigation,” the vessel was not in service as defined in STCW and therefore the crew were not required to hold Republic of the Marshall Islands’ seafarer documentation.

53 As noted previously, because ENSCO DS-8 held a Provisional Certificate of Registry with the endorsement “This Certificate is Only Valid while the Vessel Remains in Laid-Up Status and is Not Valid for Navigation,” the drill ship was not in service as defined in STCW and therefore the crew were not required to hold Republic of the Marshall Islands’ seafarer documentation.

135. VALARIS DS-4's and ENSCO DS-8's Master, C/E, and ETO had all signed on board the drill ships at Las Palmas in early December 2020. They remained on board for familiarization during the drill ships' voyages to Hunterston.
136. The tonnage endorsements on the national certificates of competency held by the Masters were appropriate to work as Master on board VALARIS DS-4 and ENSCO DS-8. Both held the qualifications required to serve as a DP operator on all three classes of DP vessels.⁵⁴
137. The C/E on board VALARIS DS-4 held a certificate of competency authorizing him to work as a C/E on vessels with up to 3,000 kW propulsion power.⁵⁵ The certificate of competency held by the C/E on board ENSCO DS-8 authorized him to work as a C/E on board vessels with 3,000 kW or more propulsive power.⁵⁶
138. The ETOs had extensive documented service on board DP equipped vessels before they signed on VALARIS DS-4 and ENSCO DS-8.

MCA Inspections

139. On 9 February 2021, MCA inspectors attended ENSCO DS-8 and issued improvement notices addressing:

- (a) the drill ship's moorings;
- (b) that routine maintenance and inspection of fire fighting equipment and lifesaving appliances were not being conducted;
- (c) that instructions and procedures related to the drill ship's laid-up status were not available to the crewmembers; and
- (d) the quality of the food on board.

A requirement to provide confirmation that the installation of the portable deck generator met the applicable requirements was also issued.

They also issued a deficiency addressing the drill ship's manning, based on the equipment that was being operated at the time of the inspection⁵⁷ and a prohibition notice to prevent the drill ship from proceeding to sea until it held valid applicable international certificates.⁵⁸

140. On 10 February 2021, MCA inspectors conducted an inspection on board VALARIS DS-4. The deficiencies documented by the attending inspectors were similar to those that were issued to ENSCO DS-8. The improvement notices that were issued also addressed the same issues that were addressed in the notices that were issued to ENSCO DS-8. An additional improvement notice was issued that addressed that the deck crane used for taking on stores and equipment while the drill ship was moored to the jetty did not have valid certification. A prohibition notice to prevent VALARIS DS-4 from proceeding to sea without valid applicable certificates was also issued.⁵⁹

⁵⁴ See IMO Circular MSC.1/Circ.1580, Guidelines for Vessels and Units with Dynamic Positioning (DP) Systems.

⁵⁵ Based on the MSMC issued by the Administrator, VALARIS DS-4 had a total propulsive power of 48,000 kW. As previously noted, the requirements of this certificate were not applicable since the drill ship held a Provisional Certificate of Registry with the endorsement "The Certificate is Only Valid while the Vessels Remains in Laid-Up Status and is Not Valid for Navigation."

⁵⁶ Based on the International Air Pollution Prevention Supplement issued by ABS, ENSCO DS-8 had a total propulsive power of 43,740 kW.

⁵⁷ No action was taken by the MCA since there was not any legislation addressing manning of drill ships in lay-up.

⁵⁸ As previously discussed, ENSCO DS-8's international certificates expired on 13 January 2021, after the drill ship entered lay-up. Additional deficiencies related to the marine crew's seafarer employment agreements and catering were also issued.

⁵⁹ The international certificates held by VALARIS DS-4 had also expired on 13 January 2021.

*ABS Guidance for Lay-up of MODUs*⁶⁰

141. The ABS Guide for Lay-up and Reactivation of Mobile Offshore Drilling Units (2017) (the “ABS Lay-up Guide”) provides guidelines for owners that address issues related to the preservation and protection of a laid-up vessel. It includes three basic conditions:⁶¹

- (a) **Laid-up:** The vessel is out of service for an undetermined length of time and ABS has not reviewed lay-up procedures that may have been prepared by the vessel’s owner or operator. All class surveys are held in abeyance and statutory surveys are completed only if required by the vessel’s flag State. An initial lay-up survey and annual surveys are not required. A reactivation survey, including all due and overdue class and statutory surveys, is required before the vessel returns to operation.
- (b) **Laid-up Warm Stacked:** The vessel is not in operation and is positioned in a sheltered location with a crew on board to carry out maintenance and preservation activities per the lay-up procedures reviewed by ABS.⁶² If requested, ABS will also conduct an engineering review of the mooring plan and will also conduct a mooring survey. All class surveys are held in abeyance and statutory surveys are completed only if required by the vessel’s flag State. An initial lay-up survey and annual surveys are required to be completed. A reactivation survey, including all due and overdue class and statutory surveys, is required before the vessel returns to operation.
- (c) **Laid-up Cold Stacked:** The only difference between this condition and Laid-up Warm Stacked is that the vessel is not manned. The requirements for ABS to review the lay-up plan and the survey requirements are the same as Laid-up Warm Stacked.

142. In addition to the three basic conditions, the ABS guidance includes two enhanced conditions that are intended to assist with managing the asset by minimizing risk exposure while also reducing the time and cost of reactivation. These two conditions are:

- (a) Enhanced Laid-up Warm Stacked; and
- (b) Enhanced Laid-up Cold Stacked.

The difference between these two conditions is that a cold stacked vessel is not manned. In addition to the requirements for a vessel that is Laid-up Warm Stacked or Cold Stacked, ABS will review the proposed lay-up location, the planned mooring arrangements, the location specific risk assessment, and emergency response capabilities in the area when a vessel is placed in either of these conditions.⁶³ ABS will also conduct a mooring survey once the vessel is on location.

143. A vessel owner or operator is required to inform ABS when placing a vessel into lay-up to keep it in class. It is for the owner or operator to decide the lay-up condition for the vessel.

60 A MODU is a vessel capable of engaging in drilling operations for the exploration for or exploitation of resources beneath the seabed such as liquid or gaseous hydrocarbons, sulphur, or salt. See the 1989 MODU Code, paragraph 1.3.1. These include drill ships such as VALARIS DS-4 and ENSCO DS-8.

61 See ABS Lay-up Guide, Section 1. It is noted that other Classification Societies also have guidelines for placing vessels in lay-up.

62 Guidance regarding the scope and content of the lay-up procedures is provided in the ABS Lay-up Guide, Section 2.

63 Guidance addressing these issues is provided in the ABS Lay-up Guide, Section 3.

Flag State Requirements

144. The Republic of the Marshall Islands Maritime Act 1990 (MI-107) (the “Maritime Act”), section 214 establishes requirements for issuing a Provisional Certificate of Registry to a vessel. These include requirements for the owner to provide evidence that the vessel is in a seaworthy condition and the owner holds third-party liability insurance providing, at a minimum, coverage for pollution liability and shipwreck removal.
145. The Republic of the Marshall Islands Vessel Registration and Mortgage Recording Procedures (MI-100), chapter III, section 4,⁶⁴ issued by the Administrator addresses the registration of vessels that have been taken out of service and are moored for a prolonged period. Provisional Certificates of Registry issued to laid-up vessels can be issued for up to one year and are required to have the following endorsement: “This Certificate is Only Valid while the Vessel Remains in Laid-up Status and is Not Valid for Navigation.”
146. A vessel holding a Provisional Certificate of Registry with the endorsement “This Certificate is Only Valid while the Vessels Remains in Laid-up Status and is Not Valid for Navigation” is not “in service” as defined in STCW and is therefore not required to comply with the international and national seafarer’s documentation requirements that would otherwise be applicable to the vessel when in service.
147. An owner wanting to register a vessel in a laid-up status must provide a statement from the vessel’s Classification Society indicating that if it were surveyed when entering lay-up, it would meet the requirements for a classification and tonnage measurement certificates. The owner is also required to, among other things, provide proof of liability insurance and a notarized statement that the vessel will not be moved or navigated while out of class.⁶⁵
148. The Maritime Regulations, section 5.34.2, require that vessels undergo an initial safety inspection before returning to service “at the end of an official lay-up period.” Section 5.34.3 of these regulations exempt vessels that are in an official lay-up period from annual safety inspections while laid up.
149. The Administrator’s guidance in MG-1-11-1 identifies issues a vessel owner or operator should consider along with recommended procedures for vessels entering, in, and coming out of lay-up.⁶⁶
150. This guideline recommends that when planning to place a vessel in lay-up that the vessel owner develop lay-up procedures that at a minimum address:
- (a) vessel manning;
 - (b) firefighting, lifesaving, stability and watertight integrity;
 - (c) pre-lay-up preservation measures;
 - (d) maintenance while in lay-up;
 - (e) whether Classification Society and statutory certificates will be maintained; and
 - (f) contingency measures in case of emergencies while the vessel is laid-up.

⁶⁴ The reference is to the June 2018 revision of the Vessel Registration and Mortgage Recording Procedures, which was the revision in effect on 2 February 2021. The Administrator revised and reissued this document under the title Vessel Registration and Instrument Recording in April of 2022.

⁶⁵ The other required documents pertain to the vessel’s ownership and registration (if not currently registered in the Republic of the Marshall Islands).

⁶⁶ It is noted that this document does not have the force of regulation.

Vessel owners are advised to seek assistance from the vessel's Classification Society when preparing the lay-up procedures.

151. Vessel owners are also advised to contact the local port and coastal State authorities to determine if there are any specific requirements or regulations that may be applicable while the vessel is moored or anchored at the planned lay-up location and that should be addressed in the lay-up procedures.

152. The Administrator's guidelines include additional recommendations addressing vessel manning, maintenance, safety and security, and pollution.

(a) **Manning** – Vessel owners are assigned responsibility for ensuring that the vessel's manning is sufficient to ensure:

- (i) the safety and security of the vessel;
- (ii) that the vessel is maintained; and
- (iii) that it does not become a pollution risk.

It is recommended that the manning be developed in coordination with the port or coastal State authorities and the vessel's P&I Club. It is also recommended that if the vessel will not be manned, that all parties are informed and that the lay-up procedures reflect this.

(b) **Maintenance** – Vessel owners are responsible for ensuring that the vessel's basic structural and watertight integrity, stability, and essential machinery and systems are properly maintained while in lay-up so that it does not pose a safety or pollution risk.

(c) **Safety and security** – Vessel owners are advised to keep in place portions of the vessel's Ship Security Plan along with any local requirements to ensure the safety of the vessel.⁶⁷ They are also advised that systems required for crew comfort and safety are adequate for the number of persons who will be on board and are both operational and ready for use in normal and emergency situations.

(d) **Pollution** – Vessel owners are assigned the responsibility of ensuring that the vessel does not present any pollution hazards while in lay-up. They are also advised that the vessel is subject to any MARPOL requirements that would apply if it were in active service, along with any port or coastal State requirements.

153. The Administrator's guidance also addresses the owner's responsibilities when a vessel leaves lay-up. These responsibilities include ensuring that all Classification Society and statutory certificates are reactivated, that the SMS is fully functional, and that the vessel is manned per the MSMC issued by the Administrator.

154. As required by the Maritime Act, sections 805 and 825 and the Maritime Regulations, section 7.47, the officers and crew are required to hold Republic of the Marshall Islands' seafarer documentation when the vessel proceeds to sea after leaving lay-up.

Port State Requirements

155. The PMSC sets out guidance for a national standard for all aspects of safety in port facilities and is intended to enhance safety for those who use or work in ports, vessels within the port area, passengers, and the marine

⁶⁷ Examples that are provided are accommodation systems, firefighting equipment, and lifesaving appliances.

environment. This PMSC provides general guidance addressing several areas related to the safe management of the port, including the use of risk assessments and principles of an effective MSMS.⁶⁸

156. Guidance for implementing the PMSC is provided in the associated Guide to Good Practice. This Guide to Good Practice does not include guidance addressing issues that should be considered for the lay-up of vessels within a port or harbor.
157. The MCA does not have any requirements or guidance applicable to the lay-up of non-United Kingdom-registered vessels.⁶⁹

PART 3: ANALYSIS

The following Analysis is based on the above Findings of Fact.

Loss of Moorings

VALARIS DS-4 lost its moorings and was blown off the jetty when the logged wind was from the northeast at 55 kn. There are some indications that the speed may have actually been higher when the mooring lines started to part. All the drill ship's mooring lines had parted within 30 minutes after the Master and other crewmembers reported hearing what they thought was the anchor chain at 1845 on 2 February 2021. The vessel drifted halfway across the channel between the jetty and Great Cumbrae Island before the anchor reset. The fact the anchor held likely prevented the drill ship from going aground on Great Cumbrae Island.

The C/E on board VALARIS DS-4 had started a diesel generator sometime after the noise, thought to be the anchor chain, was heard. He had not been able to shift power from the portable generator to the diesel generator and then place one or more of the drill ship's thrusters online before the drill ship was blown off the jetty or while it was drifting across the channel.

ENSCO DS-8's moorings held the drill ship to the jetty without any lines parting or assistance from the time that VALARIS DS-4 mooring line started parting until a tug arrived and started pushing the drill ship against the jetty at 2040 on 2 February 2021. One of the drill ship's diesel generators had been started and the drill ship's power shifted from the portable deck generator by 1720 on 3 February 2021, and by noon on 4 February 2021, three of the drill ship's thrusters were running.

It cannot be determined whether VALARIS DS-4 would have remained alongside the jetty if the crewmembers could have placed two thrusters online or if tugs had been pushing the drill ship alongside before 1845 on 2 February 2021.

It also cannot be determined whether ENSCO DS-8's mooring lines would have kept the drill ship alongside the jetty without the use of thrusters or the assistance of the tugs pushing on the drill ship until the period of high winds from the northeast to east had abated by 6 February 2021.

68 Other areas that are addressed include the duties of key personnel, the duties and powers of harbor authorities, and compliance with directions from the General Lighthouse Authority.

69 The MCA does have guidance for their surveyors for conducting audits of SMSs on board ships holding Safety Management Certificates issued by the MCA. See MCA, Instructions for the Guidance of Surveyors on International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (MSIS02, Rev 06-2020), chapter 8, section 8.1.

On 7 February 2021, ENSCO DS-8 released the tugs that had been helping hold the drill ship alongside the jetty. On 8 February 2021, VALARIS DS-4 weighed anchor and, under its own power, was re-moored alongside the jetty.

Availability of Diesel Generators and Thrusters

After the drill ships arrived at Hunterston Jetty, it was planned to keep one diesel generator and two thrusters available for use.

By mid-January 2021, Joulon and Noah were aware that the engineers on board VALARIS DS-4 and ENSCO DS-8 were having difficulty starting the diesel generators and thrusters due to inadequate preheating of the lube oil and jacket water and inadequate heating of the fuel oil purifiers. This was due to a combination of the temperatures in mid- to late-January 2021 and the 220 V deck generators on both drill ships having sufficient power to only energize a limited number of heating elements. In addition, preheating of thrusters Nos. 1-3 on both drill ships required that the 440 V feeder panel for these thrusters be energized.

The engineers and Joulon technicians on board VALARIS DS-4 and ENSCO DS-8 worked throughout the latter half of January to identify a solution so that the thrusters could be made available if needed. They had not identified a solution to these problems by 2 February 2021.

The problems encountered on board both VALARIS DS-4 and ENSCO DS-8 with keeping a diesel generator and thrusters ready for use after the drill ships arrived at Hunterston Jetty, is an indication that Joulon and Noah did not give adequate attention to the winter temperatures in the area while planning for the drill ships' lay-up. It is noted that the average temperature during January in North Ayrshire is 3.5°C, which is only slightly warmer than the -1.5 to 2°C temperatures that were observed during January 2021.

Based on the information available to the Administrator, the inability to start thruster No. 5 on board VALARIS DS-4, after the loss of moorings, was due to a failure of a component and was not reasonably foreseeable.

Planning for Lay-up at Hunterston Jetty

Planning for the lay-up of VALARIS DS-4 and ENSCO DS-8 at Hunterston Jetty had been started in September 2020 while the two drill ships were laid-up at Las Palmas. Based on the records available to the Administrator, Joulon appeared to have primary responsibility for conducting and coordinating vessel-focused planning activities.

It appears most of the detailed planning did not start until sometime after mid-November 2020 following the decision to not move the drill ships to the ports of Almería and Motril. By this time, Joulon had subcontracted Noah as the marine manager for both drill ships. It was also during this time that it was decided that each drill ship would have a crew of five or six seafarers, which was similar to the size of the crews that were on board the drill ships while they were in Las Palmas.

The detailed planning included:

- (a) conducting a risk assessment for berthing at Hunterston Jetty;
- (b) contracting to have mooring plans developed;
- (c) developing multi-hazard emergency response plans; and
- (d) developing weather contingency plans.

Risk Assessment

The risk assessment for berthing VALARIS DS-4 and ENSCO DS-8 at Hunterston Jetty identified multiple hazards related to a loss of moorings. These included a failure of a mooring fitting either on the drill ship or on the jetty, failure of a mooring line, and adverse weather. Several controls were identified for addressing these hazards.

The controls that were identified included the availability of the drill ships' thrusters.⁷⁰ Neither the risk assessment nor other information that is available to the Administrator provides any indication whether Joulon or Noah assessed how many thrusters might reasonably be required nor what was required to ensure that thrusters would be available considering the average winter temperatures in North Ayrshire. There is also no indication that the technical requirements for ensuring the availability of the thrusters were considered when they identified the number and qualifications of the drill ships' engineers during lay-up.

Coordination with the port authority was one of the identified controls for managing a loss of moorings when the risk assessment was conducted. The information available to the Administrator does not provide any indication that Joulon sought input from COL to ensure that local conditions were considered when the risk assessment was completed in November 2020.

The risk assessment was not updated after COL informed Joulon that there was a 3-hour lead time for tug support at the jetty in December 2020. The risk assessment was also not updated to take into account the information that the pilot provided the Masters of the laid-up drill ships when VALARIS DS-4 and ENSCO DS-8 arrived at Hunterston Jetty that the actual velocity of winds from the east is typically higher than forecast, that there were no tugs in the immediate vicinity, and that a 6-hour notice was required for normal assistance.

Mooring Plan

Joulon contracted InterMoor to conduct a mooring analysis and develop a site-specific mooring plan for both VALARIS DS-4 and ENSCO DS-8 as part of their detailed planning for laying the drill ships up at Hunterston Jetty.

In response to instructions provided by Joulon, InterMoor based the mooring plans on the average maximum 1-minute wind speeds at an elevation of 10 m for a 10-year return period. It is noted that InterMoor had proposed basing the plans on the average maximum 1-minute wind speeds at an elevation of 10 m for a 100-year return period.

Whereas the 10-year average maximum 1-minute winds from the northeast to east were between 39.8-41.5 kn, the 100-year 1-minute winds were between 42.8-46.7 kn. Because wind speed is squared when calculating the force of the wind acting on a surface,⁷¹ using the 100-year winds would have increased the force of the wind on both drill ships by about 1.8-2.9%.

As discussed, the magnitude of the speed of winds from the northeast and east were higher at Hunterston Jetty than the forecast speeds. It is not known if the weather data, which was based on the ERA5 dataset for 1979-2019, used for the mooring plan reflected this.

The mooring plans for both drill ships specified the number, type, sizes of the lines to be used, and where each line was supposed to be connected on the drill ships and the jetty. They also specified the length of line that should be paid out

⁷⁰ It is noted that the risk assessment did not include any indication of how many thrusters would be available.

⁷¹ The force of wind acting on a surface is calculated using the formula $F_w = 1/2 \rho v^2 A$, where F_w is wind force (N), ρ is the density of air (kg/m^3), and A is the surface area (m^2).

from the fairlead and the pretension force for each line. Neither of the mooring plans included a requirement for thrusters to be used to relieve the tension on the lines when the wind speed exceeded any given speed.

The length of line that should be paid out from the fairlead was intended to maximize how much load an individual line could absorb and to ensure the drill ships' crewmembers would not need to adjust the lines each time the tide changed.

When VALARIS DS-4 and ENSCO DS-8 arrived at Hunterston Jetty and when they were shifted to the southwest in late January 2021, both drill ships were reportedly moored using more lines and that some lines were made up to different connection points than that specified by the mooring plans developed by InterMoor (*see Figures 3 and 4*). Based on the information available to the Administrator, it is not clear why the lines were not arranged as specified in the mooring plans. It is possible that it was not clear that the drill ships' Masters and Joulon program managers who were on board the drill ships were aware that compliance with the arrangements specified in the mooring plans was necessary to ensure that the drill ships' moorings functioned as intended.

It could not be verified whether the line lengths when the drill ships were first moored at Hunterston Jetty or when they were shifted along the jetty were as specified in the mooring plans.

Based on the drill ships' logs, the daily routine on both VALARIS DS-4 and ENSCO DS-8 included checking and adjusting the mooring lines at least once a day. It was not possible to establish whether the lines were adjusted to maintain the lengths specified in the mooring plans, or if this was to prevent them from going slack per customary practice. If the lines were being adjusted based on customary practice, this could provide an explanation as to why the mooring plan was not followed.

Lastly, third-party verification was identified as a control during the risk assessment conducted by Joulon. However, it is noted that there was no third-party verification that the drill ships were moored in accordance with the mooring plans either when they first arrived at Hunterston Jetty or after they were shifted along the jetty in late January 2021.

Joulon provided a copy of the original mooring plans for VALARIS DS-4 and ENSCO DS-8 to COL. There is no indication that copies of the revised mooring plans, that were completed shortly before the drill ships' arrival at Hunterston Jetty, were provided to COL. There is also no indication that COL verified if the drill ships' mooring arrangements were per the mooring plans following their arrival at Hunterston Jetty or after they were shifted along the jetty in late January 2021.

Drill Ships' Emergency Response Plans

The emergency response plans prepared by Joulon for VALARIS DS-4 and ENSCO DS-8 included procedures for adverse weather. These procedures consisted of a decision-making flow chart with a list of actions that should be taken following the receipt of a forecast of adverse weather. It also included decision points for the Master to decide if tugs or a berthing team were required.

These procedures consisted of what is considered good practice. The potential effectiveness of the procedures was reduced by the fact that they did not provide objective guidance regarding either Joulon's or Noah's expectations regarding what might be considered adverse weather or how much lead time was required for tugs to arrive at Hunterston Jetty. It is also noted that the drill ships' emergency response plans did not reference their weather contingency plans.

Based on the information that is available, it is not possible to establish to what extent the adverse weather procedures in the drill ships' emergency response plans may have been implemented. What is known is that neither the Master of VALARIS DS-4 or the Master of ENSCO DS-8 called for tug assistance until after VALARIS DS-4 experienced the full loss of moorings. It is also known that ENSCO DS-8 remained alongside the jetty with tug assistance until the period of heavy winds from the northeast to east abated. This is an indication that timely implementation of the adverse weather procedures could have potentially prevented a loss of moorings.

Drill Ships' Weather Contingency Plans

The drill ships' weather contingency plans included actions that were supposed to be taken based on the forecast greater than 50 kn and actual wind speeds greater than 60 and 70 kn regardless of direction. After the drill ships arrived at Hunterston Jetty, the plans were amended based on comments provided by the Master of VALARIS DS-4 when winds of 40 kn or more from the northeast to east were forecast or when the actual wind speeds were 50 kn or more from the northeast to east.

Based on these plans, a diesel generator should have been started and the thrusters placed on standby when winds from the northeast to east of 40 kn or more were forecast and two thrusters should have been engaged when winds from the northeast to east of 50 kn or more were being experienced. As previously discussed, thrusters on board both VALARIS DS-4 and ENSCO DS-8 could not be made available for use on 2 February 2021.

On 30 January 2021, the Master of ENSCO DS-8 informed Noah that tug assistance would be needed in an emergency since the thrusters were not available for use. However, he did not make such a request until after VALARIS DS-4 was blown off the jetty on the evening of 2 February 2021. It was not reported why the Masters did not request tug assistance when northerly winds greater than 40-50 kn were observed during the day.

The drill ships' weather contingency plans both indicated that there were four thrusters available for use on both VALARIS DS-4 and ENSCO DS-8. In contrast, following the drill ships' arrival at Hunterston Jetty it was planned to keep two thrusters available for use and to put the other thrusters in cold iron.

Port Planning

COL undertook a structural assessment of the jetty that determined as many as five drill ships similar to VALARIS DS-4 and ENSCO DS-8 could be accommodated. They also had the mooring bollards tested to confirm their SWL as part of their preparations for VALARIS DS-4 and ENSCO DS-8 being placed in lay-up at Hunterston Jetty.

COL additionally conducted an assessment of the initial mooring plans for VALARIS DS-4 and ENSCO DS-8. They reportedly had some initial concerns with the plans and had engaged a third-party to review the plans and propose changes. However, COL did not have the third-party review completed and determined the mooring plans were adequate based on their impression that they were based on weather conditions at Hunterston Jetty. It was also based on their understanding that the mooring plans had been approved by the drill ships' flag State and insurers. The basis for COL's understanding is that the plans had been approved by the flag State and insurers could not be confirmed. As previously stated, the Administrator had not reviewed these plans.

As part of their agreement for VALARIS DS-4 and ENSCO DS-8 to be laid-up at Hunterston Jetty, COL established requirements regarding the drill ships' crew. These included requirements that the drill ships would be manned with

enough persons to maintain an effective mooring watch and fire patrol, that evidence the manning was acceptable to the flag State, and that the manning would be approved by the Harbour Master. COL also reported that they had not discussed the size of the drill ships' crews with Joulon or Noah before either VALARIS DS-4 or ENSCO DS-8 arrived at Hunterston Jetty. They also stated that they first became aware of the Administrator's requirement that the drill ships' manning be approved by the port authorities sometime after 9 February 2021.

COL also required, as part of the agreement for the drill ships to be laid-up at Hunterston Jetty, that they be provided a copy of the drill ships' contingency plans. It is not clear when copies of the plans were provided.

Coordination Between Drill Ship Managers and Port

Although there were ongoing discussions, including a pre-arrival meeting on 23 December 2020, between COL and Joulon during the planning for the lay-up of VALARIS DS-4 and ENSCO DS-8, COL also reported that they were unaware of details regarding the drill ships' crews until after VALARIS DS-4 and ENSCO DS-8 arrived at Hunterston Jetty. It is also not clear if COL had been provided copies of the revised mooring plans following the drill ships' arrival.⁷² Lastly, it is not clear whether Joulon had advised COL of their intention to have one diesel generator and two thrusters available for use on both drill ships. These are indications of possible ineffective coordination and communication between Joulon, Noah, and COL.

Classification Society Guidance

ABS' lay-up guidance for MODUs provides guidelines for owners addressing issues related to the preservation and protection of a laid-up vessel. This guidance identifies three basic lay-up conditions: Laid-up, Laid-up Warm Stacked, and Laid-up Cold Stacked. It also includes two enhanced conditions.⁷³ It is for the owner of a vessel being placed in lay-up to decide which of these conditions the vessel will be placed in.

One of the basic conditions is laid-up, which indicates the vessel is out of service for an undetermined length of time and that ABS has not reviewed any lay-up procedures that the vessel's owner or operator might have prepared. When a vessel is placed in this lay-up condition, Classification Society surveys are held in abeyance and statutory surveys are completed only if required by the vessel's flag State. Based on ABS records, both VALARIS DS-4 and ENSCO DS-8 were placed in this status when they entered lay-up after arriving at Hunterston Jetty.⁷⁴

Placing VALARIS DS-4 and ENSCO DS-8 in one of the other two basic lay-up conditions would have provided for third-party review of Joulon's lay-up plan. The support services that would have been provided by ABS would also have included the completion of an initial and annual lay-up surveys to verify compliance with the lay-up plan. On request, ABS would also have conducted an engineering review of the mooring plan and survey of the installed mooring arrangements.

Placing VALARIS DS-4 and ENSCO DS-8 in either of the two enhanced lay-up conditions would have further increased the level of support provided by ABS to include a review of the proposed lay-up location, the planned mooring arrangements, the location specific risk assessment, and the emergency response capabilities in the area when a vessel

⁷² These were the revisions that InterMoor completed on 24 and 28 December 2020.

⁷³ As previously discussed, these are "Enhanced Laid-up Warm Stacked" and "Enhanced Laid-up Cold Stacked."

⁷⁴ It is noted that VALARIS DS-4 and ENSCO DS-8 had been in Laid-up Warm Stacked when they first went into lay-up in Las Palmas in June 2020. The status of both drill ships was later changed to laid-up after the drill ships' managers at the time did not arrange to have annual lay-up surveys conducted.

is placed in the either of these conditions. It would also have included the completion of a mooring survey after the drill ships arrived at Hunterston Jetty.

The Administrator is not aware whether the owners of VALARIS DS-4 and ENSCO DS-8, Joulon or Noah Ship Management gave consideration to placing the drill ships into Laid-up Warm Stacked, Laid-up Cold Stacked, or either of the two enhanced lay-up conditions following their arrival at Hunterston Jetty.

Some level of support from ABS may have contributed to ensuring the effectiveness of the controls identified during the risk assessment for berthing drill ships alongside at Hunterston Jetty that Joulon had conducted in November 2020.

Flag State Requirements

The Administrator requires the owner of a Republic of the Marshall Islands-registered vessel being placed in lay-up to provide a statement from the relevant Classification Society indicating it would meet the requirements for classification if it was surveyed when it entered lay-up as a condition for issuing a Provisional Certificate of Registry with the endorsement “This Certificate is Only Valid while the Vessel Remains in Laid-up Status and is Not Valid for Navigation.” Vessels are exempt from annual safety inspections while in an official lay-up period but are required to undergo an initial safety inspection before returning to service. These requirements provide a means for the Administrator to verify that the vessel is seaworthy when it enters lay-up and when it returns to service.

The Administrator’s MG-1-11-1 places the responsibility for ensuring the safety and security of a Republic of the Marshall Islands-registered vessel while in lay-up on the vessel’s owner. This guidance includes provisions addressing the manning, vessel maintenance and preservation, vessel safety, and contingency measures in place for emergencies during lay-up. This guidance does not have the force of regulation and cannot be enforced by the Administrator.

The Administrator’s guidance advises owners to seek assistance from the vessel’s Classification Society when preparing lay-up procedures. Such assistance is consistent with the support ABS would have provided if VALARIS DS-4 and ENSCO DS-8 had been placed in either Laid-up Warm Stacked, Laid-up Cold Stacked, or in one of the two enhanced lay-up conditions discussed previously.

The Administrator’s guidance also advises owners to contact the local port and coastal State authorities where the vessel is going to be laid-up to determine if there are specific requirements or regulations that might be applicable to the laid-up vessel. It also is recommended that the vessel owner develop the vessel manning in coordination with the port or coastal State authorities.⁷⁵

In November 2020, the Administrator informed Noah that the drill ships’ manning while in lay-up should be developed in coordination with the port or coastal State authorities and that it should comply with local regulations. Based on the information available, it appears that COL was not aware of the number of crewmembers who would be on board VALARIS DS-4 and ENSCO DS-8 until after their arrival at Hunterston Jetty. It also appears that neither Noah or Joulon had discussed the drill ships planned manning with the MCA before VALARIS DS-4’s loss of moorings on 2 February 2021.

⁷⁵ As discussed previously, the Administrator informed Noah in November 2020 that the drill ships’ manning while in lay-up should be developed in coordination with the port or coastal State authorities and that it should be in compliance with local regulations.

Port State Requirements

The MCA had not issued guidance for port authorities regarding issues that should be addressed when a vessel will be laid-up within a port or harbor. Similarly, the MCA has not issued regulations or guidance addressing the lay-up of non-United Kingdom-registered vessels.

PART 4: CONCLUSIONS

The following Conclusions are based on the above Findings of Fact and Analysis and shall in no way create a presumption of blame or apportion liability.

1. Causal factors that contributed to this marine incident include:
 - (a) the inability of VALARIS DS-4's crewmembers to bring the thrusters online in time to prevent the mooring lines from being overloaded by the storm force winds from the northeast; and
 - (b) the Master of VALARIS DS-4 did not request tug assistance when the weather forecast for storm force north easterly winds was received on the afternoon of 2 February 2021.
2. Additional causal factors that may have contributed to this marine incident include:
 - (a) inadequate coordination between Joulon and COL throughout the planning process for the lay-up of VALARIS DS-4 and ENSCO DS-8 at Hunterston Jetty;
 - (b) inadequate identification and consideration of local conditions, including the higher than forecast northeasterly and easterly winds, winter temperatures, and the time required for tugs to arrive after being requested, as part of Joulon's risk assessment for berthing the drill ships alongside at Hunterston Jetty;
 - (c) inadequate identification of the drill ships' power requirements during Joulon's and Noah's planning for the lay-up of VALARIS DS-4 and ENSCO DS-8 to ensure that a sufficient number of diesel generators and thrusters would be available if needed during a period of high winds or an emergency situation;
 - (d) the apparent deviation from the drill ships' mooring plans when VALARIS DS-4 and ENSCO DS-8 were moored after being shifted along the jetty in late January 2021;
 - (e) the lack of third-party verification that VALARIS DS-4 and ENSCO DS-8 were moored in accordance with the drill ships' mooring plans;
 - (f) with the exception of the drill ships' mooring plans, the lack of third-party assurance of Joulon's and Noah's planning and execution of the lay-up of VALARIS DS-4 and ENSCO DS-8 at Hunterston Jetty;
 - (g) the lack of comprehensive flag State regulations intended to ensure the safety and security of laid-up vessels;
 - (h) the lack of flag State requirements for Republic of the Marshall Islands-registered vessels that are in lay-up to undergo inspections or other forms of oversight to verify they do not pose a safety or security hazard; and
 - (i) the absence of port State regulations intended to ensure the safety and security of ships laid-up in ports and harbors in the United Kingdom.

3. Actions or events that reduced the adverse consequences of this marine incident include:
 - (a) that VALARIS DS-4's and ENSCO DS-8's anchors had been pre-deployed when the drill ships were berthed at Hunterston Jetty and that VALARIS DS-4's anchor was reset and held the drill ship in mid-channel after being blown off the jetty following the loss of moorings; and
 - (b) the arrival of tugs to hold ENSCO DS-8 alongside the berth.

PART 5: PREVENTIVE ACTIONS

In response to this marine incident, Joulon and Noah have taken the following the Preventive Actions:

1. Changes were made to the preheating systems so that all six thrusters could potentially be started simultaneously if necessary.
2. The number of diesel generators and thrusters that were supposed to be ready for use on board each drill ship was changed from one generator and two thrusters to all six diesel generators and thrusters.
3. Established a requirement that a power swap from the deck generators to the drill ships' diesel generators be conducted once a week and at each change of a senior officer.
4. Joulon contracted InterMoor to develop new mooring plans for both drill ships. After determining that the 1-minute maximum average wind speeds for a 10-year return and 100-year return were comparable, it was decided to use the weather data for the 10-year return. The mooring plan for VALARIS DS-4 is based on 25 mooring lines⁷⁶ plus the anchor. The mooring plan for ENSCO DS-8 is based on 18 mooring lines⁷⁷ plus the anchor. Both drill ships' new mooring plans also included requirements for when thrusters should be engaged based on minimum wind speeds from different directions.
5. The drill ships' weather contingency plans were revised to base the criteria for when each of three phases should be implemented on forecast and actual wind speeds from different quadrants. These changes, which are based on the new mooring plans, reduce the threshold for implementing the initial phase when the winds were from the northeast to east to 30 kn, for implementing the second phase to 35 kn, and for implementing the third phase to 45 kn. The revised plans now require that at least one engine and two thrusters be online during the second phase and that a minimum of four thrusters be engaged during the third phase.
6. The drill ships' emergency response plans were amended to refer to the weather contingency plans for determining when preparations should be made to start one or more diesel generators, conduct a power swap, and bring thrusters online. The revised plans also include additional guidance for requesting tug assistance.
7. Procedures were established for the planned departure of the drill ships from alongside the jetty if warranted based on the weather forecast or in an emergency situation. The plans included provisions for using tugs to move the drill ships off the jetty if it was not possible to swap power from the deck generator, the thrusters could not be started, or there was a loss of electrical power on board.

⁷⁶ This consists of three 36 mm, 16 42 mm, two 44 mm, and four 48 mm UHMWPE lines.

⁷⁷ This consists of 13 40 mm and five 42 mm UHMWPE lines.

8. The manning for both drill ships was revised so that the marine crew would consist of a Master, a navigation officer, two engineering officers, an ETO, and four ratings between October and April. The number of ratings would be reduced to three from May to September. The revised manning was agreed to by COL.

Peel Ports has taken the following Preventive Actions:

1. The COL risk assessment for the lay-up of drill ships was reviewed and additional mitigation measures were added.
2. A risk assessment addressing emergency response for a fire on board a vessel and lines parting in severe weather was conducted.
3. The existing COL procedures for the lay-up of vessels were reviewed and revised to include more detailed guidance and establish clear expectations for vessel owners wanting to lay a vessel up at one of its facilities on the Clyde Estuary. The revised procedures require that vessel owners provide information regarding the vessel's planned lay-up status, the mooring plan, the status of machinery and safety systems while in lay-up, the maintenance and inspection of mooring lines, and emergency procedures. They also require that the vessel's proposed manning while in lay-up be approved by the flag State before it will be reviewed by the statutory harbor authority. The revised procedures are being adopted by each of the statutory harbor authorities within Peel Ports.
4. COL, in coordination with Joulon, conducted a review of VALARIS DS-4's and ENSCO DS-8's equipment status (e.g., diesel generators, thrusters, and related systems) and criteria for activating the drill ships' weather contingency plan.
5. COL reviewed and agreed to Joulon's revised manning for both VALARIS DS-4 and ENSCO DS-8.
6. COL conducted a review of the jetty infrastructure taking into consideration winter conditions.
7. COL contracted to have an independent third-party review of the drill ship's new mooring plans completed.
8. Contingency response plans for responding to emergencies involving a laid-up vessel were developed for each statutory harbor area within Peel Ports.
9. A weather monitoring station was installed at the Hunterston Jetty. The information from this station is available to both VALARIS DS-4 and ENSCO DS-8 and relevant parties. It is also being compared to the wind speeds observed on the drill ships' anemometers.

The Administrator has taken the following Preventive Actions:

1. In coordination with MAIB, issued Marine Safety Advisory No. 14-21, Loss of Moorings During Lay-Up on 5 October 2021.
2. Revised its requirements for issuing a Provisional Certificate of Registry in Laid-up status to include a reference to the MG 1-11-1.⁷⁸

⁷⁸ See the April 2022 revision of the Republic of the Marshall Islands Vessel Registration and Instrument Recording (MI-100), section 10.3.

PART 6: RECOMMENDATIONS

The following Recommendations are based on the above Conclusions and in consideration of the Preventive Actions taken.

1. It is recommended that Joulon and Noah:
 - (a) review and revise their procedures for planning for vessel lay-ups taking the lessons learned from this marine incident into account.
2. It is recommended that Peel Ports:
 - (a) propose guidance on planning and conducting of vessel lay-up in ports in the United Kingdom to the MCA's PMSC Steering Group, for inclusion in the PMSC's Guide to Good Practice.
3. It is recommended that the Administrator:
 - (a) develop additional regulatory requirements that take different lay-up conditions into account to ensure the safety of Republic of the Marshall Islands-registered vessels that are placed in lay-up and crews on board such vessels; and
 - (b) review, and revise where required, internal procedures related to oversight of compliance with established requirements for vessels in lay-up.
4. It is recommended that the MCA, in coordination with the PMSC Steering Group:
 - (a) consider publishing guidance on the planning and conducting of vessel lay-ups in ports in the United Kingdom, for inclusion in the PMSC's Guide to Good Practice.

The Administrator's marine safety investigation is closed. It will be reopened if additional information is received that would warrant further review.

NORTH AYRSHIRE COUNCIL

23 August 2022

Cabinet

Title:	Proposals for Community Investment Fund (CIF) Expenditure
Purpose:	To determine applications by Locality Partnerships to allocate CIF funding to proposed projects.
Recommendation:	That Cabinet: <ul style="list-style-type: none">a) Reviews the enclosed applications from the Irvine Locality Partnership, the Kilwinning Locality Partnership, and the Three Towns Locality Partnership in line with CIF criteria;b) Approves the CIF application in relation to Input;c) Approves the CIF application in relation to Irvine Tennis Club;d) Approves the CIF application in relation to Kilwinning Community Sports Club for Kilwinning Tennis development; ande) Approves the CIF application in relation to Ardrossan Community Association.

1. Executive Summary

- 1.1 Within its budget for 2017-18, North Ayrshire Council provided a funding allocation for the creation of an innovative fund to enable communities to address the priorities they have identified through Locality Planning Partnerships and within the context of North Ayrshire Community Planning Partnership's Fair for All Strategy and the Council's Community Wealth Building Strategy. In June 2021, Cabinet approved a further £1m top-up for the funding, with a further £2m added in November 2021.
- 1.2 Locality Partnerships have subsequently continued to work on their local action plans and are refining proposals for expenditure in line with their locally identified needs. This is a difficult process, and it is a testament to the dedication of the Locality Partnerships and their community partners that proposals are now emerging to provide creative approaches to addressing local challenges.
- 1.3 This report brings forward proposals which respond to the specific need of the local community and which have been developed based on local circumstances and opportunities.
- 1.4 These proposals have been approved to be submitted to Cabinet through a process of collaboration and consensus by the respective Locality Partnerships.

2. Background

2.1 Within its budget for 2017-18, North Ayrshire Council provided an allocation for the creation of an innovative fund to enable communities to address the priorities they have identified through Locality Planning Partnerships and within the context of North Ayrshire Community Planning Partnership's Fair for All Strategy and the Council's Community Wealth Building Strategy. A further £3m was added to the funding in 2021, to be distributed among Localities as follows:

Locality	Value of CIF from first funding allocation (2017-18)	Expenditure to date	Value of CIF from second funding allocation (June 2021)	Value of CIF from third funding allocation (Nov 2021)	Total balance available
Irvine	£754 000	£304, 604	£290 000	£580 000	£1 319 396
Kilwinning	£286 000	£231 190	£120 000	£240 000	£414 810
Three Towns	£598 000	£567 620	£240 000	£480 000	£750 380
Garnock Valley	£390 000	£242 805	£150 000	£300 000	£598 195
North Coast	£468 000	£380 445	£170 000	£340 000	£597 555
Arran	£104 000	£45 226	£30 000	£60 000	£148 774
TOTAL	£2 600 000	£1 827 631	£1 000 000	£2 000 000	£3 772 369

2.2 It was agreed that the CIF awards range between £5,000 and £100,000 for the community organisations, as defined in the CIF guidance, in order to support proposals and projects that connect with:

- The North Ayrshire Fair for All Strategy, with consideration for how applications contribute to community support for the cost-of-living crisis;
 - The Community Planning Partnership and Locality priorities;
 - North Ayrshire Council's values, priorities and business objectives;
 - The Community Wealth Building and Environmental Sustainability and Climate Change Strategies;
- And will also:
- Fulfil a compelling need and not duplicate existing services or facilities;
 - Provide long-term, sustainable, positive results for the greatest number of people possible;
 - Exhibit project and/or organisational innovation in their approaches to their work in their way of addressing community challenges and in their request to Locality Partnerships and the Council;

- Come from (an) organisation(s) that is financially viable (can provide financial statements upon request) and efficiently and effectively managed. This can include an organisation to be created to deliver the project;
- Include options or potential for NAC and CPP employee engagement and volunteering where possible; and
- Include measurable outcomes and can report to NAC on outcomes on a regular basis.

2.3 The proposal development and application process has been agreed as follows:

- Locality Partnerships should continue to engage with their communities and stimulate interest in the CIF. Each Locality Partnership will then strategically assess the applications, make links and look at the funding ‘in the round.’
- If the partnership supports a bid then the group will be encouraged to submit a full application form, which they will decide upon before making a proposal to Cabinet for final approval.
- The proposal will go to the next suitable Cabinet for final approval.

2.4 The enclosed applications have been developed by community partners and North Ayrshire Council officers and are now recommended for approval by Cabinet. The proposals are as follows:

2.4.1 The Irvine Locality Partnership

The Irvine Locality Partnership CIF allocation to date	£1 624 000
Digital Officer	£ 84 604
Vineburgh & Fullarton Community Enablers	£ 100 000
Irvine Newtown Men’s Shed	£ 10 000
Harbourside Men’s Shed	£ 10 000
Irvine Youth Hub	£ 100 000
Balance	£ 1 319 396

Proposal: Input– Digital Inclusion: £60 000 (Appendix 1)

The proposal supports Digital Irvine and will facilitate and improve digital inclusion for the community. In conjunction with North Ayrshire Fair for All Inequalities Strategy and Community Planning Partnership, Input will provide education and training to the community a range of digital hardware and software that can be used to help improve the lives of the community through the acquisition of knowledge, information and access to online services and support. The funding will be used to support 2 x 20 hours per week posts to ensure that there is IT support and training cover for at least 20 hours per week, allowing for holiday and sickness cover. Digital support sessions will be delivered in community venues within the Irvine area. The project will also identify needs and gaps, assist in sourcing funding for any additional equipment needed, solve simple IT equipment problems and offer drop-in sessions where people can get IT advice and support. The project aims to help the community to become more skilled and confident in the use of computers and digital equipment. There are opportunities for volunteering

and this initiative will also facilitate and encourage crossover between different community or voluntary groups who would like to receive IT education and training. Benefits include support for online job applications and helping community groups to offer digital access for those who cannot afford home access.

2.4.2 The Irvine Locality Partnership

Proposal: Irvine Tennis Club – Improvement of facilities: £100 000 (Appendix 2)

Irvine Tennis Club (ITC) are requesting funding to develop the facilities at Thornhouse Avenue, which Cabinet recently approved as a Community Asset Transfer to the Club. The aim is to provide all members of the local community with the opportunity to play tennis in a safe and inclusive environment. There is a pressing need to upgrade the facility to put Irvine on a par with other facilities and, also, to ensure ITC can achieve their inclusivity aim of bringing the sport to all. The funding would be used to contribute to the regeneration project, including new playing surface, club facilities and lighting totalling in the region of £275k. ITC intend to ensure the Club and facility offer real opportunities for children and young people to become engaged in the game. There are also opportunities for volunteering and, in time, coaching and, potentially, employment. Sports facilities, such as Kilwinning Community Sports Club and Dalry Community Sports Club, are examples of where community ownership is a catalyst for community action, leading to a far wider range of outcomes to address poverty and inequalities such as after school clubs with meals, food larders and kit exchanges.

2.4.3 The Kilwinning Locality Partnership

The Kilwinning Locality Partnership CIF allocation to date	£646 000
Kilwinning McGavin Park	£35 000
Multi-Purpose Youth and Community Hub	£41 190
Multi-Purpose Youth and Community Hub – Phase 2	£15 000
Kilwinning McGavin Park Stage 3	£45 000
Almswall Park Pitch Replacement	£45 000
Corsehill Play Park	£50 000
Balance	£414 810

Proposal: Kilwinning Community Sports Club – Kilwinning Tennis Improvement of facilities: £55 000 (Appendix 3)

Kilwinning Community Sports Club has built a strong, sustainable range of sports facilities at its Pennyburn base, attracting investment, increasing participation and encouraging volunteering. The last 5 years have seen a resurgence in tennis, particularly influenced by the national successes of young players. The community has expressed an interest in having a tennis court. KCSC currently offers netball at the Club, but not with the proper facilities. KCSC would like to convert the existing unused golf range into an all-purpose space for tennis and netball. It will be constructed in a way that will allow it to be adaptable for other activities such as basketball and concert venue. This will help with the sustainability for the organisation and will help to provide further

youth and community activities. The Club has already managed to secure seating for it to be used as a venue.

The project will provide much needed, sustainable community space and facilities no longer available in the town. Although closely identified with its football activities, which sit at the heart of a hub, KCSC draws the community to varied facilities through which it delivers a wide range of community development, bringing together youth activities, community food provision, kit exchanges, employability skills and health and wellbeing activities. A newly formed Tennis Club is being constituted to manage the new facility and encourage growth of the sport within the town.

2.4.4 The Three Towns Locality Partnership

The Three Towns Locality Partnership CIF allocation to date	£1 318 000
Ardrossan Community Development Trust	£ 25 000
Three Towns Growers	£ 100 000
The Training Station	£ 50 000
Ardrossan Castle Heritage Hub	£ 17 912
Raise Your Voice With Ardeer	£ 100 000
Ardrossan Community Sports Hub	£ 43 320
Winton Circus Play Park	£ 48 288
Ardrossan Community Development Trust Community Development Officer	£ 53 100
Raise Your Voice With Ardeer (increased costs for multi-purpose hub)	£ 130 000
Balance	£ 750, 380

Proposal: Ardrossan Community Association – Part time Support Worker: £ 48 586 (Appendix 4)

The Community Association is responsible for the daily running of the vibrant busy Whitlees Community Centre, which has a full programme of activities and programmes. The Centre has a fully refurbished kitchen and raises income for its social and community support programmes through successful events and local catering contracts. Nearly two years ago this led to the opening of The Quaint Larder. With this funding the Community Association will employ a part-time support worker for a period of two years, as well as casual /sessional event staff to assist with the development of the catering and larder provision, in relation to addressing the cost-of-living crisis. The successful candidates will provide support for the wide range of activities that have been created by the centre as part of its road to recovery from the pandemic. The benefits include improved support for the increased catering opportunities and requests, which provide vital income generation and give sustainability of the centre; learning and development opportunities in a range of contexts that will help to address food poverty; and more engagement with a wide range of community members, volunteers, partners, and customers. The Community Association is actively supporting the North Ayrshire Fairer Food Network and the increased staff capacity will enable community leaders to share their learning and support other larders as they develop. As well as focusing on

personal and family life, health, employability, and financial advice/budgeting, the Community Association want to develop and deliver adult education opportunities, with a focus on first steps to accreditation guided by CLD and the Adult Education Strategy for Scotland. This project offers employment, skills development, and volunteering opportunities as well as social outcomes and supports Whitlees as the centre recovers from the impact of the pandemic. This project was brought as an Expression of Interest to the Three Towns Locality Partnership, where it attracted strong support and the full application has been agreed by email in order to progress it promptly.

3. Proposals

3.1 That Cabinet:

- a) Reviews the enclosed applications from the Irvine Locality Partnership, the Kilwinning Locality Partnership, and the Three Towns Locality Partnership in line with CIF criteria;
- b) Approves the CIF application in relation to Input;
- c) Approves the CIF application in relation to Irvine Tennis Club;
- d) Approves the CIF application in relation to Kilwinning Community Sports Club for Kilwinning Tennis development; and
- e) Approves the CIF application in relation to Ardrossan Community Association

4. Implications/Socio-economic Duty

Financial

4.1 CIF funding is allocated within existing resources.

Human Resources

4.2 The Input and Ardrossan Community Association proposals will provide employment opportunities. All of the projects offer volunteering and skills development opportunities, some of which may lead to employment.

Legal

4.3 None.

Equality/Socio-economic

4.4 The purpose of Locality Planning is to reduce inequalities, increase community cohesion and advance community empowerment. Each of the CIF proposals is tested against that purpose before being presented to Cabinet. All these applications provide opportunities for increased community support for the cost-of-living crisis through skills development, digital inclusion, support for food provision, increased volunteering, community cohesion and wellbeing. The Input proposal targets digital inequalities and digital skills deficits. The Ardrossan Community Association is supporting the development of catering and the community larder, which sustains the centre's ability to address poverty and food insecurity locally. The investment in tennis/netball facilities provides local free access to physical activity and can lead to a far wider range of outcomes as outlined in 2.4.2.

Environmental and Sustainability

4.5 Environmental and sustainability issues are considered in relation to each CIF application. The two tennis applications will improve local facilities and seek to introduce more environmentally-friendly playing surfaces

Key Priorities

4.6 The proposals contained within the report support the North Ayrshire Council Plan priorities:

- Active and strong communities
- Inclusive, growing and enterprising local economy
- People enjoy good life-long health and wellbeing.

Community Wealth Building

4.7 The applications support the following pillars of community wealth building:

- Creating volunteering and skills development opportunities;
- Advancing community enterprises; and
- Advancing local ownership of underused land and buildings; and
- Supporting local third sector businesses.

5. Consultation

5.1 The proposals contained within this report have been developed and approved by the Locality Partnership, through consultation with partners in employability and skills and local people, including young people.

Audrey Sutton
Executive Director of Communities and Education

For further information please contact **Rhona Arthur, Head of Connected Communities**, on **01294 324415**.

Background Papers

Appendix 1: CIF Application: Input

Appendix 2: CIF Application: Irvine Tennis Club

Appendix 3: CIF Application: Kilwinning Community Sports Club for Kilwinning Tennis

Appendix 4: CIF Application: Ardrossan Community Association



Appendix 1 - Community Investment Fund: Proposal to Cabinet

Organisation name	<i>Input</i>
Brief details of organisation	<p>Input is a charity registered with OSCR in March 2012. It is constituted as a Scottish Charitable Incorporated Organisation (SCIO) Charity No.SC043014.</p> <p>Input aim to:</p> <ul style="list-style-type: none"> • advance the education of people with learning difficulties in work and life skills by the provision of training in order to increase their employability and quality of life; • advance the education of the public in the use of Information Technology by the provision of equipment, training and resources, in particular for those who by virtue of their age or socio-economic circumstances would not otherwise have access to Information Technology; and • improve the present condition and the future prospects of the community by advocating for the community and facilitating opportunities for change, growth and development of the inherent potential of people and places. <p>Input works with local community centres and has close working links with both council, private enterprises and Third Sector organisations. Input's main objective is to help people with learning difficulties, in the process it refurbishes donated computers which are then distributed for free to people in the community who need them. Their trainees (people who attend Input) also provide telephone digital support as well as basic computer classes and training on a one-to-one basis. The trainees' confidence, independence and self-esteem are greatly bolstered by their activities. Through Input's actions and provision of services, it helps raise the profile of people with learning difficulties.</p>
Locality	Irvine
Amount requested	£60 000
Brief overview of proposal	<p>During the pandemic, the inequalities due to poverty and lack of financial security became very evident including social isolation and inability to access support services. A great effort was made to identify and improve digital inclusion and accessibility. As a result of this initiative, Input was tasked by Irvine Community Planning Partnership to update computer suites in multiple venues in Irvine. This involved providing and making</p>

	<p>ready for use - new computers, software and equipment as identified by each venue. The venues in receipt of equipment included: - Castlepark, Fullarton, Redburn, Towerlands and Vineburgh Community Centres. This has provided excellent computer facilities for the areas, but for people to be able to use the computers, equipment and software they need education, training and support.</p> <p>Input's proposal is to facilitate and improve digital inclusion for the community. In conjunction with North Ayrshire Fair for All Inequalities Strategy and Community Planning Partnership, it will provide education and training to the community on the digital arena: - computers, laptops and associated equipment, Smartphones, tablets, software and packages that can be used to help improve the lives of the community through the acquisition of knowledge, information and access to online services and support. This will be a new service provided by Input with no new organisation setup required.</p> <p>The funding is for 40 hours of staff support per week - two twenty hours part time or one 40 hour post. Input's preference is that there is IT support and training cover for at least 20 hours per week, allowing for holiday and sickness cover. These sessions would be delivered in community venues within the Irvine area. Responsibilities of the post would include: -</p> <ul style="list-style-type: none"> • Facilitate local groups to work collaboratively; • Work with the local community to identify needs and gaps in online access for those who cannot afford home access; • Provide computer education and training for the community; • Arrange sessions over venues; • Troubleshooting of equipment as problems arise; • Assist in sourcing funding for any additional equipment needed; and • Drop-in sessions where people can get IT advice and support. <p>Key outcomes: The community will be more skilled and confident in the use of computers and digital equipment. The project will provide the opportunity for volunteering in the community as those with IT expertise will be involved in providing support. It will facilitate and encourage crossover between different community / voluntary groups who would like to receive IT education and training. Digital competency allows people to access advertised vacancies; create and update CV's that they can submit electronically for job applications. Digital competence allows people to access information towards healthy living – dietary advice, lifestyle changes that will help to support healthy living, accessing self-help and support groups, accessing virtual appointments with medical and ancillary staff.</p>
Timescales	Autumn 2022
Contact details	Elaine Baxter, Locality Officer, Connected Communities ebaxter@north-ayrshire.gov.uk



Appendix 2 - Community Investment Fund: Proposal to Cabinet

Organisation name	<i>Irvine Tennis Club</i>
Brief details of organisation	<p>Irvine Tennis Club is a registered Charity (Charity Number SC051186). The Charity status was confirmed on 6th August 2021, however, the Club itself was formed in March 2021. This is an experienced committee with diverse expertise and experience of managing tennis assets. The Club is working closely with Tennis Ayrshire and Tennis Scotland, and is following the governance model of other tennis clubs in Scotland and Ayrshire.</p> <p>The club has the following aims and objectives:</p> <ul style="list-style-type: none"> ● To facilitate and encourage public participation in the sport of tennis in Irvine and the surrounding area by providing free and public access to the junior tennis courts to members of the public. ● The provision of recreational activities and/or facilities with a view to improving the conditions of life for those who the activities/facilities are primarily intended for. <p>In furtherance of these objectives the club endeavours to provide a safe, friendly, and welcoming environment for all to enjoy the sport. Irvine Tennis Club is committed to providing an inclusive and accessible environment for local people of all ages and economic backgrounds to participate in and enjoy sport. It wants more people to see tennis as a means to keep active, to socialise and to compete.</p> <p>The Club is committed to preventing low income and poverty being a barrier to tennis. It is passionate about physical activity and sport being accessible to all. Tennis is seen as the ideal vehicle for children and young people to lay the foundations for lifelong participation in physical activity and sport. It aims to introduce as many local children and young people to tennis as possible, including those with additional support needs.</p> <p>Irvine Tennis Club is focused on providing all members of the local community with the opportunity to play tennis.</p>
Locality	Irvine
Amount requested	£100 000

<p>Brief overview of proposal</p>	<p>Irvine Tennis Club (ITC) are requesting funding to develop the facilities at Thornhouse Avenue, which Cabinet recently approved as a Community Asset Transfer to the Club. The aim is to provide all members of the local community with the opportunity to play tennis in a safe and inclusive environment. Despite ITC bringing the Irvine tennis courts back into operation, there is a pressing need to upgrade the facility to put Irvine on a par with other facilities and, also, to ensure ITC can achieve their inclusivity aim of bringing the sport to all.</p> <p>The courts currently have a red 'blaes' surface. Red blaes is now considered a legacy surface for tennis courts with most clubs having already replaced these types of court with an all-weather alternative. This surface is unsuitable for wheelchair tennis. The funding would be used to contribute to the installation of a porous asphalt surface, a new internal fence, a timber construction clubhouse with facilities for members and the installation of new floodlighting. The regeneration project, including professional fees and VAT, is in the region of £275k. The Locality Team will help to support ITC as they secure matched funding and planning permission.</p> <p>ITC has already brought the facilities back into use and this investment will further progress effort to provide a positive experience of sport and physical activity, improving fitness, confidence, mental health/wellbeing, social skills and transferable motor skills that can be applied elsewhere. Children and young people are a key target group, since this can lead to a lifetime of participation. Working with Active Schools and other agencies ITC intend to ensure the Club and facility offer real opportunities for children and young people to become engaged in the game. There are also opportunities for volunteering and, in time, coaching and, potentially, employment.</p> <p>Key outcomes:</p> <ul style="list-style-type: none"> • The courts being actively used will attract people closer to the town centre creating opportunities for local businesses. • There will be opportunity for tennis coaching and development work at the tennis courts. • Volunteering opportunities to help with coaching sessions. • Coaching certificates and accredited qualifications will be awarded in the tennis coaching. • Participation in sport has a positive impact on Physical, Mental, Emotional and Social Wellbeing. • Opportunities to play with friends/family and to participate/compete in teams and social groups • Opportunities to be part of a community club and socialise in organised regular clubs and fun events/competitions.
<p>Timescales</p>	<p>Autumn 2022</p>
<p>Contact details</p>	<p>Elaine Baxter, Locality Officer, Connected Communities ebaxter@north-ayrshire.gov.uk</p>



Appendix 3 - Community Investment Fund: Proposal to Cabinet

Organisation name	<i>Kilwinning Community Sports Club for Kilwinning Tennis</i>
Brief details of organisation	<p>Kilwinning Community Sports Club (KCSC) is a registered charity and has a 99-year lease for the ground. The club is made up of its members, one of which is Kilwinning Rangers and Kilwinning Rangers Youth. KCSC provides pathways for young people to continue to participate in sport and to deliver their aspirations both within sport and the community.</p> <p>Kilwinning Community Sports Club was established in 2000 to bring together a wide range of existing sports interests and clubs from across the town, many with a strong interest in football. The club is now used by around 2,000 local people.</p> <p>Although closely identified with its football activities, which sit at the heart of a hub, KCSC draws the community to varied facilities through which is delivers a wide range of community development, bringing together youth activities, community food provision, kit exchanges, employability skills and health and wellbeing activities. On a weekly basis around 300-400 people participate in activities, with a further 270-330 young people taking part.</p> <p>KCSC has a large gym membership, netball, mini kickers open session and regularly hosts local primary school sports days. The Clubs runs summer programmes which provide food, after school activities with food, movement classes for older people, support for the Dirrans Head Injuries client, Fitba for You which supports men's mental health and Go Fitba which is a Scottish Football Partnership funded summer programme for primary school children, again providing meals for participants.</p> <p>KCSC runs an employability project that has been continually successful in providing unemployed people with specific training which targets grounds maintenance. The skills that the candidates gain increase their chances of gaining employment within the land-based sector. These skills are also transferable. It also provides the candidates with the opportunity to gain confidence within a working environment, meet new people and build good relationships.</p>
Locality	Kilwinning
Amount requested	£55 000

<p>Brief overview of proposal</p>	<p>The last 5 years has seen a resurgence in tennis, particularly influenced by national successes by young players. Community interest is growing and KCSC sees this as an opportunity to introduce tennis and create flexible facilities for tennis and the existing netball teams.</p> <p>The funding will help to convert the existing unused golf range into an all-purpose space for tennis and netball. It will be constructed in a way that will allow it to be adaptable for other activities such as basketball and a concert venue This will help with the sustainability for the organisation and will help to provide further youth activities). KCSC has already managed to secure seating for it to be used as a venue.</p> <p>The project will also provide much needed sustainable community space and facilities no longer available in the town</p> <p>A new formed Tennis club is being constituted to manage the new facility and encourage growth of the sport within the town.</p> <p>The project fits in very well with all of Kilwinning's Locality Priorities: <u>Skills & Work</u> – KCSC will be utilising local businesses to carry out the development of the project. <u>Community Wellbeing</u> - provides those who don't have an interest in football the chance to be a part of/involved in the club. A wider offer of activities will promote community wellbeing. <u>Environment & Green open spaces</u> – The project will utilise an area that is unusable in its form. <u>Poverty & Equalities</u> – The project will bring funding to the club, which would allow them to have some free/accessible sessions.</p> <p>KCSC has engaged with:</p> <ul style="list-style-type: none"> • All local primary schools • Youth membership • Local elected members • Tennis Scotland and Tennis Ayrshire • West Kilbride Tennis Club • West of Scotland Paddle Tennis Club <p>There were also a number of meetings held with Local Authority and National Agencies involved in delivering tennis in our area.</p> <p>Key outcomes:</p> <ul style="list-style-type: none"> • Tennis and netball facilities for Kilwinning. • Opportunities for tennis coaching and development work at the tennis courts. • Volunteering opportunities to help with coaching sessions. • Participation in sport with its positive impact on Physical, Mental, Emotional and Social Wellbeing. • Opportunities to play with friends/family and to participate/compete in teams and social groups
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	<ul style="list-style-type: none">• Opportunities to be part of a community club and socialise in organised regular clubs and fun events/competitions.
<i>Timescales</i>	Autumn 2022
<i>Contact details</i>	Louise Riddex, Locality Officer, Connected Communities lriddex@north-ayrshire.gov.uk



Appendix 4 - Community Investment Fund: Proposal to Cabinet

Organisation name	<i>Ardrossan Community Association</i>
Brief details of organisation	<p>The Ardrossan Community Association is responsible for the daily running of the vibrant busy Whitlees Community Centre, which has a full programme of activities and programmes. It is a Scottish Charitable Incorporated Organisation.</p> <p>The Centre has a fully refurbished kitchen and raises income for its social and community support programmes through successful events and local catering contracts. Nearly two years ago this led to the opening of The Quaint Larder.</p> <p>The centre currently has 20 registered volunteers and committee members.</p>
Locality	Three Towns
Amount requested	£48 586
Brief overview of proposal	<p>Funding will enable the Community Association to better prepare to support their community through the cost-of-living crisis, by:</p> <ul style="list-style-type: none"> • Employing a part-time support worker for a period of two years, as well as casual /sessional event staff for the development of the catering and Larder provision - the successful candidates will provide support for the wide range of activities that have been created by the centre as during the pandemic and which are needed to support the community through the growing cost-of-living crisis; • Supporting increased catering opportunities and requests, which provide vital income generation and give sustainability of the centre; • Providing learning and development opportunities in a range of contexts that will help to address growing food poverty and engage with a wide range of community members, volunteers, partners, and customers - the range of contexts will take a holistic approach to learning and development, which will focus on personal and family life, health, employability, and financial advice/budgeting; and • Developing and delivering adult education opportunities, with a focus on first steps to accreditation guided by the Adult Education Strategy for Scotland.

These learning opportunities will effectively help to tackle food poverty by building the capacity of learners to prepare affordable, nutritious meals on a budget, and by using a variety of approaches to address the root causes of food poverty, including education and employability.

Existing partnerships with Health & Social Care will be utilised, and where possible, enhanced to enable effective targeting of vulnerable groups,

Partners include: HSCP, Children and Families teams, Service Access Social Justice, Turning Point, TACT, Communities and Education Directorate, Ardrossan Youth Association, Ardrossan Community Trust Community Food Systems Network, Three Towns Locality Partnership & North Ayrshire Federation of Community Associations.

The Community Association has conducted a survey of all café users and volunteers. There were 326 completed surveys. It also conducted one to one discussions with 20 of the volunteers and discussed proposals with the full Community Association. Although there are very high satisfaction levels in terms of service, the results show that everyone associated with the current operation and delivery agrees that volunteers are literally run off their feet providing a sterling service to the locality, and that it is of paramount importance that the Community Association employs a part time support worker. This funding will also provide the ability through a events/ sessional contract to have paid members of staff to support the volunteers and ensure there is a rota in place which will ensure a balance between volunteer and family life balance achieved.

With a focus on local economy the food provision has built excellent relationships with local businesses, who regularly donate to the larder, and by doing so address food waste. The Centre is currently involved in a bulk buying pilot through the Community Larder Support Network and has built up mutually beneficial partnerships with local business. The additional funding will enable the centre to be able to focus on the relationship with the local business in so adding to the economy of Ardrossan. The additional staffing will ensure the Centre can take on and additional events and catering contracts building a long-term business case for a sustainable future.

Key outcomes:

- Continued development of The Quaint Larder leading to wider access to affordable food for the community;
- Increased capacity for individuals and groups to access and prepare affordable, nutritious, and healthy meals;
- Increased support through advice and shared learning for other community larders;
- Increase in Adult Education opportunities;
- Increase in training opportunities for volunteer development;
- Enhanced employability prospects amongst participants;
- Development of partnership with Community Justice and Children and Families; and

	<ul style="list-style-type: none">• Increase in income generation by the securing of catering contracts and events.
Timescales	Autumn 2022
Contact details	Angela Morrell, 3 Towns LP Lead Officer, Connected Communities amorrell@north-ayrshire.gov.uk

NORTH AYRSHIRE COUNCIL

23 August 2022

Cabinet

Title:	Community Support Funding for North Ayrshire Residents
Purpose:	To seek Cabinet approval for a range of community supports and funding for North Ayrshire residents during the current cost-of-living crisis.
Recommendation:	That Cabinet approves the proposals.

1. Executive Summary

- 1.1 It is recognised that the current cost-of-living crisis is having a greater impact on low-income households. Energy and food prices are escalating.
- 1.2 Councils, including North Ayrshire, are also financially challenged. However, the Council wishes to intervene at this time to use some of its existing funds to provide further one-off payments to its low-income families and to ensure availability of food and energy support to residents who need it.
- 1.3 This report proposes additional interventions which will mitigate cost-of-living increases for low-income residents.

2. Background

- 2.1 The recent Audit Scotland overview of local government report [Local government in Scotland Overview 2022 \(audit-scotland.gov.uk\)](https://www.audit-scotland.gov.uk/publications/2022/07/2022-local-government-overview) provided a stark picture of the impact of the global energy situation and the cost-of-living crisis on our residents. Poverty rates have been rising in recent years, with the highest rates among children. The proportion of children living in poverty (after housing costs) has increased from 21.6 to 24.3 per cent since 2013/14, including a 1 percentage point increase in the most recent year in which data is available. This trend is seen across all 32 councils but in recent years poverty rates have increased at a faster rate in councils with lower levels of deprivation. North Ayrshire currently has the second highest levels of child poverty in Scotland.
- 2.2 Increasing financial hardship is emerging as the cost of living rises rapidly, with the greatest effects felt by those already experiencing poverty. Energy Action Scotland estimate that in 12 council areas over 40 per cent of households are living in fuel poverty after April's energy price rises. The price of gas has gone up 400% in the past year and 1,000% since 2019, according to the ICE futures market. This situation is set to continue at least until late 2023.

Energy costs

- 2.3 The energy price cap - the maximum amount suppliers can charge customers in England, Scotland and Wales for each unit of energy - will go up in October 2022. The average bill was £1,400 a year in October 2021. The prospect of a tripling of the energy price cap in October to £3,600 – from £1,254 in 2019 – lies behind the Bank of England’s warning of a long recession from this autumn, characterised by soaring inflation, falling living standards and rising unemployment. Prices have risen sharply because demand for gas increased when Covid restrictions eased, and because the war in Ukraine has threatened supplies from Russia.

Food costs

- 2.4 Supermarket inflation is expected to reach the highest level since at least 2008 this month after rising to almost 10% this month, with families are facing a £454 increase in average annual grocery bills. Membership of the North Ayrshire Fairer Food Network has grown significantly since October 2021, when the Universal Credit uplift of an additional £20 per week was withdrawn. Since then, numbers have steadily risen across the network, driven by the rising cost of living in particular. More than 2000 people have accessed community food larders in North Ayrshire since they launched. Members access the community food network depending on their own circumstances and needs, including through referrals from partners, so the numbers vary from week to week. Based on learning from last autumn, another spike in citizens finding themselves in need of a larder is expected in October 2022 when the energy prices rise again.

North Ayrshire Council’s position

- 2.5 The situation presents significant challenges for the Council. Audit Scotland is clear that planning to respond to these longer-term issues is difficult. Funding levels continue to be uncertain in part due to short-term funding cycles, ring-fenced funding, uncertainty over how long Covid-19 funds will remain in place and the forthcoming budget cycle. The publication of the Scottish Government Spending Review in May 2022 has indicated a broadly flat cash funding position for local authorities over the next few years. When set within the context of rising cost pressures this will present significant challenges in delivering balanced budgets. Audit Scotland also recognises that it is challenging for councils to find the capacity and resources to respond to, influence and shape this programme to their own contexts particularly while continuing to respond to Covid-19 and deal with service backlogs and increased demand and harms arising from the pandemic.
- 2.6 However, North Ayrshire recognises the challenges posed to its residents by the cost-of-living crisis and that there is an urgent need to support citizens through the crisis - maximising financial resources available to communities whilst managing Council resources within the context of the current pressures and risks. How we do this will continue to be informed by our response to the pandemic - through strong partnership working, engaging with communities and focusing on vulnerabilities.

2.7 When reviewing existing financial resources the distinction between recurring and non-recurring funding has been considered. In view of the emergency need of citizens through the rising cost of living and balanced against the challenging financial landscape facing the Council from 2023/24 and beyond, an examination of current earmarked funds has been undertaken. This has identified the sum of £2.348m for investment in communities to help address the cost-of-living pressures.

The Council's Key Priorities

2.8 Some initial work to progress the new Council Plan has already commenced. Current global events from the war in Ukraine and resultant inflationary impact and cost of living challenges and further evidence of the effects of climate change has accelerated this thinking. The Council's Administration have identified a number of immediate priorities. These are:

- Poverty and cost of living
- Supporting our communities
- Addressing climate change.

Current support

2.9 There are currently a number of existing supports available through the Council. With over 60% of Council staff living in North Ayrshire it is also recognised that support to citizens will also include staff. The range of support includes:

- Financial Inclusion income maximisation and advice services (Money Matters, BONA, Welfare Rights)
- Crisis grants / community care grants
- Council tax reduction scheme.
- Housing Benefit and Discretionary Housing Payments
- Child bridging payments (£130 per season)
- 1,140 hours free childcare support
- Free school meals
- Free school meal holiday support and activity programme
- Cost of the School Day support (£500k per annum)
- Clothing grants and education maintenance allowances
- Enhanced Livewell scheme for Council staff

It should be noted that the Council's Financial Inclusion support cuts across many Council services and these activities are currently being reviewed to consider the optimal operating model and the level of required resource to meet the demand from our citizens. Again, It is recognised the current cost of living crisis is expected to deepen in the coming months which will further increase demand for these vital supports.

2.10 In addition, on 7 June 2022 Cabinet approved the allocation of £2.154m of Scottish Government funding to provide a range of supports for low-income households and to stimulate economic recovery. These included:

- Public Transport Travel Scheme to support travel to work
- Digital Growth Fund for Businesses
- Support for the delivery of the Council's Modern Apprenticeship Programme
- New Skills for Life work placements
- EQUAL Horticulture Intermediate Labour Market (ILM) investment
- Employer Recruitment Incentives (ERIs)
- £100 top up to the Summer Child Bridging Payments
- Improved support for childminders and OOSC providers
- Targeted employability opportunities for key families during Summer 2022
- Third sector support for programmes to support low-income families and individuals by building on current programmes
- Investment in the North Ayrshire Fairer Food Network
- Support for the development of a North Ayrshire Child Poverty Strategy and Action Plan.

2.11 It is recognised however, in the period since the above noted investment, the cost of living crisis has worsened. It is therefore necessary to build on the work to date and further maximise support for communities, whilst ensuring this support is aligned to the Council's priorities and within available financial resources. In order to do this quickly, it is important to build on existing support structures to ensure immediate impact.

Proposals

2.12 The new proposals are outlined as follows:

- The Scottish Government currently provides full funding for child bridging payments of £520 per child per annum for families of children eligible for a free school meal on the basis of low income. These payments are processed each season during the year at a value of £130 per season. Back in June 2022, as noted in section 2.10 of the report, a top up payment of a further £100 was also made that took effect in the summer (June) payment. The £100 payment was also extended to low-income families of children of pre-school age. The new proposal will continue the additional child bridging payment of £100 per eligible child over and above the £130 scheduled payment for both Autumn (October) and Winter (December) 2022. Again, this will also be extended to low-income families of children of pre-school age and will reach over 5,700 children (3,300 families), helping to address rising cost of living pressures families are facing. **Total Investment - £1.140m**
- Build on the existing community food network by investing a further **£0.500m** to ensure basic food provision is available to anyone who requires the support, recognising the growing membership and the expected increase in demand from October 2022 due to the increase in the energy cap;
- Launch the £1.726m Energy Smart Scheme from funds secured as part of the 2022/23 Budget process. Delivery of the proposed sustainability initiative would be across two phases, and incorporating energy efficiency and low carbon behaviour advice, crisis support and the implementation of physical energy

efficiency measures. It is proposed that the current £1.726m investment is supplemented by an additional **£0.450m** to further help fund the crisis support element of the scheme. Details of the proposed scheme are outlined later in the Cabinet agenda; and

- In view of the anticipated increase in demand for Financial Inclusion supports, as noted in section 2.9 of the report, and to support the anticipated outcome of the current review of income maximisation and advice services when set within the context of the current cost of living crisis, it is proposed that the sum of **£0.258m** is set aside to build capacity through the provision of additional temporary staffing resources. This is important to ensure that the rapidly growing caseload of demand from citizens is met by an appropriate level of additional staffing resource to help meet this growing demand.

2.13 The **£2.348m** investment is in addition to the £1.726m Energy Smart Scheme Investment secured through the 2022/23 Budget process. This will deliver a **£4.074m** package of support to communities to help address the extreme cost of living pressures. The timing of this report is critically important to ensure processing of the delivery of the October bridging payments and to ensure the continued supply of food to the network before the October energy price cap rise.

Funding and Financial impact / Risk

2.14 A total of £1.726m funding was secured through the 2022/23 Budget process to support the Energy Smart support model. A further £2.348m funding has been identified from the Council's Investment Fund. This fund is used to deliver sustainable investment across renewables, infrastructure and support Community Wealth Building initiatives. From the funds held there is currently a level of uncommitted financial resources of £2.348m.

2.15 In view of the significant cost of living pressures facing communities this funding will be directed to support the package of measures outlined in the report. Whilst these funds have been identified from existing resources, this investment is of a non-recurring nature. Following the publication of the Scottish Government spending review in May 2022 and when taking account of the significant additional inflationary cost pressures facing the Council, the projected budget gap for the Council in 2023/24 and beyond will present significant challenges in delivering a balanced budget. Further engagement with elected members through the Budget process will be undertaken later in the Autumn.

3. Proposals

3.1 That Cabinet approves the investment proposals outlined in section 2.12 of the report.

4. Implications/Socio-economic Duty

Financial

4.1 These proposals are supported by the Council's uncommitted Investment funds (£2.348m) and earmarked funds following approval from the 2022/23 Budget process (£1.726m). This is detailed at 2.12 of the report.

Human Resources

4.2 It is anticipated that temporary additional posts will be created within the Council's Financial Inclusion activities to help support the increased demand from citizens through the cost-of-living crisis. The level of resource requirement will be progressed through the current review of Financial Inclusion supports.

Legal

4.3 A draft Minute of Agreement between North Ayrshire Council and The Energy Agency has been prepared by Legal Services. Following Cabinet approval of the Energy Smart Scheme this draft agreement will be shared between parties to agree terms.

Equality/Socio-economic

4.4 These proposals aim to support the most disadvantaged North Ayrshire residents and to reduce the impact of financial inequalities.

Climate Change and Carbon

4.5 The purpose of the Energy Smart scheme is to address the impact of climate change and carbon challenges, as well as to offset the cost of energy. The Fairer Food Network promotes local food growing.

Key Priorities

4.6 The proposals will contribute to achieving a range of the Council Plan outcomes including for children and young people to have the best start in life; for residents and communities enjoy good life-long health and well-being; and for environmental and climate considerations to be addressed.

Community Wealth Building

4.7 These proposals contribute to the Community Wealth Building mission of maximising the potential of all our places through working in partnership with our communities and businesses.

5. Consultation

5.1 North Ayrshire Council works closely with its communities, who have been sharing their priorities through virtual and community engagement sessions, as well as in-person through the resumption of targeted community activities such as community breakfast clubs. The proposals in this report have been shaped by the voices of 'lived-experience'

through the Fair for All Commission, young people, partners and the experience of the interventions supported by previous funding. This has been informed by the Council Plan priorities, Community Wealth Building Strategy, Recovery and Renewal Strategy and Regeneration Delivery Plan (RDP) as well as the Scottish Government's Child Poverty Delivery Plan.

Mark Boyd
Head of Service (Finance)

For further information please contact **Mark Boyd, Head of Finance**, on **01294 324560**.

Background Papers

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NORTH AYRSHIRE COUNCIL

23 August 2022

Cabinet

Title:

‘Energy Smart’: Energy Based Community Support Model

Purpose:

To seek approval of the proposed £1.726m ‘Energy Smart’: Energy-Based Community Support Model designed to support North Ayrshire households during the ongoing cost-of-living crisis.

Recommendation:

That Cabinet approves the implementation of the proposed £1.726m ‘Energy Smart’: Energy-Based Community Support Model.

1. Executive Summary

- 1.1 As part of the Council’s budget meeting on 2 March 2022, an allocation of £1.726m to deliver an energy-based community support model to support North Ayrshire residents during the cost-of-living crisis was approved.
- 1.2 The current crisis is placing a significant and increasing burden on household income, particularly for those already in fuel poverty. Given the impact of the crisis, and future energy cap price increases anticipated in October 2022, there is a need to act quickly. This paper sets out the proposed approach for a new energy-based community support model, which would be a partnership to offer eligible households (i) a dedicated helpline for energy efficiency and other low carbon advice; and (ii) the delivery of energy efficiency measures to improve the affordability of energy in homes across North Ayrshire. It is envisaged that this scheme would be additionally supported by a crisis support element, which is under consideration as part of a separate report to Cabinet.
- 1.3 A proposed delivery partner has been identified. The Energy Agency is an Ayrshire based charitable organisation which offers domestic energy efficiency advice along with potential access to additional funding through national programmes. Their freephone number is well established and referral mechanisms have been used throughout North Ayrshire for a number of years. The Energy Agency also have extensive experience of managing domestic energy efficiency schemes, which will support our proposals to deliver an energy efficiency measures programme as part of the energy-based community support model, or ‘Energy Smart’.
- 1.4 A range of programmes to assist North Ayrshire residents maximise their income and access wider support and advice already exist within the Council

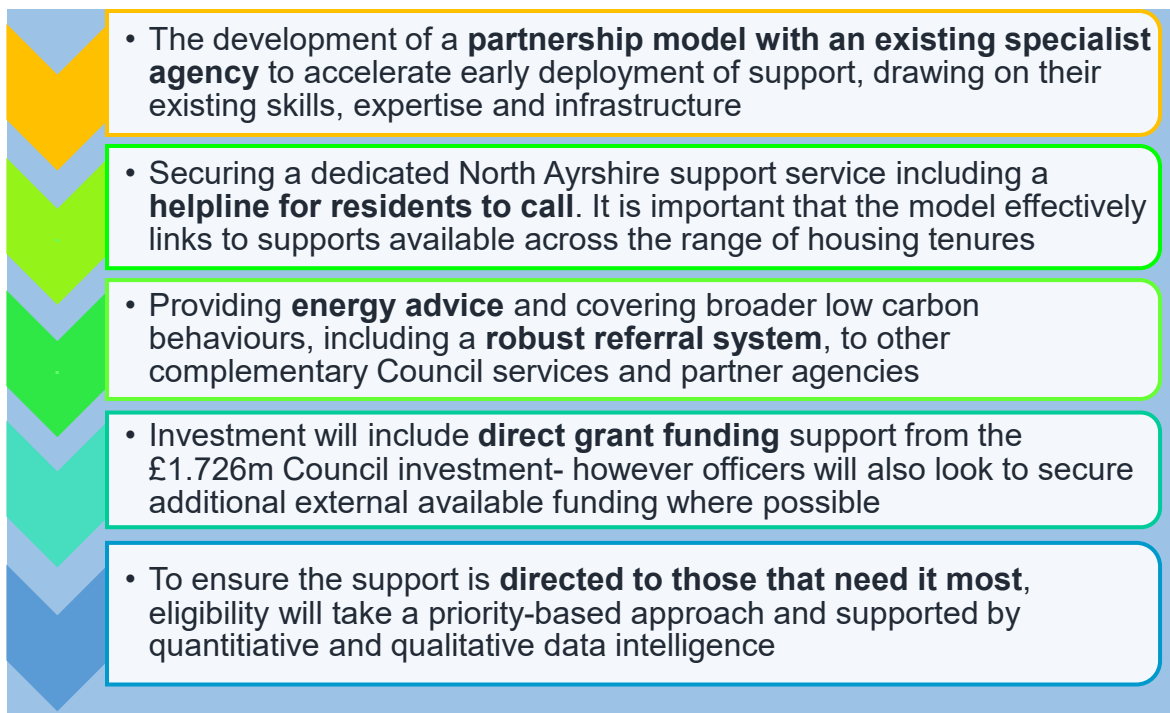
and partner agencies. These will be supported and complemented through a robust referral process.

- 1.5 Delivery of the proposed initiative would be across two phases, with phase one focusing on energy efficiency and low carbon behaviour advice and phase two being the implementation of physical energy efficiency measures, with a proposed launch date of Autumn 2022.

2. Background

- 2.1 The Office of Gas and Electric Markets (OFGEM) established an energy price cap for default tariffs in January 2019 to prevent overcharging by energy suppliers. However, record price increases in global gas over the last six months (with wholesale prices quadrupling in the last year) led to OFGEM raising the energy price cap by over 50% on 1 April 2022. Those on default tariffs paying by direct debit have already seen an increase of £693 from £1,277 to £1,971 per year.
- 2.2 The definition of fuel poverty in Scotland is where a household spends more than 10% of its income on fuel costs and when the remaining household income is insufficient to maintain an adequate standard of living. Fuel poverty can be caused by one or more of the following factors: poor energy efficiency, low income, and/or cost of energy. The recent inflationary increases in energy, food and transport costs will increase the prevalence of fuel poverty across North Ayrshire.
- 2.3 In order to respond to the unfolding cost of living crisis, as part of the Council's budget setting for 2022/23, the allocation of £1.726m was agreed to deliver an energy-based community support model. Since budget setting, the development of an appropriate model offer has progressed, with a view to early implementation to provide maximum benefit before the next 'heating season' begins in autumn 2022/23.
- 2.4 The key objective is to support residents of North Ayrshire through the cost-of-living crisis by reducing fuel poverty and increasing affordable warmth, whilst reducing carbon emissions and providing local employment opportunities as part of the programme.

The proposed approach can be summarised as follows:



2.5 In order to deliver this model, it is proposed to partner with the Ayrshire based ‘Energy Agency’ to capitalise on the synergies available given their existing skills, expertise, and infrastructure. The Energy Agency is a charitable organisation providing free, impartial and expert advice to households, businesses and communities, covering energy efficiency, renewable energy and sustainable transport. Based in Auchincruive, Ayr, the Energy Agency currently manage the Scottish Government’s Homes Energy Scotland (HES) programme, delivering energy efficiency advice to residents throughout Ayrshire and Dumfries & Galloway.

2.6 The Energy Agency are willing to enter into a partnership with North Ayrshire Council to support residents through the cost of living crisis, which will be governed by a Minute of Agreement between the parties. The programme would be delivered across two phases as set out below.

Phase 1- Energy Advice

2.7 Energy advice is a proven tool in helping households reduce their energy consumption fuel bills and carbon emissions and improve affordable warmth. Robust referral mechanisms are already established through the Local Energy Advice Forum (LEAF), to provide a holistic approach to every energy based resident inquiry. LEAF aims to provide a co-operative multi agency approach to tackling fuel poverty in North Ayrshire, comprising of a wide range of local and national agencies from the private, public, voluntary, and charitable sectors. The contact number for LEAF is in fact the Energy Agency freephone number 0808 808 2282. It is proposed that this number is used and widely promoted and publicised for residents of all tenures to contact for the Energy Smart proposal. Work will also progress with the Energy Agency to expand their advice offer to include wider low carbon behaviours such as encouraging active travel and measures to minimise food waste.

2.8 As part of development of the proposed model, we have taken cognisance of existing support frameworks available to ensure that there is complementarity. Some examples of established programmes within the Council which would be promoted and supported alongside the energy focused proposed programme of support measures are as follows:

Accessing Our Council: The Council's Transformation team are assessing ways to improve accessing advice services within the Council through the Accessing our Council project. To improve the customer journey for any member of the public contacting the Council, a robust referral mechanism requires to be in place. The customer should only have to call once via the contact centre, and not be asked to call anyone else. The design of the referral mechanism for the Energy Smart initiative will take cognisance of this approach and ensure that any referrals to the existing support networks within the Council (see examples below) would be well managed and the customers' needs will be met.

Better Off: The Council is actively seeking ways to support residents out of fuel poverty by maximising household income. A Public Social Partnership (PSP) has already been created to deliver the Better Off pilot programme in the 3 Towns (Ardrossan, Saltcoats and Stevenston) and Arran. A PSP is a voluntary partnership involving one or more organisations from the public and third sectors, and potentially from the private sector. It is designed to involve the third sector earlier and more deeply in the design and commissioning of public services. The Better Off PSP pilot, which operates until March 2023, provides financial advice to residents in the area and is delivered by the following partners:

- **Community Housing Advocacy Project (CHAP)** – a charitable organisation offering financial advice
- **Citrus Energy** – a social enterprise offering energy efficiency advice and advocacy services, such as fuel switching (once the market allows for this again in the future) and debt management
- **Money Matters** – a North Ayrshire Council service offering money and debt advice

Fuel Poverty Housing Support Workers: A further example is the work undertaken by Housing Services' Homeless & Community Safety team. Four new posts have been created to specifically address income maximisation and reduce fuel poverty for Council tenants. Fuel Poverty Housing Support Workers identify and support tenants to un-cap meters (looking to clear the debt for tenants to start afresh), maximise income and find sustainable ways to pay their energy bills. In addition, a further two officers are dedicated to maximising benefit uptake by residents in sheltered housing accommodation. The aim to make homes easier to heat and includes Winter Warm initiatives and interventions.

2.9 The Energy Agency freephone number is available for immediate use to offer energy efficiency advice and support. A robust referral mechanism which complements other supports available has also been developed.

2.10 A short-term working group for the Energy Smart project has been established with key stakeholders including representatives from Welfare Reform, Customer Services, Money Matters and other key players. This will ensure we offer

maximum access to all available support and solidify robust referral pathways for customers. It will also address the interface between working with Citrus Energy for energy efficiency advice in the 3 Towns area and Arran (until at least March 2023), and the Energy Agency delivering a wider programme of advice and interventions across North Ayrshire.

- 2.11 It is understood that some households may require immediate assistance with the rising cost of energy. A separate Cabinet report regarding the cost of living crisis proposes additional £450,000 funding to help fund a crisis support element to the Energy Smart scheme. The aim would be to offer immediate, impactful support to help clear debt from the energy meter and help to sustain payments. This would only be the first step in the support processes for those households that require it, utilising the referral process thereafter, for example to engage with utility companies to remove any pre-payment meter where possible and maximise household income through the referral mechanisms. Households can also be assessed at this stage to understand whether they are eligible for an energy efficiency measure to help provide recurring energy cost savings.
- 2.12 It is planned that the dedicated helpline with referral system would be operational by Autumn 2022, as the Energy Agency currently offer the advice service across Ayrshire and Dumfries and Galloway. Promotion of the 0808 808 2282 number for general energy advice would begin immediately.
- 2.13 A second phase, encompassing installation of energy efficiency measures in eligible properties, would follow shortly thereafter. Further details are set out below.

Phase 2 - Energy Efficiency Measures

- 2.14 The majority of the £1.726m funding will be used for physical energy efficiency measures in domestic properties to provide long-term, recurring energy cost savings to households (see breakdown at paragraph 4.1). A targeted approach will see support to households in need and use a range of data sources to help in the identification of those households. This will include the Scottish Index of Multiple Deprivation (SIMD) and Home Analytics data but also qualitative data to ensure that the full spectrum of eligible households is captured for support.
- 2.15 The delivery of these measures requires careful consideration to ensure a high standard of delivery and best value for residents, whilst minimising the risks to the Council. The specific energy efficiency measures to consider would include the following:



2.16 A whole system approach to installing measures through contracting with local businesses, referrals, fuel switching and follow up visits. External funding opportunities such as the fourth iteration of the Energy Company Obligation (ECO 4), which targets funding towards low income and vulnerable fuel poor households will also continue to be investigated.

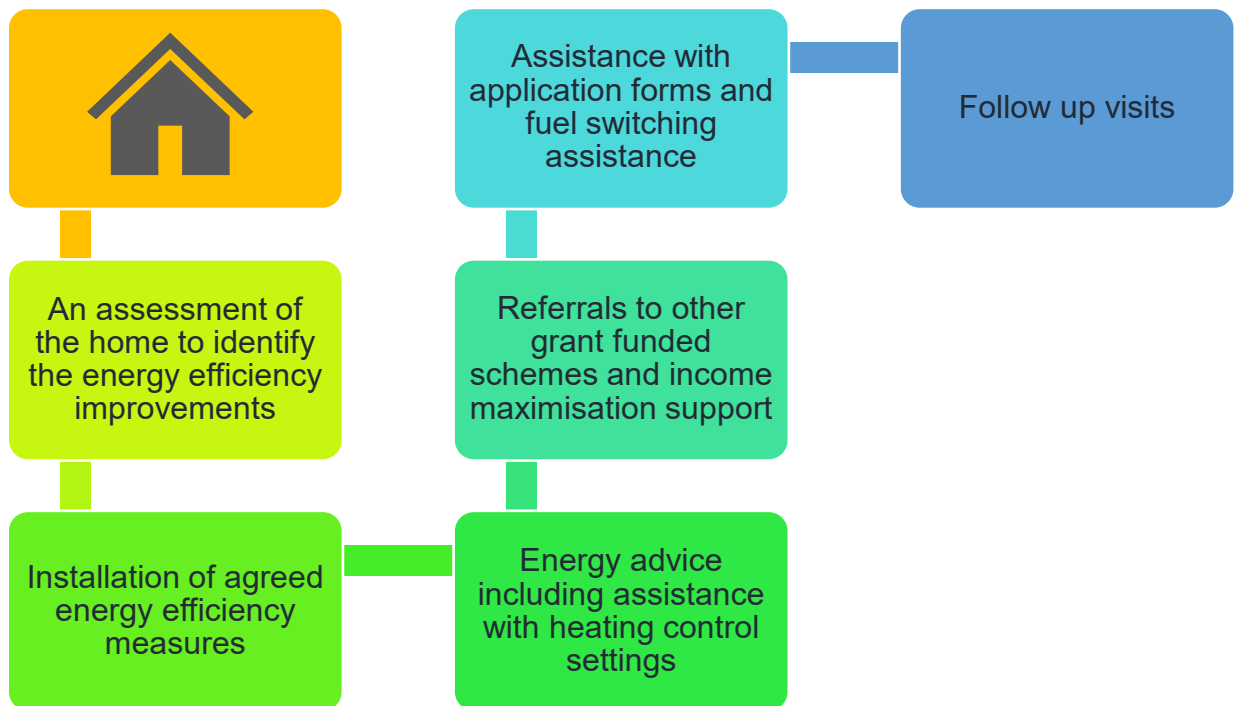
2.17 It is however not proposed that external wall insulation be included in the measures as the Energy Efficient Scotland: Area Based Scheme (EES: ABS) programme is available to support this measure. This programme also includes access to solar PV panels.

Administration of the Initiative

2.18 Alongside their provision of energy advice, the Energy Agency have experience of delivering energy efficiency improvements in Dumfries & Galloway including through use of local providers. The proposed partnership with Energy Agency therefore not only aligns with the Council's aims to deliver tailored advice and energy efficiency measures quickly, but also supports our Community Wealth Building ambition for engaging with local businesses and keeping expenditure within the authority area.

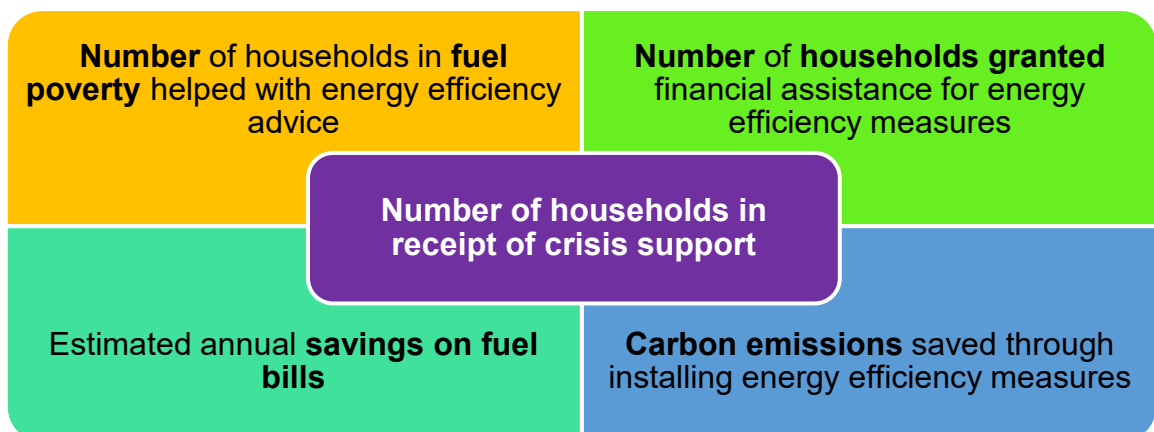
2.19 The Council and the Energy Agency would enter into a formal Minute of Agreement to co-design a service, run a pilot then eventually issue a tender for the continuation of the service subject to feedback and funding availability.

2.20 An outline of the service offered to a resident is as follows:



2.21 It will be necessary to create a dedicated resource to manage this programme internally. A fixed term programme administrator post would not only actively identify residents in need through data analysis (using internal asset registers, the Scottish Index of Multiple Deprivation (SIMD) and the Energy Savings Trust’s Home Analytics datasets) but would also administer the referral process internally as well as providing general supervision of the project with reference to the objectives and performance indicators below.

2.22 In terms of monitoring the success of the programme, the following KPIs are proposed:



3. Proposals

- 3.1 It is proposed that Cabinet approves the implementation of the proposed £1.726m 'Energy Smart: Energy Based Community Support Model funding towards low income and vulnerable fuel poor households.

4. Implications/Socio-economic Duty

Financial

- 4.1 As part of the Council's budget meeting on 2 March 2022, an allocation of £1.726m to deliver an energy-based community support model, to support North Ayrshire residents during the cost-of-living crisis, was approved.

The table below provides an approximate breakdown of anticipated expenditure:

Area of expenditure	Value
Contribution to the Energy Agency for dedicated North Ayrshire energy efficiency support officer	£0.050m
Energy efficiency measures	£1.581m
Project Management	£0.075m
Project administration (to support increased uptake to internal programmes)	£0.010m
Promotion e.g., mail drops, newspaper ads, engagement sessions, design work, social media etc	£0.010m
TOTAL	£1.726m

Human Resources

- 4.2 The proposals include provision for a project co-ordinator on an 18-month fixed term basis which will be funded from the budget allocation.

Legal

- 4.3 A draft Minute of Agreement between North Ayrshire Council and The Energy Agency has been prepared by Legal Services. Following Cabinet approval this draft agreement will be shared between parties to agree terms.

Equality/Socio-economic

- 4.4 The proposal will help to reduce socio-economic disadvantage in North Ayrshire. Energy advice and energy efficiency improvements will help to reduce energy consumption, fuel poverty and the emission of greenhouse gases in North Ayrshire.

Climate Change and Carbon

- 4.5 The proposal aims to:

- make a positive contribution to national carbon reduction targets
- contribute to the North Ayrshire Council Climate Emergency declaration commitment to be carbon neutral by 2030

The proposals would also contribute to the delivery of the North Ayrshire Environmental Sustainability & Climate Change Strategy (ESCCS) Affordable Warmth workstream.

Key Priorities

4.6 The proposals contained within the report support the North Ayrshire Council Plan priorities:

- Active and strong communities
- Inclusive, growing and enterprising local economy
- A sustainable environment; and
- People enjoy good life-long health and wellbeing.

Community Wealth Building

4.7 The proposal supports Community Wealth Building aim of creating a fairer local economy central to our aims of tackling poverty and inequality.

5. Consultation

5.1 Discussions have taken place between a variety of Council services in the preparation of this report, reflecting its cross-cutting nature.

RUSSELL McCutcheon
Executive Director (Place)

For further information please contact **David Hammond, Head of Sustainability, Corporate Property & Transport**, on **01294 324514**.

NORTH AYRSHIRE COUNCIL
23 August 2022
Cabinet

Title:	UK Shared Prosperity Fund
Purpose:	To provide an update on the Council's application to the UK Shared Prosperity Fund (SPF) and to seek approval of the proposed Investment Plan for submission to UK Government.
Recommendation:	That Cabinet: <ul style="list-style-type: none"> a) Notes the approach taken to develop the North Ayrshire SPF Investment Plan; b) Approves the content of the North Ayrshire SPF Business Plan (Appendix 1) c) Agrees that the endorsement of the North Ayrshire SPF Business Plan be sought from the Ayrshire Economic Joint Committee and thereafter; d) Approves the submission of the North Ayrshire Investment Plan to UK Government by 1st September 2022.

1. Executive Summary

- 1.1 North Ayrshire Council is recognised as a sector leader in Scotland and the UK in defining and implementing an inclusive economy – one that creates wealth, fair work and maximises the potential of all our places to deliver economic, social and environmental benefits. Critical to that success has been the availability of European Union (EU) funding to support the delivery of those services over an extensive period of time. EU funding ends in December 2022 and is being replaced by UK Shared Prosperity Fund (SPF).
- 1.2 Plans for SPF were announced in April 2022 by UK Government. EU funding has previously been managed by Scottish Government; however, SPF will be managed by the Department of Levelling Up, Housing and Communities (DLUHC) UK Government and awards will go directly to local authorities. North Ayrshire Council has been awarded an allocation of £6,200,649 for the period 2022-2025. In order to access this funding, an Investment Plan must be developed and submitted by authorities which demonstrates how the funding will be used to meet local needs and demands and respond to challenges and opportunities. The Investment Plan will form a contract with UK Government and will allow for SPF to be drawn down. This report provides a summary of the approach taken to develop the Investment Plan proposals, presents

an overview of how the funding will be invested locally, and sets out the intended governance and delivery models to be adopted following approval by UK Government.

- 1.3 The Investment Plan submission is completed through an online portal. The offline word version does not offer sufficient scope to accurately record the development process or delivery proposals in an easily accessible format. A Business Plan has therefore been compiled which includes all mandatory information required by the Investment Plan in addition to a significant level of supporting evidence. It has been agreed that the Business Plan will be submitted to UK Government in addition to the online Investment Plan. The Business Plan has been appended to this Cabinet report for information and approval (Appendix 1). Subject to approval, the Business Plan content will be uploaded to complete the Investment Plan template.

2. Background

2.1 The UK Shared Prosperity Fund (SPF) is part of the UK Government’s Levelling Up agenda. From April 2022 to March 2025, SPF will provide £2.6bn of funding across the UK. The UK Government has a commitment to ‘level up’ all parts of the UK, reducing regional disparities, spreading opportunities and ultimately restoring a sense of community, local pride and belonging.

2.2 The overarching objective of SPF is to build pride in place and increase life chances. There are four levelling up objectives underpinning this:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging;
- Spread the opportunities and improve public services, especially in those places where they are weakest;
- Restore a sense of community, pride and belonging, especially in those places where they have been lost; and
- Empower local leaders and communities, especially in those places lacking local agency.

2.3 There are three investment priorities for SPF:

- Community & Place;
- Supporting Local Business;
- People & Skills.

2.4 SPF is split into two allocations for each area, a core SPF amount and a further allocation targeted at adult numeracy known as the Multiply Fund. The allocation for North Ayrshire over the three-year programme is £6,200,649 which comprises £5,129,854 core SPF and £1,070,795 Multiply Fund. The annual allocations are pre-determined and must be spent within year. This is presented in the table below.

	2022/23 (£)	2023/24 (£)	2024/25 (£)	Total (£)
Core SPF	622,555	1,245,110	3,262,189	5,129,854
Multiply	323,729	373,533	373,533	1,070,795
Total Allocation	946,284	1,618,643	3,635,722	6,200,649

2.5 In addition to annual totals, a minimum amount must be allocated to capital expenditure (approximately 15% of the total allocation across the three-year

programme) and a total of 4% is available towards the administrative costs of running the programme. The funding is paid annually in advance with a review of actual against predicted expenditure at year end with no opportunity for carry forward currently available. The Year 1 allocation will be paid on approval of the Investment Plan.

- 2.6 The SPF Prospectus encourages local authorities to adopt a regional approach to their Investment Plans, focusing on the existing regional partnerships that operate under City and Growth Deals. A new regional economic strategy is being developed for Ayrshire that will inform and guide future regional working. An agreement has been reached with UK Government that each Ayrshire authority will submit an individual Investment Plan that reflects a regional consistency in approach.
- 2.7 The UK Government announced that SPF would act as a replacement for existing EU Structural and Investment Funds (ESIF). The funds being replaced are ESF (European Social Fund) and ERDF (European Regional Development Fund). These funds have provided support to economic development and social inclusion programmes in Scotland for an extensive period. The Council has been a major recipient of ESF and ERDF, supporting staff posts, Council services and contracts including those with third sector organisations. North Ayrshire Council's approach in developing the SPF Investment Plan is to sustain these services linked to outcomes, to secure a smooth transition for beneficiaries from EU funds to SPF. This will be complemented by an ongoing review of service outcomes being achieved to ensure maximum benefit from investment.
- 2.8 SPF funding can be allocated in a number of ways by North Ayrshire Council as follows:
- Grant award to public or private organisations;
 - Commissioning third party organisations;
 - Procurement of service provision;
 - In-house provision.
- 2.9 This flexible approach enables continuity of services through a transition from EU Funds to SPF and supports the continued commitment to deliver on agreed plans and priorities. This is particularly important given other economic and social factors as a result of disruptions in the global and local economy. Sustaining and maintaining support mechanisms within Council services is particularly critical at this time. Therefore, the approach taken within the Investment Plan has been to focus on continuity of support to employability and business support services by aligning funds under the Supporting Local Business and People & Skills investment priorities towards existing local ESIF workstreams of activity, complemented by an ongoing review of outcomes and their impact.
- 2.10 A separate Multiply programme has been developed with ringfenced amounts of funding as per the UK Government allocation. This new provision, focusing on adult numeracy, has been developed as part of a regional conversation, and will be delivered by the Council's Community Learning and Development service in partnership with third sector providers and Ayrshire College.
- 2.11 The remaining funding has been allocated to the Community & Place priority. Extensive engagement and consultation carried out across the Council, with stakeholders and with communities, has informed the approach detailed below to this

investment priority. It should be noted that officers will continue to add detail to these plans over the coming months in advance of approval of the Investment Plan, to allow for delivery to commence immediately following approval:

- Participatory budgeting: following the Council's commitment to participatory budgeting, the programme will allocate 1% of the total SPF award, amounting to £62,006 to this delivery method. This will be delivered by Connected Communities over years 2 and 3 of the programme in localities across North Ayrshire and is considered to be an innovative and welcome method of allocating the Fund by UK Government;
- Council-led projects: a proportion of capital and revenue funding will be made available to support smaller scale projects that deliver community development priorities in line with existing strategies, including the Community Wealth Building Strategy, Regeneration Delivery Plan and Island Plans. In addition, funding will be considered for future phases of projects currently funded by the Community Renewal Fund (CRF), the Green Islands Programme and Place Framework Pilot programme;
- Competitive grant scheme for communities: a significant proportion of this investment priority will be allocated to a competitive grant scheme, offering capital and revenue funding to community organisations in response to demand evidenced through community consultation during development of the Investment Plan.

2.12 The SPF Prospectus states that the Investment Plan should be produced in partnership with other local and regional stakeholders and should be endorsed by local MPs and MSPs. To maximise the opportunities to engage and secure support for proposals, officers attended the following meetings to present on proposals and invite feedback:

- Local Employability Partnership
- Regional Skills Group
- Ayrshire Regional Economic Joint Committee
- Regional Economic Strategy Steering Group

2.13 In addition, officers engaged directly with TACT, the Third Sector Interface for North Ayrshire, in order to raise awareness of the fund amongst third sector organisations. Furthermore, to ensure a Community Wealth Building approach was taken to the Investment Plan, proposals were presented to the CWB Expert Panel and feedback was provided which helped to guide development of the approach. Engagement with MPs and MSPs will take place in August 2022, in collaboration with East and South Ayrshire Councils.

2.14 A local partnership group is required to endorse the Investment Plan and to meet throughout the duration of the programme. It was agreed at the 22nd June Cabinet meeting that the Ayrshire Economic Joint Committee (AEJC) would service this purpose for the three Ayrshire local authorities. The AEJC has considered and endorsed the respective approaches to the development of the individual Investment Plans and will consider the three Plans in early September following each Council's Cabinet meeting. Whilst the AEJC's endorsement is sought for the Investment Plans, final approval remains with each Council.

- 2.15 The deadline for submission of SPF Investment Plan is 1st September 2022, North Ayrshire Council having been granted an extension to the original deadline as approved by Cabinet at the 22nd June meeting. UK Government officials have advised that approval should be expected in October 2022 with funding paid thereafter.
- 2.16 A delivery and governance model has been established, as set out in Section 5.0 to the accompanying Business Plan. Three staff posts will be created to deliver the programme, a Programme Manager to sit in the Regeneration Team, a Compliance Officer to sit in the Employability Team and a Multiply Officer to sit within Community Learning and Development. Programme management, compliance and delivery requirements will continue to be assessed to ensure that the conditions of the grant offer are fully met.
- 2.17 Four thematic groups will be created to cover the three investment priorities plus Multiply, led by senior officers and these will feed into a cross-Council SPF Governance Group that will meet monthly. Delivery of the Supporting Local Business and People & Skills priorities will be the responsibility of the Senior Manager for Business Support and Employability respectively. Multiply will be delivered by the dedicated officer within Community Learning and Development. The Community & Place priority will be the responsibility of the SPF Programme Manager, with supervision by the Senior Manager for Regeneration.
- 2.18 There will be a significant level of corporate support to the programme through Corporate Finance, Procurement, Legal Services and HR.

3. Proposals

3.1 That Cabinet:

- a) Notes the approach taken to develop the North Ayrshire SPF Investment Plan;
- b) Approves the content of the North Ayrshire SPF Business Plan (Appendix 1);
- c) Agrees that endorsement of the North Ayrshire SPF Business Plan be sought from the Ayrshire Economic Joint Committee, and thereafter;
- d) Approves the submission of the North Ayrshire Investment Plan to UK Government by 1st September 2022.

4. Implications/Socio-economic Duty

Financial

- 4.1 SPF will provide up to £6.2m of funds directly to the council over 3 years to replace ERDF and ESF funds and to further deliver a new Multiply Fund (Adult Numeracy Fund). These allocations are annualised and not equally profiled, which may have implications for continuity of services on a like for like basis, particularly in year 2. UKG state that SPF is value matching EU funds like for like and that as EU funds reduce over the next few years, allocations to SPF will increase. It remains unclear at this stage if that will be confirmed at a local level.

Human Resources

4.2 There are approximately 30 plus council staff employed that are currently funded as part of existing ERDF and ESF programmes. Advice and support has been sought from HR as part of the planning process, and HR have been represented on the short life steering group. It is intended to maintain the existing staffing levels/posts to ensure a smooth transition to the new funding. However, the service are also committed to ongoing review of the structures in place to ensure best fit with the aims of the investment plan. Engagement with Human Resource will continue to support the transition.

Compliance and Programme Management resource requirements will be finalised as further guidance on SPF fund management, grant conditions and compliance are provided and assessed. It is proposed that 2 dedicated posts will be required to fulfil a Programme Manager and Compliance Officer function and this would be funded by the administrative fee. A Multiply Officer post within Community Learning and Development will be funded directly through the Multiply Fund.

Legal

4.3 Advice has been sought from Legal Services as the plans have developed. Legal Services have been represented on the short life steering group.

Equality/Socio-economic

4.4 Demonstrating that the Investment Plan delivers on social and economic outcomes is fundamental to the overall aims of SPF. The Investment Plan will be subject to the following impact assessments:

- Equality and Children's Rights Impact Assessment;
- Islands Impact Assessment;
- Fairer Scotland Duty assessment

Climate Change and Carbon

4.5 Improving the North Ayrshire and Ayrshire economies in accordance with net zero ambitions will be a focus within all plans which will link into the ambitions of the Environmental Sustainability and Climate Change Strategy (ESCCS) and reflect our own ambitions for a fairer, greener and more inclusive economy as set out in the Council's Economic Recovery and Renewal Approach. Potential activity seeking funding from SPF will be assessed against its contribution to the ESCCS as part of the appraisal of projects.

Key Priorities

4.6 The report covers information relevant to the following Council Plan priorities:

- North Ayrshire has an inclusive, growing and enterprising economy
- North Ayrshire's residents and communities enjoy good life-long health and well-being
- North Ayrshire's children and young people experience the best start in life
- North Ayrshire is well-connected with effective infrastructure
- North Ayrshire is a sustainable environment
- North Ayrshire is a vibrant, welcoming and attractive environment

- A powerful and respected voice
- An efficient Council that maximises resources and provides value for money

Community Wealth Building

4.7 The Investment Plan has been informed at a local level by our Community Wealth Building strategy with the SPF themes cross referenced with our five pillars and respective related Regeneration Delivery Plan, our Economic Recovery and Renewal Plan and Island Plans. The Investment Plan approach was considered by the CWB Expert Panel and advice provided on embedding CWB into the proposals. Our new regional economic strategy, whilst at an early stage in its development has a strategic focus on developing an inclusive wellbeing economy and this will inform and feed future regional approaches to SPF.

5. Consultation

5.1 In terms of internal consultation, the proposals and approach have been the subject of a report to the Executive Leadership Team. The Investment Plan was developed by a cross-departmental team of officers through the creation of a short life steering group with representation from Economic Policy, Business Support, Employability, Regeneration, Connected Communities, Health & Social Care Partnership, Procurement, Finance, Legal Services and HR.

5.2 In terms of external consultation, the UK Government continues to consult with local authorities on the existing and emerging guidance for SPF. NAC are part of these conversations. An individual meeting has been held with Lauren Bruce (Deputy Director for Scotland, DHLUC) and officers have been represented on the Highlands & Islands Regional Economic Partnership Senior Officers Group, have met with Glasgow City Region and with other colleagues through SLAED. Communication has also been ongoing with colleagues in East and South Ayrshire Councils.

5.3 Officers have engaged widely with other stakeholders through the Local Employability Partnership, Regional Skills Group, Ayrshire Regional Economic Joint Committee and Regional Strategy Steering Group, in addition to engaging with TACT. A consultation process has taken place with third sector organisations and community organisations were invited to express an interest in the Fund through an online submission.

RUSSELL McCUTCHEON
Executive Director (Place)

For further information please contact **Caitriona McAuley, Head of Economic Development and Regeneration**, on **07720237111**.

Background Papers

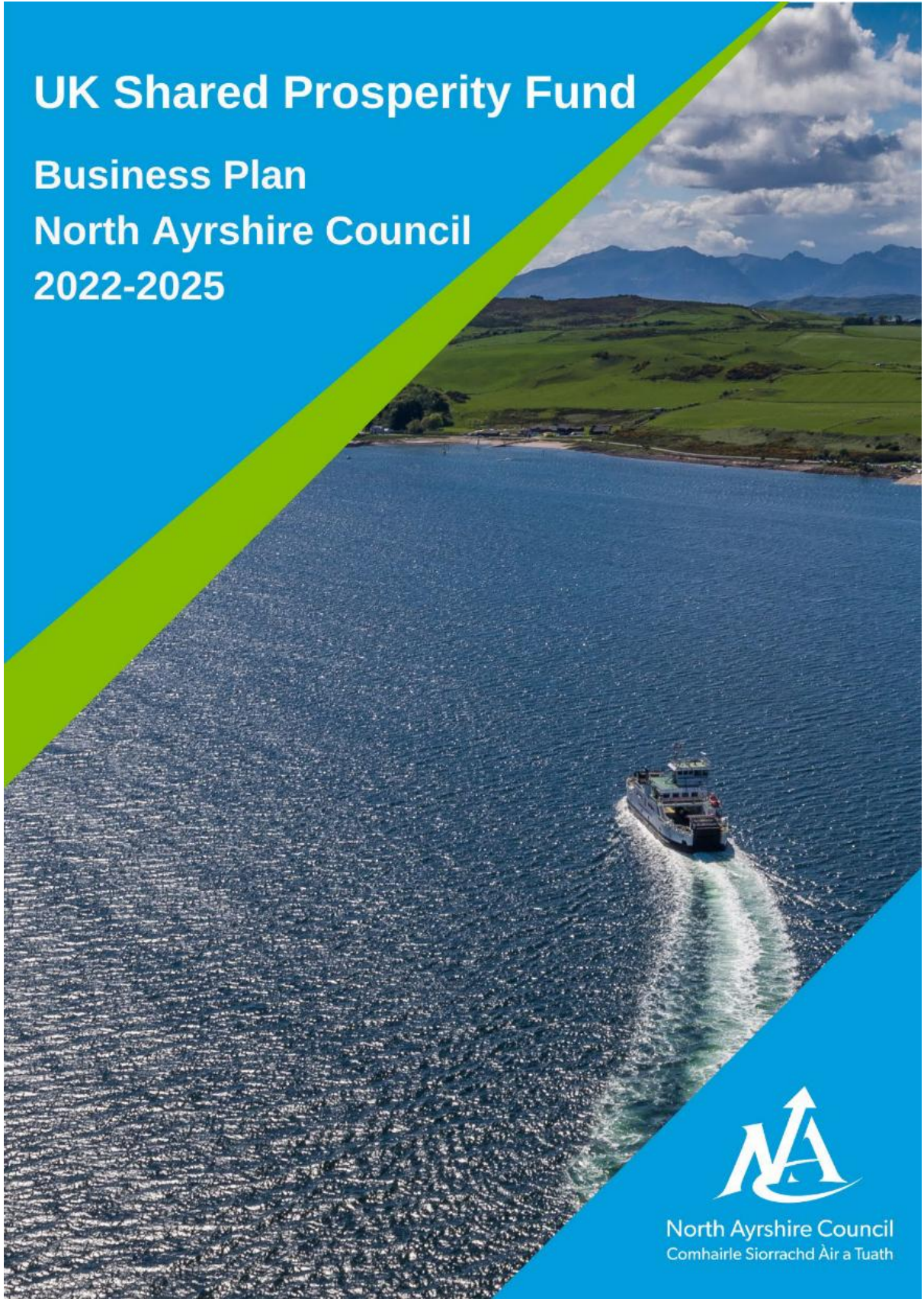
22nd June 2022 Cabinet paper

UK Shared Prosperity Fund

Business Plan

North Ayrshire Council

2022-2025



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath



Version	6.0 draft
Author	Emma McMullen
Date	16/08/2022

Executive Summary

The UK Shared Prosperity Fund (SPF) is part of the UK Government's Levelling Up agenda. £2.6bn funding is available across the UK between April 2022 and March 2025, with the commitment to 'level up' all parts of the UK, reducing regional disparities. The Fund is delivered centrally by the Department of Levelling Up, Housing and Communities (DLUCH) with awards made directly to local authorities.

The overarching objective of SPF is to build pride in place and increase life chances. The fund has three investment priorities in addition to an earmarked amount set aside to deliver adult numeracy activities entitled Multiply:

- Community & Place
- Supporting Local Business
- People & Skills

SPF replaces ESF and ERDF funding and in North Ayrshire this has funded employability and business support services. The SPF allocation for North Ayrshire over the three-year programme is £6,200,649 which comprises £5,129,864 core SPF and £1,070,795 Multiply Fund. In order to access this funding, a detailed investment plan is required for submission to UK Government by 1st September 2022 with delivery of activity commencing following approval.

The process to develop the funding bid for submission to UK Government has included research and consultation stages. A review of national, regional and local literature highlights a number of challenges and opportunities facing North Ayrshire towards which SPF funds could be aligned. These include low levels of skills attainment, low productivity/GVA, higher levels of poor physical and mental health and higher economic inactivity, levels of unemployment and deprivation. There is a commitment to shape the economy in North Ayrshire around wellbeing and inclusion, using Community Wealth Building as a means to deliver a just transition, through the North Ayrshire Community Wealth Building Strategy.

The stretches of coastline and two islands present opportunities for various facets of the blue economy and tourism and the proximity to the Glasgow City Region presents a particular opportunity for the visitor economy. The islands face particular challenges around infrastructure, rurality and housing availability.

There are significant pockets of derelict land with many as a result of deindustrialisation. The Council's Vacant and Derelict Land Strategy aims to bring these pockets of land back into productive use including for housing and commercial development but also for food growing and community use. This fits well with the Council's CWB ambitions.

There is the opportunity to add value to the SPF investment by linking into other investment programmes underway at a local and regional level. These include the £251.5m Ayrshire Growth Deal, the new regional Community Led Local Development programme and a number of local authority led grant schemes. A new Regional Economic Strategy is being developed by consultants CLES, for publication later in 2023. It is intended to use the strategy to guide future investment in the region including SPF investment..

In terms of consultation, key stakeholders were involved in the development of the SPF bid. In May 2022, the Council established a short life steering group, with a dual purpose of guiding the development of the proposed delivery method in addition to identifying current internal strategic projects that represent a good fit with the Fund's objectives. The steering group developed an overall approach to delivery of the Fund which will sustain existing levels of support and outcomes for

employability and business support services, with parity between SPF and EU fund levels. Following deductions of 4% to cover the costs of administering the Fund, the balance of core SPF funding will be allocated under the Community & Place priority.

The SPF prospectus states that the investment plan should be produced in partnership with other local and regional stakeholders. To maximise the opportunities to engage and secure support for proposals, officers attended the following meetings to present on SPF proposals and invite feedback:

- Local Employability Partnership;
- Regional Skills Group;
- Ayrshire Regional Economic Partnership Board;
- Regional Strategy Steering Group;

In addition, officers engaged directly with the Third Sector Interface for North Ayrshire, The Ayrshire Community Trust (TACT) in order to raise awareness of the fund amongst third sector organisations in North Ayrshire. This was followed by an awareness raising drop-in session held in Irvine for third sector organisations currently delivering employability services on behalf of the Council or looking to be considered for service delivery in future.

In order to determine demand for a competitive grant scheme option to deliver the Community and Place priority, an expression of interest form was developed for community organisations. The results highlight a clear demand for an element of SPF to be delivered on a competitive grant basis and this is reflected in the approach taken. Approximately 21% of the overall funding allocation has been allocated to the Community & Place priority and related outcomes. Proposals will aim to meet demand coming from community organisations across North Ayrshire along with allowing a number of smaller scale strategic Council-led projects to proceed. The approach will be as follows:

- 1% of the total fund will be allocated to participatory budgeting, following the Council's commitment towards this;
- A proportion of capital and revenue funding will be ringfenced to support smaller scale internal projects that meet the aims and objectives of SPF and allow the Council to meet strategic goals;
- A significant proportion of the Community & Place budget will be allocated to a competitive grant scheme. This will offer capital and revenue grants to local community organisations and it is intended that grants of between £10,000 and £100,000 will be made available.

In terms of operation and governance, the Fund will be staffed by two dedicated posts funded directly through the 4% administration allowance. These will be a Programme Manager and Compliance Officer. Thematic groups will be set up to manage each funding priority and the short life steering group will be repurposed as an SPF Governance Group which will meet on a monthly basis. There will also be a significant level of corporate support to the programme through Corporate Finance, Procurement, Legal Services and HR.

Funding is allocated on an annual basis, paid up front to the Council, with in-year spend required. Current guidance advises that there will be no opportunity to carry forward funds between years. Funding ramps up from an initial allocation of £946,284 in Year 1 rising to £3,635,722 in Year 3. An expenditure profile has been prepared in conjunction with Corporate Finance that meets the requirements of the Fund.

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1.0 Introduction

1.1 UK Shared Prosperity Fund

The UK Shared Prosperity Fund (SPF) is part of the UK Government's Levelling Up agenda. £2.6bn funding is available across the UK between April 2022 and March 2025, with the commitment to 'level up' all parts of the UK, reducing regional disparities. The Fund is delivered centrally by the Department of Levelling Up, Housing and Communities (DLUCH) with awards made directly to local authorities.

The overarching objective of SPF is to build pride in place and increase life chances. There are four levelling up objectives underpinning this:

- Boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging;
- Spread the opportunities and improve public services, especially in those places where they are weakest;
- Restore a sense of community, pride and belonging, especially in those places where they have been lost; and
- Empower local leaders and communities, especially in those places lacking local agency.

The fund has three investment priorities:

- Community & Place
- Supporting Local Business
- People & Skills

In addition, there is an earmarked amount set aside to deliver the Multiply programme, an adult numeracy strand of SPF.

SPF replaces ESF and ERDF funding and in North Ayrshire this has funded employability and business support services. The SPF allocation for North Ayrshire over the three-year programme is £6,200,649 which comprises £5,129,864 core SPF and £1,070,795 Multiply Fund. In order to access this funding, a detailed investment plan is required for submission to UK Government by 1st September 2022 with delivery of activity commencing following approval.

1.2 Structure of Business Plan

This Business Plan has been compiled by North Ayrshire Council to support the Investment Plan and to guide the delivery process of SPF. The document is structured as follows:

- Section 2 provides a national, regional and local policy context and draws conclusions on the need for SPF investment and emerging opportunities;
- Section 3 focuses on need and demand, providing statistical evidence, historical evidence from the Council's ERDF and ESF funded activity and the results of stakeholder and community engagement that have highlighted demand for SPF and shaped the delivery approach;
- Section 4 highlights the investment proposals and sets out how North Ayrshire Council intends to deliver SPF from 2022-2025, in direct response to the evidenced need and demand;
- Section 5 sets out the project management process, including the process involved in the development of the investment plan and the proposed governance arrangements for delivery of the Fund;
- Section 6 presents a risk assessment;
- Section 7 details the financial proposals for the SPF programme and this is supported by a full financial breakdown shown in Appendix E;

- Section 8 lists the proposed interventions, outputs and outcomes from the SPF prospectus to be delivered by the SPF programme;
- Finally, Section 9 to the Business Plan considers the approach to be taken in potential future rounds of SPF, considering the emerging regional approach to economic development with East and South Ayrshire.

2.0 Policy Context

2.1 Literature Review Highlights

The Centre for Local Economic Strategies (CLES) has been engaged by the three Ayrshire local authorities to assist in the production of a new Regional Economic Strategy for Ayrshire (see Section 2.2.4 for more information). The Regional Economic Strategy will facilitate the deployment of investment through the Ayrshire Growth Deal and Shared Prosperity Fund to where it can have the most impact using Community Wealth Building principles. As part of the development of the strategy, CLES has reviewed a number of documents which cover North Ayrshire from a national, regional and local perspective. These are listed in Appendix A to this Business Plan and include the National Strategy for Economic Transformation at a national level, various regional strategies around the Growth Deal, food and drink, tourism, Community Wealth Building and skills, and a number of local Council strategic plans.

A review of the key themes emerging from this literature review is presented in the following sections.

2.2.1 Community Wealth Building

North Ayrshire made a commitment to be Scotland's first community wealth building council in 2019 prior to the Covid-19 Pandemic. This commitment was made in recognition of persistent challenges faced by North Ayrshire around deprivation and a desire to build a more resilient and inclusive local economy. Through that commitment, North Ayrshire pledged to work across all services and with wider local and regional partners to implement community wealth building. Subsequently, a Pan-Ayrshire Community Wealth Building Commission was established in 2020 which included East and South Ayrshire. North Ayrshire Council backed up its commitment to community wealth building by recruiting dedicated staff, creating a £3M project from Ayrshire Growth Deal funding and measuring and publishing annual progress towards key performance indicators.

The literature review shows a commitment to shape the economy in North Ayrshire around wellbeing and inclusion, using community wealth building as a means to deliver a just transition. North Ayrshire is embedding community wealth building in its corporate approach and encouraging anchor institutions to adopt similar approaches. Community wealth building is also stated as a core component of the Ayrshire Growth Deal and will be the central tenet of the Ayrshire Regional Economic Strategy.

North Ayrshire's adoption of community wealth building was closely followed by the Scottish Government which funded five pilots around Scotland in 2020 and 2021¹. On the back of these pilots, the Scottish Government appointed the world's first Minister for Community Wealth and has pledged to present a Community Wealth Building Bill in this parliament. Experts who have been closely involved in the development of community wealth building in North Ayrshire are involved in the drafting and consulting of the Bill. North Ayrshire is widely acknowledged as being at the vanguard of community wealth building in Scotland and regularly shares knowledge and case studies with other areas around the UK.

2.2.2 Geography

North Ayrshire has a mixed geography with towns and smaller settlements sitting to the west of the Glasgow City Region. The literature review has shown that North Ayrshire shares a regional identity with South and East Ayrshire and that the region is committed to making Ayrshire a desirable place

¹ The five pilot areas were Fife, Clackmannanshire, the Western Isles, Glasgow City Region and the South of Scotland.

for people of all ages to live full and thriving lives. There is an intention to support this through the development of brand “Ayrshire” including signature events that will draw visitors from across and beyond the region.

North Ayrshire has stretches of coastline, including the islands of Arran and Cumbrae, that present opportunities for various facets of the blue economy such as fishing, offshore wind and tourism. The proximity of North Ayrshire to the significant population in the Glasgow City Region presents a particular opportunity in the visitor economy with the coast, islands and marine environment serving as a unique selling point. There is a commitment to invest in marine and coast infrastructure around the Clyde coast.

2.2.3 Islands

North Ayrshire encompasses the islands of Arran and Cumbrae which have unique challenges and opportunities. Like most island economies, their infrastructure and rurality can be a limitation and are highly dependent on their often-unreliable ferry service. Other key challenges (which the pandemic has tested the limits of) include the availability of affordable housing, a reliance on and the impact of tourism, labour shortages and demographic changes. Both islands have their own Local Island Plan, and there is a new officer post to test new ways of working across stakeholders whilst delivering objectives of the National Islands Plan and principles of community wealth building.

2.2.4 Regional Working

It is evident from the literature review and also the Regional Economic Strategy stakeholder consultation that there is a commitment to regional working where appropriate. This includes working with South and East Ayrshire in a one Ayrshire approach but also with Dumfries and Galloway as part of a South West Scotland cluster. Furthermore, Arran and Cumbrae are included in the Highlands and Islands grouping and benefit from consideration paid to their particular features.

The willingness of North Ayrshire Council to work with partners beyond their administrative local authority boundaries is important not only for public sector partners but also helps to take account of the perspectives of businesses, communities and residents who do not necessarily relate to or operate within such boundaries.

The literature review supported by the stakeholder engagement shows an intention to ensure that all residents, particularly those from more deprived areas and challenging circumstances, can benefit from the investment opportunities created by Ayrshire Growth Deal investment and future funding such as the Shared Prosperity Fund. Community wealth building is seen as a vital tool in ensuring that investment into the region sticks in place and creates fairer and more inclusive outcomes.

North Ayrshire Council has been working with its colleagues in South and East Ayrshire to identify where regional working could deliver broader benefits including knowledge sharing, avoiding duplication and developing a consistent approach for anchor organisations that are already operating across administrative boundaries such as the NHS, the Police, Fire and Rescue. Certain pan-Ayrshire strategies already exist, of which some have strong thematic overlap with the six Regional Economic Strategy workstreams of Aerospace, Clean Growth, Food & Drink, Visitor Economy, Digital and Skills. These include the Ayrshire and Arran Tourism Strategy and the recently adopted Ayrshire Regional Skills Investment Plan.

Funding streams such as the Ayrshire Growth Deal and the Shared Prosperity Fund will be critical for ensuring that the ambitions set out in the workstreams and accompanying strategies translate into positive outcomes for households, communities and businesses across the region.

2.2.5 Challenges and Opportunities

The literature review shows that the Council and other anchors in North Ayrshire are under no illusion when it comes to the scale of socio-economic challenges. The following challenges are particularly persistent when compared to regional and national statistics and are likely to have worsened during the Covid-19 pandemic:

- Low levels of skills attainment;
- Low productivity/GVA;
- Higher levels of poor physical and mental health;
- Higher economic inactivity, levels of unemployment and deprivation.

Despite these challenges, the region has distinctive strengths that it could build on and opportunities it could exploit to improve performance and realise its full potential. The visitor economy, the blue economy, construction, manufacturing, food and drink sectors and health and social care are particularly important sectors to North Ayrshire's current and future economic potential. The literature review shows a desire to weave innovation including digital connectivity and skills throughout all sectors. The need for improved hard infrastructure is also evidenced and particularly important for rural areas.

At present, the public sector plays a large, and arguably outsized, role in the area's economy and is a significant employer. This presents an opportunity to use the collective heft of the anchor institutions to deliver an inclusive economy through the full deployment of the five principles of community wealth building – spending, workforce, finance, land and property and inclusive ownership. The Ayrshire Regional Skills Investment Plan highlights the importance of the foundational economy, a section of the economy (in particular health and social care) which is a major source of employment in Ayrshire. Like many areas of the UK, there is a significant shortage of staff in health and social care and, unless addressed promptly, risks further compounding the poor health and wellbeing statistics in the area.

North Ayrshire, alongside its regional partners, has identified key themes to drive their economic recovery from Covid-19 and work towards a just transition. Raising the level of skills attainment is critical to this, not just amongst young people but all groups. The recently adopted Ayrshire Regional Skills Investment Plan places an emphasis on developing hard and soft skills for all sectors and the need for transferrable skills.

There is also a common theme around raising the aspiration of children and young people through greater awareness of the variety of jobs and opportunities in the area. North Ayrshire was the first Child Centred Council in Scotland and has a specific strategy for Youth Partnership and Citizenship. This means that young people are involved in policy discussions at biannual Joint Cabinet meetings, in the six Locality Partnerships and, through Youth Forums held in each of the six localities in North Ayrshire. The views of young people in Ayrshire will be considered when drafting the Regional Economic Strategy.

The North Ayrshire Local Employability Partnership is working across the public and third sector to support individuals and groups who may be far from the labour market with skills development and provide wrap-around support to enable them to enter and stay in the workforce. The partnership is particularly focussed on addressing the poor mental health levels in North Ayrshire and it is highly possible this will emerge as one priority for the Regional Economic Strategy. The literature review shows that there are national and regional programmes in place to support young people such as the Young Person's Guarantee. Some stakeholders have mentioned the importance of also supporting

individuals who are in their late 20s and 30s who may slip through the cracks and fall into economic inactivity or underemployment.

2.2.6 Private Sector Engagement

There is an entrepreneurial culture within the region, given the significant proportion of micro and small businesses that support the regional and local economies. This suggests that local businesses are a key draw of the area, although this is not to discount the national significance the region has for some sectors, including the food and drink sector in North Ayrshire and housing 30% of Scotland's aeronautics sector in neighbouring South Ayrshire. These sectors are key selling points for the region. In particular, they create employment opportunities for people across the region who travel for work within and beyond the region's borders. Demonstrating how these sectors can create good jobs across the region will be a key component of the Regional Economic Strategy

The optimistic survival rate of businesses in the area over the past five years suggests that the region is a positive destination for local, and larger enterprises to locate, and highlights the importance in coordinating business support activities across the region. The private sector businesses consulted with in the development of the Regional Economic Strategy have voiced the need to increase pace of action with the public sector and the risk of a cluttered policy landscape, but are committed to playing a role in helping the region's economy to thrive. Similarly, the social enterprise sector is keen to deliver community wealth and participate in delivering on public sector contracts but has asked for more support in understanding how they can do this. There is progress to be made around capacity building and ensuring that this sector continues to play its important role. One mechanism for doing this is ensuring that social enterprises and other third sector partners receive fair funding arrangements when delivering on public sector contracts. Another key ask is ensuring that third sector organisations are compensated when providing their knowledge and community insight in the co-design of programmes for example.

2.2.7 Vacant and Derelict Land

Like many areas in Scotland there are significant pockets of vacant and derelict land in the area, many as a result of deindustrialisation. The decline of the high street was already a concern that has been accelerated by the Covid-19 Pandemic. There are now many vacant commercial properties in the town centres across Ayrshire which could be repurposed including for community use.

North Ayrshire has the second highest level of vacant and derelict land in Scotland with approximately 1,203 hectares of land over 212 sites². 25% of these sites are owned by North Ayrshire Council or other public bodies. There is a link between areas of high deprivation and proximity to vacant and derelict land. As such, bringing these sites back into productive use is of critical importance. The diverse nature of the issue means that a one-size fits all approach including funding pots will not be successful. Large public funding is vital for land remediation and kick-starting large projects, as the risk profile is often too great for private and community investment.

North Ayrshire Council has a Vacant and Derelict Land Strategy to bring these pockets of vacant and derelict land back into productive use including for housing and commercial development, but also for food growing and community energy. The site adjacent to the Circuit at Quarry Road, Irvine shows an intention to create a mixed-use site that will promote health and wellbeing. Another example of a future mixed-use site is the Ardrossan North Shore which will be redeveloped following remediation after having been vacant for 30-40 years. Initial funding from the Vacant and Derelict Land Fund has been used to investigate the site and design a plan. The future site will include sports pitches for school

² 2020 figures [Link](#)

and community use, housing comprised of both private and social, a coastal path, an International Marine Science and Environment (IMSE) facility, as well as commercial, public spaces and tourism facilities.

The Repurposing Property Grant Fund was launched in early 2022 by North Ayrshire Council to support landowners and community groups to bring vacant land and properties back to use. The fund is part of the Community Wealth Building Strategy and Regeneration Delivery Plan. Stage 1 of the Fund has an allocation of £200,000 and has been earmarked for feasibility studies. It is clear that greater funding from both public and private investment will be needed to translate these plans into meaningful action.

2.2.8 Clean Growth

The National Energy and Demonstrator programme and offshore floating wind production facility at Hunterston is referenced in the literature as being critical in leading research, development and manufacturing, providing Scotland and the UK with the capability to lead the UK and Scottish decarbonisation agenda. Beyond Hunterston, there is emerging attention being paid to the importance of environmental sustainability and biodiversity protection in various sectors including the strategies for food and drink, the visitor economy and the Ayrshire Indicative Regional Spatial Strategy, which set out a plan to develop a low carbon resilient region. Affordable, modern and well-designed homes are part of this strategy and tie into wider national priorities around the decarbonisation of housing stock and the reduction of fuel poverty.

North Ayrshire's Community Wealth Building strategy states that community wealth building is a key tool to enabling the council to achieve its ambitious net zero carbon target by 2030. The anchor institutions in the region are also actively engaged in sharing knowledge and working collectively to improve sustainability and meet net zero targets including land and asset use and shortening supply chains. This includes NHS Ayrshire and Arran whose lead for energy, environment and sustainability will be interviewed as part of the stakeholder engagement for the Regional Economic Strategy.

2.2.9 Metrics

Finally, the literature review shows a change in emphasis towards using wellbeing measures to assess the impact of interventions. The adoption of wellbeing measures has come from the recognition that particular geographies and groups were not participating or receiving the benefits of the economy. There is also a commitment to look at the economy, environment, health and social outcomes in the round rather than as separate spheres.

The shift away from traditional measures like GDP growth and GVA can be seen in the Inclusive Economy Dashboard and also the Community Wealth Building Annual Report. It is also intended that the Regional Economic Strategy will use similar measures which should give a more accurate assessment of whether community wealth building is delivering a fairer and more inclusive economy for Ayrshire.

2.2 Added Value

2.2.1 Introduction

Unlike previous EU funding programmes, there is no requirement to match SPF with other funding. However, there are opportunities to add significant value by matching SPF with existing funds and to complement the work of other local and regional programmes and initiatives. These are presented below.

2.2.2 Ayrshire Growth Deal

The Ayrshire Growth Deal is a partnership by the UK Government, Scottish Government and the three Ayrshire local authorities. It is one of many Regional and City Growth Deals operating across Scotland. The investment programme totals £251.5m, comprising £103m from UK and Scottish Governments respectively and £45.5m from the three local authorities. According to the Ayrshire Growth Deal website³, the Deal ‘presents a once-in-a-generation opportunity to transform the economic prospects of the area’, allowing the partnership to realise the area’s potential in the areas of aerospace and space, energy, marine, manufacturing and tourism industries.

The investment directed through the Growth Deal is expected to lever in private investment of circa £300m and to create approximately 7,000 new jobs. The Deal is expected to be transformational for the local economy, benefiting communities across North Ayrshire. North Ayrshire Council leads on a number of capital projects for the Growth Deal in addition to managing the programme’s three regional revenue projects focused on Community Wealth Building, fair employment and regional skills investment. As the Growth Deal progresses, there will be opportunities to align SPF through all three investment priorities. Emerging skills gaps will be supported through the People & Skills work. Local businesses looking to capitalise on procurement opportunities through Growth Deal projects will receive support through the Supporting Local Business priority to ensure that they are enabled to compete. And finally, some of the initial Council-led projects highlighted under the Community & Place priority focus on building the Community Wealth Building momentum in the region through the Council’s CWB Strategy and the Growth Deal CWB Programme.

North Ayrshire Council has consulted with staff at the Growth Deal PMO in the preparation of the SPF Investment Plan and will continue this dialogue to ensure that the investments are complementary and can add value.

2.2.3 Community Led Local Development (CLLD)

The new Ayrshire Community Led Local Development (CLLD) programme replaces the previous EU LEADER programme. This will offer funding to rural parts of the Ayrshire region, including the islands, as a direct grant from the Scottish Government to the Local Action Group (LAG). The programme will be run as a competitive grant scheme. The amount available for the financial year to March 2023 has yet to be confirmed, but is likely to be approximately £530,000, the majority of this available for project delivery in eligible rural areas across Ayrshire. The investment vision is about to be submitted to the Scottish Government for consideration with approval due in August 2023 and the key themes will be encompassed within:

- Community Wealth Building;
- Reducing Inequalities
- Just Transition to Net Zero
- Addressing Wider Climate Change
- Sustainable Tourism

Indications from the Scottish Government are that the funding programme will continue beyond 2022-23. There are clear opportunities for community organisations and other groups based in rural areas to enhance projects through matching funding from SPF with CLLD and SPF officers will maintain a dialogue with the LAG and CLLD officers to ensure a joined-up approach is available for applicants.

³ <https://www.ayrshiregrowthdeal.co.uk/>

2.2.4 Regional Economic Partnership(s)

The Scottish Government is prioritising the formation of Regional Economic Partnerships to support the delivery of the National Strategy for Economic Transformation⁴. North Ayrshire is part of two emerging Regional Economic Partnerships (REPs), the Ayrshire REP and the Highlands and Islands REP. The Ayrshire REP covers the three Ayrshire local authorities and is in the process of developing a new Regional Economic Strategy with Community Wealth Building at its heart. As noted earlier in Section 2.1, consultants CLES have been appointed to assist in the creation of this strategy and the emerging findings have been built into the development of the SPF Investment Plan. It is intended that the Regional Economic Strategy will inform future regional investment programmes, including future rounds of SPF.

Reflecting the island communities of Arran and Cumbrae, North Ayrshire Council is also a member of the Highlands & Islands REP. This REP considers the challenges unique to island and rural communities and participates in forums such as the Convention of the Highlands & Islands and the Islands Strategic Group. There are opportunities for the Community & Place investment priority to support the actions of the Council's two Island Plans and discussions are underway at the REP for potential joint working through SPF on innovation under the Supporting Local Business priority.

2.2.5 Community Wealth Building

Community Wealth Building (CWB) represents a transformational approach to economic development which aims to deliver benefits to local communities through a partnership of Anchor Institutions using the economic levers available to them. North Ayrshire Council is the first local authority in Scotland to become a Community Wealth Building Council. In 2020, the Council published its CWB Strategy (2020-2025), setting out proposals under the five CWB pillars of procurement, employment, land and assets, financial power and plural ownership.

The CWB Strategy has led to significant investment in North Ayrshire, with the development of a CWB Commission which operates across the region, a CWB Expert Panel and a regional Lead Officers Working Group which engages a number of Anchor Institutions in delivering CWB across Ayrshire. The new Regional Economic Strategy is being developed with CWB principles embedded throughout and one of the key Ayrshire Growth Deal revenue projects is a CWB programme of support to Ayrshire businesses- on procurement, employment and plural ownership.

North Ayrshire Council has endeavoured to embed CWB principles into the development of the SPF Investment Plan wherever possible to reflect its importance in the development of the Ayrshire economy. This included taking the approach to the CWB Expert Panel which is made up of a number of local, national and international experts. The advice received helped to shape the proposals under the Community & Place investment priority, including assigning an allocation to participatory budgeting and setting up a competitive grant scheme for community organisations to directly benefit from the funding. More detail is presented in Section 4.0 to this Business Plan.

In addition, services delivered under the Supporting Local Business and People & Skills investment priorities will be grounded within the CWB pillars. Business support will support local enterprises to bid for local contracts, encourage them to adopt fair employment practices and to consider opportunities for plural ownership. Employability services will focus on promoting fair employment practices to local employers and will work with the Fair Work Ayrshire element of the CWB Growth Deal project to achieve this.

⁴ <https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/>

3.0 Evidence of Need and Demand

3.1 Introduction

In preparation of the SPF investment plan, North Ayrshire Council has undertaken a significant level of research to determine need and demand for the funding, which has in turn helped to shape the proposed delivery method. This relates to the guidance in the SPF Prospectus which advises that SPF funding can be allocated flexibly in order to best meet local need and demand, as follows:

- Grant award to public or private organisations;
- Commissioning third party organisations;
- Procurement of service provision;
- In-house provision.

The research undertaken has included:

- Assessment of the socio-economic context which highlights the disparities faced by the local population that could be impacted by SPF investment. This is organised under each investment priority;
- Review of employability and business support activity that has been funded by ESF and ERDF programmes to determine future requirements and continuity of service;
- Engagement across Council services through establishment of a cross-council short life steering group to guide the development of the delivery method and identify current internal strategic priorities that represent a good fit with the Fund's objectives;
- Engagement with external stakeholders to ensure that the opportunities afforded by this investment are set within the regional context for recovery and renewal;
- Consultation with community organisations and third sector service providers in order to establish demand for a competitive grant scheme under the Community and Place priority.

The remainder of Section 3.0 to this Business Plan outlines the evidence gathered.

3.2 Socio-Economic Context: Challenges

3.2.1 Overview and Headline Statistics

Local vacant and derelict land poses both a challenge, but also an opportunity to redevelop our communities. North Ayrshire has roughly 9 hectares of total vacant and derelict land per 1000 people, the Scottish average rate is over three times smaller at 2 hectares per 1000 people (2021 data).

North Ayrshire faces notable demographic challenges; this is particularly true regarding its working age population, which has been steadily declining over the past decade. The latest data shows a 7.4% fall in its level between 2010 and 2020, with the working age population as a percentage of the total population currently (latest estimate; 2020) at 60.4% (the Scottish rate is 63.9%).

Deprivation continues to be a key challenge locally, with the Scottish Index of Multiple Deprivation (SIMD) showing that 27% of North Ayrshire's data zones rank among the 15% of the most deprived data zones in Scotland. Under further examination, the SIMD highlights particularly acute challenges regarding the income, employment, and health domains.

Regarding North Ayrshire's labour market context, North Ayrshire has the lowest employment rate in Scotland (64.9%), the joint 2nd highest unemployment rate (4.9%) in Scotland, and its economic inactivity rate (30.2%) is the highest in Scotland and is now the 11th highest in Great Britain (out of roughly 360 local authority areas with available data) – data for Jan 2021-Dec 2021. North Ayrshire's claimant count rate is 1.5%pts above the Scottish rate, while its jobs density is roughly 34% below the

Scottish rate; potentially highlighting that a lack of opportunity locally is a key driver behind the current labour market conditions, further strengthening our case for investment.

In 2020, the manufacturing sector accounted for 24% of North Ayrshire's GVA, the 2nd most important sector (real estate activities) only accounts for 13% of total 2020 GVA. An analysis of the 2019 data showed that in the manufacturing sector, the GVA per employment in North Ayrshire was roughly 23% higher than the Scottish level, and roughly 48% higher than Great Britain's level.

3.2.2 Community & Place

North Ayrshire is the fifth most deprived Council area in Scotland in the Scottish Index of Multiple Deprivation (SIMD). Of the 186 data zones 52 are in the 15% most deprived, an increase of 1 since the index was last published in 2016. SIMD combines seven different "domains" of deprivation; Employment, Income, Health, Education, Access to Services, Crime, Housing. Irvine and the Three Towns of Stevenston, Saltcoats and Ardrossan face the highest levels of deprivation with the Garnock Valley and Kilwinning following close behind.

In terms of economic resilience, North Ayrshire's economic baseline is weak and despite some sectoral strengths and takes longer to recover from economic shocks than other areas. The Fraser of Allander Institute (2018) previously identified this in their economic commentary. GVA per head in Edinburgh was nearly 2.5 times higher than in North Ayrshire and in the past 20 years this gap has widened. GVA per head in Edinburgh has nearly doubled, with growth in North Ayrshire around half that rate. In recent analysis conducted by the Scottish Government and highlighted by the Advisory Group on Economic Recovery (AGER), North Ayrshire ranked as the least resilient local authority in Scotland.

North Ayrshire was the first Community Wealth Building (CWB) Council in Scotland. Our CWB Strategy seeks to develop resilient, inclusive local economies, with more local employment and a larger and more diverse business base. The Land and Assets pillar of this recognises that the underutilisation of land and assets represents missed opportunities for towns and communities to achieve their full potential.

North Ayrshire contains a significant legacy of vacant and derelict land due to the closure of former industries within the area. The Scottish Vacant and Derelict Land Survey (SVDLS) provides a national data source for vacant and derelict land. In 2019, there were 10,962 hectares of vacant and derelict land in Scotland. North Ayrshire contains the fourth highest level of vacant and derelict land in Scotland with 1,187 ha of land, 12% of the Scottish total, across 210 sites.

Vacant land is defined by the survey as, "Vacant land within a settlement that has been previously developed, without physical constraint, and which the planning authority has indicated is available for redevelopment". Derelict land is defined as land "damaged by development, so that it is incapable of development for beneficial use without some remedial works". Both are sometimes referred to as 'brownfield' sites.

The Buildings at Risk Register highlights properties of architectural or historic merit throughout the country that are considered to be at risk or under threat. It was established in 1990 and is maintained by Historic Environment Scotland. These are usually listed buildings, or an unlisted building within a conservation area, that meet one or several of the following criteria: vacant with no identified new use; suffering from neglect and/or poor maintenance; suffering from structural problems; fire damaged; unsecured and open to the elements; and threatened with demolition.

The SVDLS and Buildings at Risk Register identify over 250 sites, mostly in private ownership which require redevelopment. These are subject to a legacy of issues including undermining, contamination, deterioration or major industrial closures. Whilst there are several reasons for a lack of

redevelopment including economic, locational or physical constraints, a lack of financial viability remains a common theme. Engagement on the Regeneration Delivery Plan also identified that several of these sites have a substantial negative impact on our communities and represent local priorities for action.

The North Ayrshire People's Panel undertakes a survey of 2,000 local residents every two years to establish views on the areas in which they live. The Community Planning Partnership then uses this information to decide what action to take on the issues that local residents identify as needing to be improved. This considers a series of topics relevant to this investment priority including the perceptions of neighbourhoods and outdoor spaces and participation and volunteering in the local community. The 2020 action plan included actions in relation to: neighbourhoods and outdoor spaces; community safety; fire safety; health and well-being; mental health inequalities; and digital connectivity.

3.2.3 Supporting Local Business

The impact of Covid and Brexit has led to significant challenges for the local business base in North Ayrshire. Immediate financial distress, changes to operating practices and additional regulations have left many businesses with inadequate financial power or knowledge to adapt to the changing landscape. This shift is identified with a twin focus of Digital and Green adoption on new ways of working, development of new processes to reflect new markets, upgrading systems to reflect new regulations, and inability to diversify.

As noted previously North Ayrshire has a fragile economy rooted in traditional manufacturing. The Business Support Service's engagement with business has identified 70% of businesses have no or limited digital capabilities with only 35% of businesses having any sort of digital plan in place. In terms of Green adoption 80% of businesses have no understanding of or are developing an understanding of the Green agenda with only 10% implementing sustainability projects. It is a major concern that North Ayrshire may fall behind and be unable to realise the opportunities that Digital and Green will provide. As such, Council support over the last 12 months has looked to drive these agendas with over 400 interventions on Digital and 200 for Green. This support is accelerating the adoption of new technology and process and it is considered to be imperative that this level of support continues.

3.2.4 People & Skills

North Ayrshire labour market data (Jan 21 – Dec21) sets out many of the challenges facing North Ayrshire – which can be summarized as high rates of unemployment, economically inactive residents compounded by low skill levels across the population:

- North Ayrshire has the lowest employment rate in Scotland – 64.9%
- North Ayrshire has the joint 2nd highest unemployment rate in Scotland
- There are 23700 economically inactive people in North Ayrshire compared to 56,600 economically active. The economically inactive rate of 30.2% is the highest in Scotland and the 11th highest in Great Britain
- There are 9,300 workless households in North Ayrshire
- Youth claimant rate (18-24) remains high at 6.2% the 2nd highest in Scotland
- Disability employment - 77% compared to Scottish rate of 83%
- In work poverty continues to rise with low-income families struggling with rising cost of living
- In common with the rest of Scotland and UK employers are struggling to recruit – even for semi/low skilled vacancies

3.2.5 Multiply

North Ayrshire has one of the lowest qualification rates in Scotland. In addition, a study of more than 3,000 adults in Scotland found more than a third said past experiences have made them doubt their mathematics ability, and 36 per cent feel they always seem to get things wrong.

Of those who do lack number-confidence, 43 per cent would like to improve their numeracy, but don't know where to start. A lack of confidence surrounding numeracy has held them back, according to One Poll figures.

The Multiply Programme is an opportunity to begin to address these issues. This includes working with employers to upskill staff who struggle with numeracy.

3.3 Socio-Economic Context: Opportunities

3.3.1 Community and Place

The Council has a strong and positive track record for Participatory Budgeting (PB) and is moving towards using the approach for mainstream budgets. This is an inclusive way for local communities to decide how they wish to spend public funds. The PB process gives people the opportunity to identify and discuss what matters to them in their communities and to vote on their priorities. The six Locality Partnerships focus on a partnership approach to tackling local issues and inequalities. Established under the Community Empowerment Act (Scotland) 2015 each of these is working with Community Planning Partners and communities to address local priorities, supported by local grant-making PB and a £5.6m Community Investment Fund.

In North Ayrshire the processes are agreed with local stakeholder groups, organisations send in their project ideas and the public then vote online or in person. Community and Youth work grants are awarded through PB and several thematic PB events have taken place including community food projects and mental health projects.

North Ayrshire Council is the only local authority to meet the Scottish Government's target of spending 1% of its mainstream budget with direct public influence. Mainstream Participatory budgeting can play a central role in collectively defining services, post pandemic, which meet the changed (and changing) needs of communities. The Council is keen to progress with the development of PB across its streams of funding and support combining community and spatial planning in its locality and placemaking approach. It is therefore proposed that 1% of the Community and Place Investment priority allocation be allocated to a PB approach.

Funding was secured from the UK Government's Community Renewal Fund for the development and delivery of two key projects, the Green Islands Programme and the Place Frameworks pilot project. This Fund aimed to support people and communities most in need across the UK, creating opportunities to trial new approaches and innovative ideas at the local level.

The final reports for both projects are currently being prepared. These have been developed through extensive community and stakeholder engagement and consultation. It is therefore proposed that a proportion of the allocation under this theme be allocated to delivering the recommendations of these projects, which will deliver on locally identified priorities under this theme. No specific projects or funding values have been identified at this stage.

3.3.2 Supporting Local Business

North Ayrshire Council has spent considerable time in the last year engaging with business and identifying weaknesses and strengths in relation to Digital and Green. This has been integrated into our delivery of Community Wealth Building and has allowed for over 1,000 businesses to be assessed in terms of ability and needs. Working with partners including National Agencies, Universities, and local providers we have developed both a green and digital route map for businesses dependant on their capabilities.

This route map allows for targeted interventions based on current capabilities based around the following principles:

- Raising Awareness / Establishing Interest
- Baseline Audits, Reviewing Audit Recommendations, Further Research
- Digital / Green Improvement: Activity/Projects
- Strategy and Culture

Support will include 1-2-Many awareness raising, specialist consultancy, financial support for implementation of projects, peer learning, Partner support and skills training. We are confident we have the baseline structure, partner engagement and willing base to help accelerate digital and green adoption. This will increase productivity and help create jobs.

3.3.3 People and Skills

Although labour market data sets out a bleak picture for NA, there are exciting initiatives under way which set out to address these issues. This is underpinned by the Community wealth building approach to local economic development. In addition, the Ayrshire Growth deal and an Ayrshire regional economic strategy sets out to address the structural issues holding back the Ayrshire economy.

By aligning and working collaboratively with these initiatives, as well as Scottish Government's No One Left Behind, Young Person Guarantee funding, UKSPF will focus on the following:

- Focus on inactive clients and how to effectively engage and support them
- Targeting specific neighbourhoods and geographies
- Key priority groups including young people, parents, long term unemployed people, people with disabilities and long-term health conditions, people with convictions and veterans
- Aligning with NOLB, YPG and Child poverty strategies to provide a comprehensive employability and skills service and adding value to UKSPF
- Holistic key worker approach to service delivery
- Collaborate across UKSPF interventions. For example, close working relationship with the Business theme to support local businesses fill vacancies; promote people and skills as a local strength to support inward investment
- Focus on green economy and emerging opportunities in this sector
- Embed Multiply into wider people and skills employability provision

North Ayrshire has a well-established and mature employability and skills service established through European Social Funding and other Funding streams. This existing service is delivered by a mix of third sector providers and North Ayrshire Council staff. We will continue to provide this delivery as part of the UKSPF programme, with on-going monitoring of outcomes to review effectiveness, and therefore can mobilise service delivery quickly.

3.3.4 Multiply

North Ayrshire Council's Strategic Community Learning and Development Plan was published, after extensive community engagement, in September 2021. Covering a three-year period, the plan prioritised working with partners and organisations in localities to ensure a learner-centred approach to adult literacy, numeracy and core skills support. There are a number of opportunities that can be addressed via the Multiply programme in North Ayrshire as follows:

- Opportunity to address long standing and underlying poor numeracy issues in local labour market;
- Opportunity to work with Ayrshire College and local business community to embed literacy in courses/business support;
- Create a network of community-based numeracy provision – including peer mentor delivery
- Create numeracy pathways from basic skills up to SCQF level 5 college provision;
- Integrate development of numeracy skills into existing partnership activity – e.g., community College courses, money advice services, community services. Multiply will be embedded into Employability courses and services;
- Adds value to existing literacy and numeracy work delivered in North Ayrshire.

3.4 Current Employability and Business Support Activity

3.4.1 Employability

North Ayrshire Council is recognised as a sector leader in Scotland and the UK in defining and implementing an inclusive economy. Critical to that success has been the availability of EU funding to support the delivery of those services over an extensive period of time. EU funding ends in December 2022, being replaced directly by SPF.

ESF funding totalling approximately £5.5m has supported the Council to deliver extensive Poverty and Social Inclusion and Employability Pipeline programmes over the last seven years. This funding is flexible and could be allocated across the seven-year period according to service delivery requirements. The majority of the ESF funding was expended over a five-year period. This provides support for people of all ages to progress into employment or improve their current employment. The current employability service is funded by ESF (European Social Funds) with match funding from a range of sources of funding including, core, YPG (Young Persons Guarantee), NOLB (No One Left Behind) and PESF (Parental Employment Support Fund). This portfolio of funding supports people, who have multiple barriers to employment, to access a holistic employability service delivered within the Employability Pipeline framework. Participants are supported to achieve qualifications, progress to training/further education and secure sustainable and fair employment.

The employability pipeline is delivered through a hybrid approach of procurement and in house delivery. This provides a flexible and responsive services to meet current and emerging demands as well as providing a bespoke, tailored, flexible and responsive service to jobseekers and employers. The procured programmes provide funding and support to third sector delivery bodies as follows:

- CEiS Ayrshire – Employability Pipeline: End to End Provision;
- TACT – Positive Steps;
- The Lennox partnership – We Work for Families;
- WEA – New Scots (Syrian) Programme.

North Ayrshire currently has the second highest rate of unemployment in Scotland and a high quality, holistic and effective employability service is essential. CEiS as the current main contractor supports over 1,000 people each year with at least 50% securing jobs; without this support for individuals and employers, it is predicted that unemployment rates would see a substantial rise. Support for people

with disabilities is a priority and the Equal Programme team provide this support to an extremely elevated level achieving positive outcomes. Parents remain a priority and We Work for Families is considered locally and national as a model of good practice and the links with the health and social care partnership through the health visitors should not be underestimated.

North Ayrshire Council's approach in developing the SPF Investment Plan is to sustain this service linked to outcomes, to secure a smooth transition for beneficiaries from EU funds to SPF as a matter of priority.

3.4.2 Business Support

ERDF funding of approximately £300,000 per annum has supported the Council's delivery of support to local businesses, through advice, consultancy support and grant funding. The ERDF programme in 2016 was aligned to EU's Smart Specialisation agenda, there is an important sector dimension to this programme in those sectors where Scotland has a competitive advantage, such as:

- Energy - particularly Renewables
- Food & Drink
- Technology & Engineering
- Life Sciences

This sector-based approach did not take into account place-based needs or align with local challenges. The programme was not extended to the islands leaving Arran / Cumbrae to be supported by NAC funds. Given the unique challenges of the pandemic a case was made for Ayrshire to remove restrictions to allow for greater flexibility in response to recovery. Current demand is through Digital adoption, supporting growth resulting from pandemic impacts, developing innovative ways of working and green adoption.

It is proposed at SPF funds will directly replace the ERDF support for businesses through the Council. Following a review of existing support, it is proposed that SPF is utilised to support the development of the local economy and move away from reactive pandemic support. This will have a more aligned focus towards North Ayrshire local priorities and help businesses take advantage of emerging technologies. This is a shift from sectors and smart specialisation to give a thematic focus on:

- Growth;
- Productivity improvements;
- Digital adaption;
- Green technology improvements.

It is proposed that funding should be in the form of specialist consultancy and grant provision with a weighting of 75% to grant funding, in line with current need and demand assessment which is informed by the Council's business support management information system.

3.5 Cross-Council Engagement

In May 2022, the Council established a cross service short life steering group, with a dual purpose of guiding the development of the proposed delivery method in addition to identifying current internal strategic projects that represent a good fit with the Fund's objectives. The steering group drew representation from the following departments:

- Economic Policy;
- Business Support;
- Employability;

- Regeneration;
- Connected Communities;
- Health & Social Care Partnership;
- Procurement;
- Finance;
- Legal Services;
- HR.

Through weekly meetings, the steering group established an overall approach to delivery of the Fund. More detail is provided in Section 4.0 to this Business Plan. In summary, the approach involves maintaining existing levels of support for employability and business support services, with parity between SPF and EU fund levels. Following a deduction of 4% to cover the costs of administering the Fund, the remainder of the core SPF funding will be allocated towards activity under the Community and Place priority. This will involve in-house delivery of priority projects identified as part of the research process, a 1% allocation of the total fund split across Years 2 and 3 to participatory budgeting, following the Council's commitment to allocate budgets in this way, commissioning of third party organisations to delivery key pieces of research on behalf of the Council that link directly to SPF outcomes and outputs, and finally through a competitive grant scheme for community organisations.

3.6 Stakeholder Engagement

The SPF prospectus states that the investment plan should be produced in partnership with other local and regional stakeholders. To maximise the opportunities to engage and secure support for proposals, officers attended the following meetings to present on SPF proposals and invite feedback:

- Local Employability Partnership;
- Regional Skills Group;
- Ayrshire Regional Economic Partnership Board;
- Regional Strategy Steering Group;

In addition, officers engaged directly with the Third Sector Interface for North Ayrshire, The Ayrshire Community Trust (TACT) in order to raise awareness of the fund amongst third sector organisations in North Ayrshire. This was followed by an awareness raising drop-in session held in Irvine for third sector organisations currently delivering employability services on behalf of the Council or looking to be considered for service delivery in future. A questionnaire⁵ was issued to these organisations to capture this data. The results will be taken into account when developing the services to be delivered under the People & Skills investment priority.

The SPF prospectus also states that a local partnership group should be assembled to develop the proposals and should continue to meet throughout the duration of the programme. Existing structures should be repurposed if possible. It was decided at a regional level with partners in East and South Ayrshire Councils that the existing Ayrshire Economic Joint Committee (AEJC) should serve this purpose with respective regional and local engagement feeding into this process. A paper was presented to the AEJC in June 2022 seeking endorsement for the proposed delivery approach. This received approval and the final investment plan will be considered by the AEJC following consideration by North Ayrshire Council's Cabinet in August 2022.

⁵ Third Sector questionnaire [link](#)

3.7 Community Engagement

In order to determine demand for a competitive grant scheme option to deliver the Community and Place priority, the Council's Economic Development & Regeneration and Connected Communities services, together with TACT, developed an expression of interest form for community organisations⁶. This was publicised through Connected Communities' Locality Officers and by TACT contacting all members on their database. In addition, a drop-in session was arranged for third sector providers in Irvine.

The expression of interest form asked community organisations to indicate project proposals they had planned which could be completed within the timescales and which could meet SPF Community and Place priorities, and for which they would wish to submit an application to a competitive grant scheme. A total of 14 responses were received from organisations across North Ayrshire, with indicative amounts totalling £1.4m, identifying a potential range of projects across the investment priority. This highlights clear demand for an element of SPF to be delivered on a competitive grant basis and this is reflected in the approach outlined in Section 4.5.3 to this Business Plan. No formal commitment has been made to fund any activities or projects at this stage- the purpose was to establish the latent demand for support under this theme and to inform the development of the investment plan. A summary of the results is shown in Appendix B to this Business Plan.

3.8 Expert Advice

As noted under Section 2.2.5, North Ayrshire Council is a national leader in progressing Community Wealth Building (CWB) as an economic development model. The development of the SPF Investment Plan has aimed to embed CWB principles throughout. This has included taking the investment approach to the Council's CWB Expert Panel which is made up of a number of local, national and international experts, including from the Democracy Collaborative in North America which pioneered CWB. The advice received helped to shape the proposals under the Community & Place investment priority in particular, and more widely, to ensure that communities could benefit as widely as possible from the programme. This has included assigning 1% of the total programme budget to participatory budgeting which will be delivered by Connected Communities. It also led to engagement with community groups and third sector service providers, with opportunities being created for procurement of service delivery and the establishment of a competitive grant scheme for communities to bid directly, allowing them to fulfil local needs through funding and developing their own local projects. More detail on the investment proposals is presented in Section 4.0 to this Business Plan.

⁶ Community group questionnaire [link](#)

4.0 Investment Plan Proposals

4.1 Introduction

Following on from the extensive process of engagement within and across Council services, with stakeholders and with communities, an investment programme has been designed to meet the evidenced need and demand, reflecting on North Ayrshire's challenges and opportunities under the three SPF priorities. The programme aims to enable a smooth transition between current EU funded services to ensure no gap in provision to beneficiaries and to safeguard jobs. Within the funding constraints, such as in year allocations and ringfenced amounts for Multiply and capital expenditure, a programme of activity under the Community & Place priority has been designed to accommodate Council priorities and meet the demands emerging from local community organisations and third sector service providers. The delivery approach in summary is as follows:

- **People & Skills:** the majority of the SPF budget has been allocated to this priority to sustain levels of service provision and outcomes currently delivered by ESF funding. Ongoing monitoring of outcomes and their effectiveness will inform future investment;
- **Supporting Local Business:** an earmarked amount of the budget has been allocated to this priority to ensure continuity of support to local enterprises, following on from the current ERDF funded support;
- **Multiply:** the ringfenced amount highlighted in the North Ayrshire allocation from UK Government has been allocated to the delivery of a Multiply programme by the Council and in partnership with other service providers;
- **Administration costs:** 4% of the total budget has been allocated towards two staff posts to enable management, delivery and compliance of the programme;
- **Community & Place:** the 21% of the funding has been allocated to this priority, with an approach that includes in house delivery of services, funding current Council priorities, operating a competitive grant scheme for community organisations and earmarking 1% of the overall fund towards participatory budgeting.

More detail on the approach for the three SPF priorities and Multiply is presented below.

4.2 People & Skills

The approach under the People & Skills priority is, as introduced above, to retain continuity with existing ESF-funded service provision. This includes the following projects:

- **Equal supported employment:** supporting people with disabilities;
- **Key worker support:** intensive key worker support for inactive participants;
- **Criminal justice mentors:** targeted support for participants in the justice system;
- **New Scots Programme:** support to refugees coming to North Ayrshire, including from Syria, Ukraine and Afghanistan;
- **We Work for Families:** targeted key worked support for parents and their children, addressing the wider child poverty agenda;
- **Positive Steps Programme:** life skills support to inactive participants linking into volunteering opportunities;
- **Ambition Agreement Programme:** supporting disengaged youngsters to make positive progressions into employment, training or education.
- **Enhanced service provision for former members of the Armed Forces**

These programmes will be aligned and integrated with Scottish Government funding which will add significant value to the SPF funding stream. NB, the financial management of the provision will ensure that there is no double funding.

4.3 Supporting Local Business

The approach under the Supporting Local Business priority is, as introduced in Section 4.1, that SPF funds will directly replace the ERDF support for businesses through the Council. Following a review of existing support, it is planned that SPF is utilised to support the development of the local economy and move away from reactive pandemic support. This will have a more aligned focus towards North Ayrshire Council local priorities and help businesses take advantage of emerging technologies. This is a shift from sectors and smart specialisation to give a thematic focus on:

- Growth;
- Productivity improvements;
- Digital adaption;
- Green technology improvements.

Demand indicates that funding should be in the form of specialist consultancy and grant provision with a weighting of 75% to grant funding, in line with current need.

4.4 Multiply

Provision delivered under the Multiply programme will see the creation of a team that sits with the Council's Community Learning and Development Team and a third sector organisation. This team will:

- Use a social practice learner centred approach to supporting numeracy by providing 1 to 1 and group work support;
- Develop and deliver innovative numeracy based first steps and next step support and programmes that encompasses numbers and how we use them, fun with numbers, help with homework, cost of living, understanding financial terminology used in your everyday lives, money life skills and financial capabilities/literacies;
- Collaborate to enable, encourage, and enhance participation in Numeracy and Financial Literacies provision provided and be responsive to the needs of learners and effective in our use of resources to meet those needs;
- Work in partnership with Ayrshire College to credit rate bespoke programme to deliver to adults/families/New Scots within NAC and develop pathways to college;
- Work with employers to support numeracy programmes in the workplace;
- Create, source and deliver numeracy Training for staff and partners.

4.5 Community & Place

The Community and Place priority provides new and additional funding each year with 21% of the overall allocation going to support this priority and related outcomes. Proposals will aim to meet demand from community organisations across North Ayrshire along with allowing a number of smaller scale strategic Council projects to proceed. The approach will be as follows:

4.5.1 Participatory Budgeting

Following the Council's commitment to participatory budgeting, the project will allocate 1% of the total SPF award, amounting to £62,006. This will be delivered by Connected Communities over years 2 and 3 of the programme in localities across North Ayrshire;

4.5.2 North Ayrshire Council-led Projects

A proportion of the capital and revenue funding available will be ringfenced to support smaller scale internal projects that meet the aims and objectives of SPF and allow the Council to meet strategic goals. All Council services have been asked to submit project ideas for consideration to help guide the development of the investment plan. This has identified community priorities for delivery of future phases of projects currently funded by the Community Renewal Fund (CRF), the Green Islands Programme and Place Framework Pilot project. An assessment has also been undertaken of potential priorities under existing strategies which could allow for the achievement of objectives, including the Community Wealth Building Strategy, Regeneration Delivery Plan and Island Plans. In addition, other Council services have identified potential priorities for delivery through SPF-funded projects.

4.5.3 Competitive Grant Scheme for Communities

A significant proportion of the Community & Place budget will be allocated to a competitive grant scheme. This will offer capital and revenue grants to local community organisations in response to demand evidenced through community consultation during the development stage. It is intended that grants of between £10,000 and £100,000 will be made available with a smaller amount available in Year 2 and a larger pot available in Year 3. This is due to the ramping up of the allocation of annual funding by UK Government with the majority of funding being made available in Year 3.

5.0 Project Management

5.1 Introduction

Project management covers two areas: the development process leading up to submission of the investment plan and the proposed delivery arrangements thereafter. Both are presented in the following sections.

5.2 Development of the Investment Plan: Endorsement and Approval Process

Section 3.0 to this Business Plan noted the extensive engagement process undertaken within the Council, with external stakeholders and with communities, in order to shape the delivery method. There is no need to repeat this information, however it is important to note the endorsement process, as required by the SPF Prospectus.

Endorsement and approval of the investment plan is required at a number of levels within North Ayrshire. The plan must be approved by the Chief Executive Officer and Finance Section 95 Officer. Both officers have been fully involved in agreeing the development process and, at the time of writing, will be asked for formal approval following consideration by the Council's Cabinet on 23rd August. Cabinet approval is required and will be sought on this date. If given, this will award approval from the Leader of the Council which is also an investment plan requirement.

A local partnership group is required to be established to develop and approve the proposals. As noted in Section 3.6 to this Business Plan, the Ayrshire Economic Joint Committee (AEJC) was selected to fulfil this role, and the Committee has approved the proposed delivery approach. Following the Council's Cabinet meeting on 23rd August, AEJC will consider the investment plan along with those from East and South Ayrshire Councils, for approval and endorsement.

Finally, there is a requirement for endorsement by MPs. The Prospectus suggests that MPs should be invited to sit on the partnership group. To date North Ayrshire Council has not invited MPs to join the AEJC. SPF will form part of the overall business that this governance body leads and is already well represented democratically by nine local Council Elected Members and representation of key stakeholders. It is instead proposed that that constituency MPs and MSPs will be briefed as part of regular discussions held with each and the Council and/or specific briefing sessions as required. This process already exists for Ayrshire Growth Deal projects and is well supported by local MPs and MSPs. The Council will seek support for this approach with local MPs and MSPs in August 2022. (To be updated prior to submission)

5.3 Delivery and Governance

Figure 1 shown overleaf sets out the delivery and governance structure for the SPF programme. A Programme Manager will be appointed to oversee the delivery of SPF within North Ayrshire Council. This post will be supported by a Compliance Officer and by an identified lead officer from four thematic groups to be created as follows:

- Community and Place: led by the Regeneration Team;
- People and Skills: led by the Employability Team;
- Supporting Local Business: led by the Business Support Team;
- Multiply: led by the Connected Communities Team.

The thematic group leads will take responsibility for delivery of their SPF priority. On the People & Skills and Supporting Local Business priorities, the leads will be supported by their internal officers.

Governance Structure: Shared Prosperity Fund

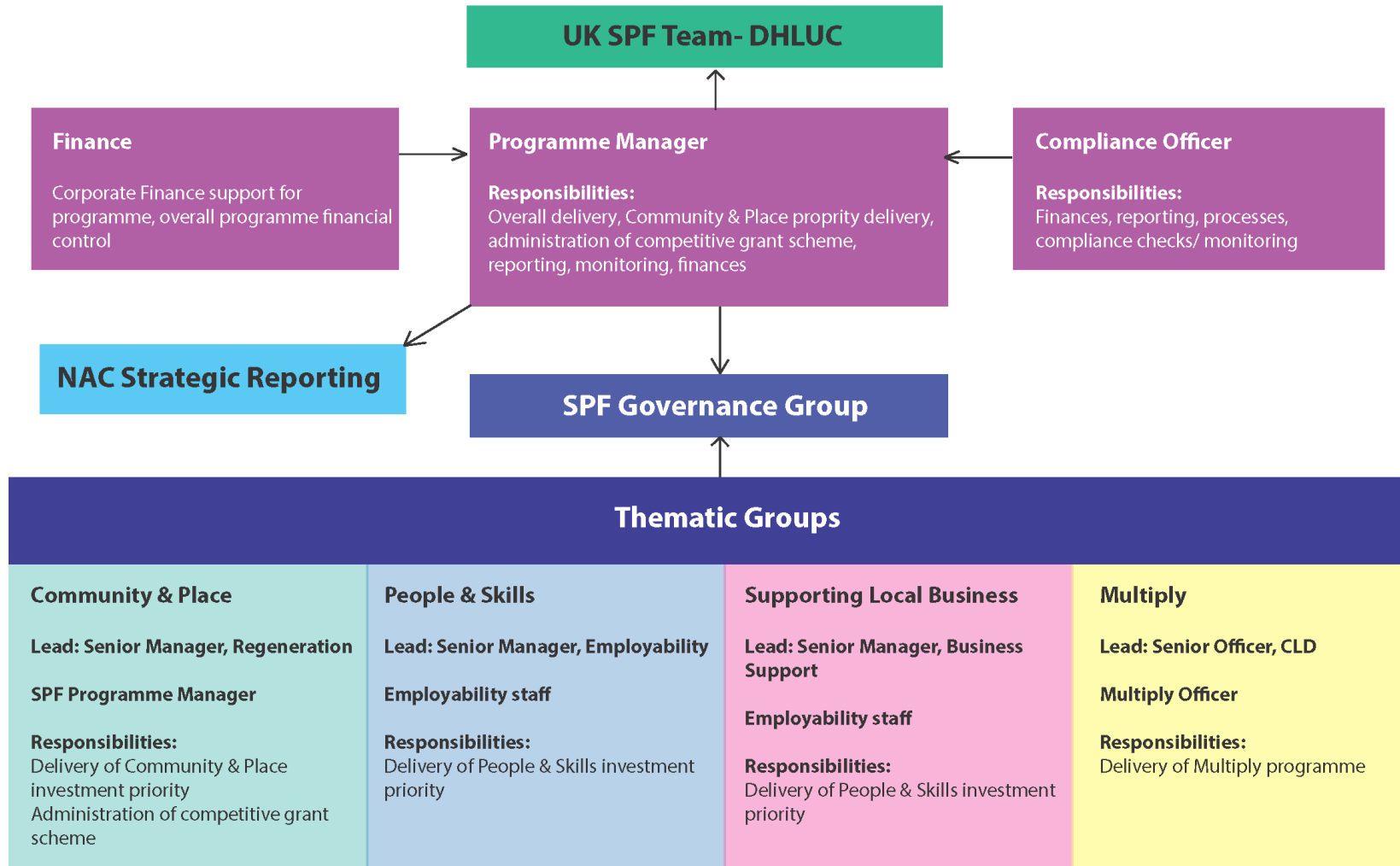


Figure 1: SPF Delivery and Governance Structure

On Community & Place, the Programme Manager will take responsibility for the delivery of this priority, and on Multiply, this will be delivered by a dedicated officer post.

There will also be a significant level of corporate support to the programme through Corporate Finance, Procurement, Legal Services and HR. The short life steering group will be repurposed as an SPF Governance Group which will meet on a monthly basis and the four thematic groups will feed into this via the lead officer for each.

5.4 Staffing

Two dedicated posts will be funded directly through the 4% administration allowance within the SPF budget and recruited either from internal existing resources or via external recruitment. These posts will be:

- Programme Manager (Grade 12);
- Compliance Officer (Grade 10).

The Programme Manager will sit within the Council's Regeneration Team and will administer the competitive grant scheme in addition to having oversight of the projects delivered in-house under the Community & Place priority. In addition, the Programme Manager will co-ordinate the programme as a whole, working with lead officers for each of the other project strands to ensure that delivery is as per the approved investment plan. The Manager will take responsibility for reporting on progress to the Governance Group and will compile monthly reports, maintain an oversight on finances and compliance. They will offer support to the four thematic groups and will aim to work collaboratively across the Council to ensure maximum benefits are delivered as a result of the programme. The Programme Manager will be the Council's lead contact with the UK Government and will co-ordinate reporting to the AEJC. The Compliance Officer will support the Programme Manager to monitor programme delivery and finance.

Proposals for the overall management and compliance arrangements will be finalised once technical guidance has been fully assessed, including the terms and conditions of the Fund which it is anticipated will be issued with the approval from UK Government. Arrangements for monitoring each priority programme of activity, collating and submitting progress reports and claims will be put in place. The Council has extensive experience and skills to fulfil existing government grant compliance programme requirements and SPF compliance requirements will be considered within that context in terms of resourcing with the expectation that a dedicated post will be allocated to deliver for SPF. This will allow a smooth transition of service delivery and management.

5.5 Administering of Competitive Grant Scheme

The Programme Manager will take responsibility for administering the competitive grant scheme to be delivered under the Community & Place priority. More detailed proposals will be developed on this prior to UKG approval of the investment plan, including creating application, claims and monitoring paperwork and establishing methods of assessment. The process adopted will be in line with current competitive grant schemes administered by the Council, for example the Communities Project Fund.

5.6 Subsidy Control

In the preparation of the Investment Plan, the Council has undertaken a subsidy control assessment to determine if support offered under all investment priorities represents a subsidy. The Community & Place assessment is included below by way of example. The assessment has considered the four key characteristics of subsidy as follows:

Q1. Is the support provided by a 'public authority' and does the support constitute a financial (or in kind) contribution such as a grant, loan or guarantee?

The support is provided by a public authority, the UK Government, and constitutes a financial contribution by way of a grant under the Shared Prosperity Fund.

Q2. Does the support measure confer an economic advantage on one or more economic actors?

The support does not confer an economic advantage on one or more economic actors as all projects delivered under this investment priority would be tendered on a competitive basis. Where grant support is provided to a third party, a competitive tender process would also be required to be undertaken and evidenced for the funded project. This funding would therefore not make a contribution to an enterprise or confer an economic advantage that is not available on market terms.

Q3. Is the support measure specific insofar as it benefits, as a matter of law or fact, certain economic actors over others in relation to the production of certain goods or services?

All projects delivered under this investment priority would be tendered on a competitive basis. Where grant support is provided to a third party, a competitive tender process would also be required to be evidenced for the funded project. This funding would therefore not confer an economic advantage that is not available on market terms and in particular would not provide specific benefit to certain economic actors over others in relation to the production of certain goods or services.

Q4. Does the support measure have the potential to cause a distortion in or harm to competition, trade or investment?

The projects delivered under this investment priority would be of a local nature and would not harm competition, trade or investment. All contractors appointed carry out the works will be appointed following a competitive tender process or utilising existing Framework Agreements in accordance with procurement rules and the Council's Standing Orders Relating to Contracts. Where grant support is provided to a third party, a competitive tender process would also be required to be undertaken and evidenced for the project.

As the proposals under this investment theme do not meet all four key characteristics, the Council therefore does not believe this represents a subsidy.

5.7 Capacity and Capability

In terms of capacity and capability, North Ayrshire Council has significant experience in delivering funding and managing growth funds. Current ERDF and ESF activity is due to end in December 2022 and the approach with the SPF programme is service continuity and focus on delivering ambitious and strategic outcomes to maximise economic and social inclusion for excluded and disadvantaged individuals, thereby ensuring that the current capacity is utilised to its full potential. Each department responsible for delivering the different priorities has significant experience, capacity and capability to deliver the programme, as evidenced in the following sections:

5.7.1 Community & Place

The Council has extensive experience of procuring and delivering a wide range of infrastructure and capital projects including the delivery of new Schools; implementation of Townscape Heritage Initiatives and Conservation Area Regeneration Schemes; Public Realm projects; and large-scale roads and engineering projects. Recent examples include: Lochshore Park Visitor and Community Hub (£4.2m); Quarry Road sports facility and business hub (£6m); the Portal leisure facility in Irvine (£18m); and Irvine public realm improvement works (£2.8m).

A number of these projects have been delivered within challenging timescales in a series of Phases, and, in challenging circumstances such as during the pandemic. The Council also has extensive experience of delivering revenue projects including the successful Community Renewal Fund projects. The experience from these projects which is transferable to this project includes: effective budget management; efficient procurement and management of consultants; and project management.

The Council also has extensive experience of developing and managing grant schemes and Participatory Budgeting activities. This includes schemes where support is provided to third parties via external funding such as the management of Conservation Area Regeneration Scheme and Townscape Heritage Initiatives.

The Council has extensive experience of managing funding from external funding sources and to deliver competitive grant funding opportunities for communities and partners.

Officers within the Council's Regeneration team are fully engaged in the delivery of existing projects and programmes. To ensure that priority is given to SPF, it is therefore proposed to appoint a dedicated Programme Manager as part of this team who would lead the programme management and oversee the projects being delivered under the Community & Place priority. This would be in addition to the Compliance Officer post as set out above, with both posts being funded from the 4% allocation for Admin. This role would be managed within the existing team structure to ensure that it benefitted from the broader team's experience and input.

5.7.2 Supporting Local Business

Currently North Ayrshire Council is the lead organisation for Ayrshire ERDF funds and for Business Gateway delivery. Business Advisers in response to the Council's Community Wealth Building approach work within localities and closely with their respective business community. In response to the recent drive on Digital and Green, all advisers have had extensive training on these areas to allow for a greater understanding of options and opportunities. This has led to each adviser having a green and digital toolkit. Some of the training / support provided comes from partners including Microsoft, Strathclyde Uni, UWS, Resource Efficient Scotland, SMAS, Scottish Enterprise etc.

5.7.3 People & Skills

North Ayrshire Council has an established service to deliver on the People & Skills priority. This capability is illustrated by delivery of ESF and ERDF programmes, Scottish Government programmes such as Young Persons Guarantee, No One Left Behind and Parental Employability Support Funding. The team also acted as gateway for the KICKSTART (UKDWP) Programme worth over £3m and creating/identifying 300 vacancies with local employers.

The service is overseen by the Local Employability Partnership which provides overall direction and governance for employability service. The LEP is made up of the following partners: North Ayrshire Council (Chair), Health and Social Care Partnership, Skills Development Scotland, DWP, Ayrshire College, Third Sector Interface and Chamber of Commerce.

5.7.4 Multiply

The Council's Community Learning and Development service has a long-standing provision in the community to support numeracy and literacy needs in adults, including delivery programmes, training and staffing. The service will build on the infrastructure and collaboration already in existence to deliver the Multiply programme in North Ayrshire.

5.8 Impact Assessments

The Investment Plan has been subject to the following impact assessments as part of the overall Equality and Children's Rights Impact Assessment which has been carried out with guidance from the Council's Equalities Officer:

- Equality and Children's Rights Impact Assessment;
- Islands Impact Assessment;
- Fairer Scotland Duty assessment.

The assessments have been completed and published on the Council's website.

6.0 Risk Assessment

North Ayrshire Council has identified a number of key risks that could potentially affect delivery, however actions have been identified to mitigate these risks. These are shown in Table 1 below.

Table 1: SPF Risk Assessment		
Description	Risk	Mitigation
Service mobilisation including contracts	Low	<p>SPF will not be delivering brand new interventions (apart from the Multiply programme) and therefore staff, systems and processes, in addition to delivery partners, to deliver the services outlined. Delivery should be available from the point of approval of the investment plan.</p> <p>Although Multiply is a new fund, a delivery plan has been developed with Community Learning and Development, the third sector, community groups and Ayrshire College. This will see Multiply delivered from January 2023.</p>
Staffing	Low	<p>Across the authority and delivery partnership, there are experienced staff in post to deliver the investment plan as outlined. Additional staff required will be recruited on formal approval of the investment plan, however it is intended to transfer existing staff from EU funded programmes into these new posts which will make for a more seamless transition.</p>
Lack of expertise	Low	<p>SPF will in large replace EU investment currently awarded to the Council. For this reason, staff and delivery partners are already very experienced in delivering the type of activity supported by SPF and in the associated management and compliance of such funding.</p>

Community engagement	Low	As outlined in 3.7 to this Business Plan, a significant engagement process was undertaken with local community organisations via Connected Communities and TACT. Once the investment plan has been submitted, further engagement will commence to include creating a web page specific to SPF, information sessions in person and online and the creation of a formal application process which will be widely publicised.
Financial management	Low	North Ayrshire Council has extensive experience in delivering similar programmes of this nature including ESF, ERDF, Kickstart and Ayrshire Growth Deal. The Council's corporate finance team will oversee all financial transactions and will adopt the same methods used to manage EU funds which are subject to scrutiny by internal and external audit.
Funding compliance/ reporting	Low	North Ayrshire Council has extensive experience of delivering similar funding programmes in a compliant manner, both in terms of financial compliance and delivery of outputs and outcomes. An experienced compliance team is already in place for employability, business support and regeneration projects.
Timescales	Medium	The timescales, in particular for year one spend, are tight. Ability to spend funds within year will be impacted upon by the investment plan approval process. If there are delays to the approval then this will result in slippage in terms of mobilisation and spend which could increase the risk of experienced staff leaving if contracts cannot be renewed post December 2022. North Ayrshire Council has already raised the issue of in year spend as a challenge to delivery.

7.0 Financial Proposals

The investment plan is accompanied by detailed expenditure profiles which allocate funds against strategic interventions. Links to these are embedded into Appendix C. The tables in this section show high level annual figures.

7.1 Allocation from UK Government

Table 2 below shows the total core SPF and Multiply awards, broken down into annual figures. It is important to note that the UK Government advises that there will be no opportunity to carry forward funds between years and therefore allocations must be spent in year.

Table 2: SPF Allocation from UK Government				
	2022/23 (£)	2023/24 (£)	2024/25 (£)	Total (£)
Core SPF	622,555	1,245,110	3,262,189	5,129,854
Multiply	323,729	373,533	373,533	1,070,795
Total Allocation	946,284	1,618,643	3,635,722	6,200,649

Table 3 below highlights particular ringfenced amounts with a minimum amount required to be spend on capital projects and a maximum allowed for administration purposes.

Table 3: Ringfenced SPF Funding: Capital and Admin				
	2022/23 (£)	2023/24 (£)	2024/25 (£)	Total (£)
	10.4%	12.5%	17.9%	
Minimum capital	98,414	202,330	650,794	951,538
	4%	4%	4%	
Admin Fee	37,851	64,746	145,429	248,026

7.2 Expenditure Profile: North Ayrshire

Following the proposals set out in Section 4.0 to this Business Plan, the Table 4 below highlights the proposed expenditure profile for the North Ayrshire SPF programme.

Table 4: North Ayrshire Proposed SPF Expenditure Profile				
	2022/23 (£)	2023/24 (£)	2024/25 (£)	Total (£)
People & Skills	325,560	604,084	2,000,395	2,930,039
Supporting Local Business	75,000	300,000	300,000	675,000
Community & Place	195,072	233,333	850,870	1,279,275
(of which capital)	(98,414)	(202,330)	(650,794)	(951,538)
Multiply	323,729	373,533	373,533	1,070,795
Admin Fee	26,923	107,693	110,924	245,540
Total	946,284	1,618,643	3,635,722	6,200,649

Assumptions used for these figures are as follows:

- Admin fee: staff posts will commence in Q4 of Year 1;
- The People & Skills allocation will rely on significantly more match funding in Year 2 and less in Year 3- this is required because of the annual allocations of SPF which ramp up from Years 1 to 3, creating a shortfall in Year 2. Section 7.3 to this Business Plan provides more detail on this.

It should be noted that in future rounds of SPF, if the annual allocation was to reflect the Year 3 figure, the requirement for People & Skills funding would be approximately £1.3m as shown in Table 5 below.

Once restricted funds are subtracted, this would leave approximately £1.5m for the Community & Place priority, to be split between Council projects and a competitive grant scheme.

7.3 Match Funding

Match funding is not a requirement for SPF, however North Ayrshire Council intends to use match from a variety of sources including core funds, under the Supporting Local Business and People & Skills investment priorities to add value and maximise the impact of the available funding. It is anticipated that SPF under these investment priorities will leverage a significant amount of additional investment by way of match funding.

7.3.1 Supporting Local Business

In terms of Supporting Local Business, Scottish Enterprise is looking to support Ayrshire businesses with financial assistance on Green technologies. The fund will look to support capital projects aimed at implementation of new equipment to reduce carbon footprint and increase productivity. The level of funding available has not yet been agreed but it is intended to match this with SPF funding order to enhance the levels of support available to local businesses.

7.3.2 People & Skills

In terms of People & Skills, the restrictive nature of SPF in-year spend allocations means that the spend profile across Years 2 and 3 requires significant flexibility, as highlighted in Table 4 where a sum of £604,084 SPF is requested in Year 2 and £2,000,395 in Year 3. The total cost of People & Skills service delivery per annum is £2,052,171. It is useful to look at anticipated future rounds of SPF in order to present a clearer picture of the ongoing requirement. Table 5 below shows the requirement over six years based on sustaining current service levels. Year 1 has been excluded due to covering only one quarter. Years 2 and 3 cover the current SPF programme and Years 4-6 provide a forecast of funding requirements of a follow-on programme with anticipated continuity in funding levels. It should be noted that inflation has not been factored into these costs as there is a planned review of employability services.

	Current SPF Programme		Future SPF Programme		
	2023/24	2024/25	2025/26	2026/27	2027/28
Total cost: People & Skills service delivery	2,052,171	2,052,171	2,052,171	2,052,171	2,052,171
Match funding	1,448,087	51,776	749,931	749,931	749,931
SPF	604,084	2,000,395	1,302,240	1,302,240	1,302,240
Total	2,052,171	2,052,171	2,052,171	2,052,171	2,052,171

This can also be demonstrated in graph format as shown in Figure 2 overleaf.

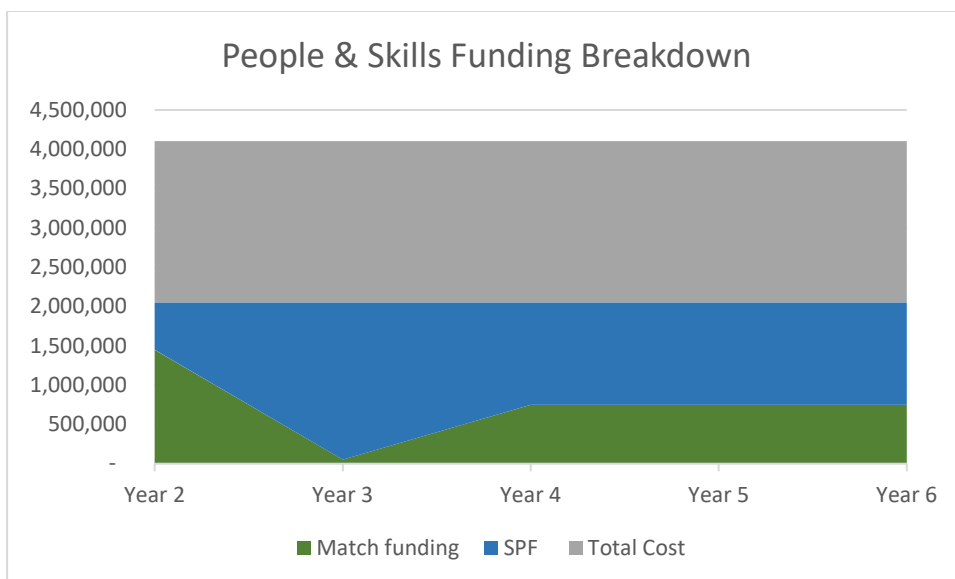


Figure 2: People & Skills Total Service Delivery Cost and Funding

7.3.3 Community & Place

In addition, activity under the Community & Place investment priority is likely to be matched with funds from other grant schemes, for example those shown in Table 6 below:

Table 6: Potential Match Funding: Community & Place	
Source	Potential Funds
North Ayrshire Council	Community Investment Fund Capital or revenue budget allocations Investment Fund Community Benefit Fund Town Charitable Funds
Scottish Government	Vacant & Derelict Land Fund Place Based Investment Programme Regeneration Capital Grant Fund Islands Programme Vacant and Derelict Land Investment Programme
Others	Big Lottery Fund Heritage Fund Places For Everyone Strathclyde Partnership for Transport’s Capital Programme North Ayrshire Ventures Trust Scottish Landfill Communities Fund

This will be closely monitored by the Compliance Officer and by Corporate Finance in order that the added value achieved can be reported to UK Government. The assessment process for the proposed competitive grant fund will consider match funding to maximise the benefits that can be derived from the fund and broaden the benefits to local communities.

8.0 Interventions, Outputs and Outcomes

The Investment Plan is accompanied by a detailed indicative deliverables spreadsheet which details the outputs and outcomes proposed under the interventions for each SPF investment priority. A link to this spreadsheet is embedded into Appendix D. It is exceptionally difficult at this stage to accurately predict the outputs and outcomes to be delivered, particularly under the Community & Place priority, because individual projects have not yet been selected for SPF support and the priority will feature a PB approach and competitive grant scheme. It is anticipated that a degree of flexibility will be adopted by the UK Government in terms of outputs and outcomes submitted at application stage vs actual achievements during delivery stage. Indeed, the guidance states ‘the outputs and outcomes you enter in Tables A-H (see Appendix F) are indicative at this stage and will be refined throughout the course of the UKSPF programme’.

The following tables (Tables 7, 8, 9 and 10) present the interventions under which SPF will be delivered in North Ayrshire, with more detail presented in Appendix E.

8.1 Interventions

8.1.1 Community & Place Interventions

Table 7: Community & Place Interventions
S1: Place based investments for regeneration and town centre improvements, which could include better accessibility for disabled people, including capital spend and running costs.
S2: Support and improvement of community assets and infrastructure projects, including those that increase communities’ resilience to natural hazards, and support for decarbonisation of facilities, energy efficiency audits, and installation of energy efficiency and renewable measures in community buildings (including capital spend and running costs).
S3: Improvements to the natural environment and green and open space which could include community gardens, watercourses and embankments, along with incorporating natural features into wider public spaces.
S4: Design and management of the built and landscaped environment.
S5: Support for sport, arts, cultural, heritage and creative activities, projects and facilities and institutions.
S6: Funding for active travel enhancements and other small scale strategic transport projects.
S7: Funding for the development and promotion of wider campaigns which encourage people to visit and explore the local area.
S8: Funding for impactful volunteering and/or social action projects to develop social and human capital in local places.
S9: Investment in capacity building, resilience (including climate change resilience) and infrastructure support for local civil society and community groups.
S10: Community measures to reduce the cost of living, including through measures to improve energy efficiency, and combat fuel poverty and climate change.

S11: Funding to support relevant feasibility studies.
S12: Investment and support for digital infrastructure for local community facilities.
S13: Support for linking communities together and with employment opportunities with a focus on decarbonisation.

8.1.2 Supporting Local Business Interventions

Table 8: Supporting Local Business Interventions
S29: Support for new and existing businesses and start-ups aligned with local, regional and Scottish policy

8.1.3 People & Skills Interventions

Table 9: People & Skills Interventions
S31: Employment support for economically inactive people: Intensive and wrap-around one-to-one support to move people closer towards mainstream provision and employment, supplemented by additional and/or specialist life and basic skills (digital, English, maths* and ESOL) support where there are local provision gaps.
S32: Courses including basic skills (digital, English, maths (via Multiply) and ESOL), and life skills and career skills** provision for people who are not economically inactive and who are unable to access other training or wrap around support detailed above. This could be supplemented by financial support for learners to enroll onto courses and complete qualifications
S33: Activities such as enrichment and volunteering to improve opportunities and promote wellbeing.
S34: Intervention to increase levels of digital inclusion, with a focus on essential digital skills, communicating the benefits of getting (safely) online, and in-community support to provide users with the confidence and trust to stay online
S35: Support for employability programmes and advice places should have regards for the No One Left Behind agenda, the Young Person's Guarantee, Fair Start Scotland and Scottish employability pipeline. This could include tailored support to help people in employment, who are not supported by mainstream provision to address barriers to accessing education and training courses. This includes supporting the retention of groups who are likely to leave the labour market early.
S36: Support for local areas to fund local skills needs. This includes technical and vocational qualifications and courses up to level 2 and training for vocational licences relevant to local area needs and high-value qualifications where there is a need for additional skills capacity that is not being met through other provision.
S37: Green skills courses to ensure we have the skilled workforce to support the Just Transition to a net zero economy and climate resilience, with a particular focus on vulnerable or low-income groups who will be disproportionately affected by climate change. Retraining support for those in high carbon sectors, providing career guidance and supporting people to seek employment in other sectors.
S38: Funding to support local digital skills.

S39: Support for education and skills targeting vulnerable young people leaving school, places should have regard for the Young Person's Guarantee, modern apprenticeships and related policy.

S40: Support for community learning and development

S41: Funding to support new partnership and project-based entrepreneurial learning between business and education to develop a culture that celebrates entrepreneurship.

8.1.4 Multiply

Table 10: Multiply Interventions

S42: Courses designed to increase confidence with numbers for those needing the first steps towards formal qualifications.

S43: Courses for parents wanting to increase their numeracy skills in order to help their children, and help with their own progression.

S44: Courses aimed at prisoners, those recently released from prison or on temporary licence.

S45: Courses aimed at people who can't apply for certain jobs because of lack of numeracy skills and/or to encourage people to upskill in order to access a certain job/career.

S46: Additional relevant maths modules embedded into other vocational courses.

S47: Innovative programmes delivered together with employers- including courses designed to cover specific numeracy skills required in the workplace.

S48: New intensive and flexible courses targeted at people without Level 5 maths in Scotland, leading to an equivalent qualification.

S49: Courses designed to help people use numeracy to manage their money.

S50: Courses aimed at those 19 or over that are leaving, or have just left, the care system.

S51: Activities, courses or provision developed in partnership with community organisations and other partners aimed at engaging the hardest to reach learners- for example, those not in the labour market or other groups identified locally as in need.

8.2 Outputs

The outputs for all priorities are organised under the strategic interventions. For ease of presentation, these are presented in the embedded Excel file in Appendix D to this Business Plan.

8.3 Outcomes

In line with the outputs, the outcomes for all priorities are also organised under the strategic interventions. These are contained within the same embedded Excel file in Appendix D to this Business Plan.

9.0 Future SPF Programmes

This Business Plan sets out plans for the 2022-2025 SPF programme. The UK Government has intimated that this will be the first programme and that there will be future SPF rounds, with annual investment levels similar to the amount allocated to Year 3 of the current programme.

Because of the in-year allocations, this restricts available funding in Year 2. The proposed expenditure profile highlights the gap in funding available for the People & Skills priority in Year 2 which will be balanced across Years 2 and 3 with match funding. In future rounds of SPF, it is anticipated that a full allocation of funding from the first year of the programme would allow for approximately 50% of the programme funding to be made available through the Community & Place priority.

The SPF Prospectus for the current programme encouraged local authorities to take a regional approach to SPF planning and delivery. Under the governance and guidance of the Ayrshire Economic Joint Committee, and whilst each authority has developed individual Investment Plans, it is the intention of all three authorities to work together to develop shared aspirations for future rounds of SPF. This will be informed by the emerging Ayrshire Regional Economic Strategy and it is intended that future proposals will align with these strategic recommendations for the region.

Appendix A: CLES Literature Review Document List

The following documents have been reviewed by CLES as part of the strategic review for the new Ayrshire Regional Economic Strategy:

Regional/National

1. Ayrshire Growth Deal – Annual Report 2020/21
2. Ayrshire Economic Partnership’s Food & Drink Plan
3. Ayrshire Business Support Update (Nov 2020)
4. Ayrshire CWB Commission: Terms of Reference, Workplans, Minutes
5. Ayrshire and Arran – Tourism Strategy 2012/17
6. Ayrshire Community Wealth Building Anchor Charter
7. Scottish National Strategy for Economic Transformation – Evidence on Ayrshire
8. Ayrshire Indicative Regional Spatial Strategy
9. Ayrshire Regional Skills Investment Plan – 2022-2025
10. Ayrshire Blue Economy Strategy Action Plan – February 2021

North Ayrshire

1. Isle of Arran/Cumbræ Local Island Plan and Action Plans
2. North Ayrshire Council Zero Waste Strategy 2018-2022
3. Community Wealth Building Strategy
4. North Ayrshire Council Community Wealth Building 2020-2021 Annual Report – Main Report and Appendices
5. North Ayrshire Council Economic Recovery & Renewal Approach
6. North Ayrshire Council - Cabinet Paper for Green Jobs Fund
7. North Ayrshire Council Regeneration Delivery Plan
8. North Ayrshire Council Vacant and Derelict Land Strategy
9. North Ayrshire Vacant and Derelict Land Strategy Refresh 2022
9. North Ayrshire Council Repurposing Property Grant Fund
10. North Ayrshire Council – Environmental Sustainability and Climate Change Strategy 2021-2023
11. Local Outcomes Improvement Plan 2022-2030
12. Locality Planning
13. North Ayrshire Council - Cabinet Report on Inclusive Economy Dashboard
14. North Ayrshire Council - Cabinet Report on Inclusive Growth Diagnostic
15. Hunterston and Blue Economy Opportunity
16. Marine Science and Environment Centre
17. CLES Community Wealth Building diagnostic
18. North Ayrshire’s Youth Participation and Citizenship Strategy 2021-25

Appendix B: Results of Community Expression of Interest

Project title and short description:

55% of respondents included the word community in their project name and description.

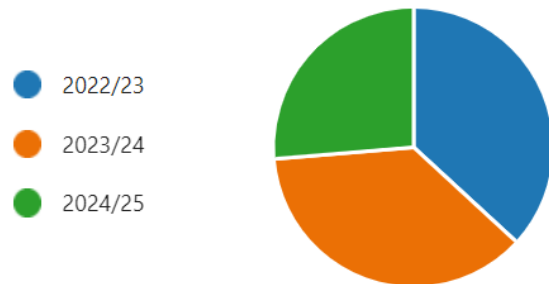


Is your project a capital or a revenue project? Capital relates to the development of an asset, for example creating a path, a garden or renovating a building. Revenue relates to running costs, staffing, funding for events etc.



54% of survey respondents answered revenue, whilst 46% answered both capital and revenue, with no respondents proposing to apply for capital funding alone.

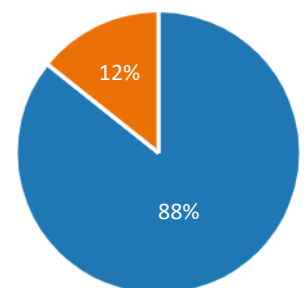
In which financial year would your project require funding? Please select all that apply.



74% of respondents were evenly split between 2022/23 and 2023/24, with 26% specifying 2024/25. It should be noted that two respondents selected all three time periods, and two respondents selected both 2023/24 and 2024/25.

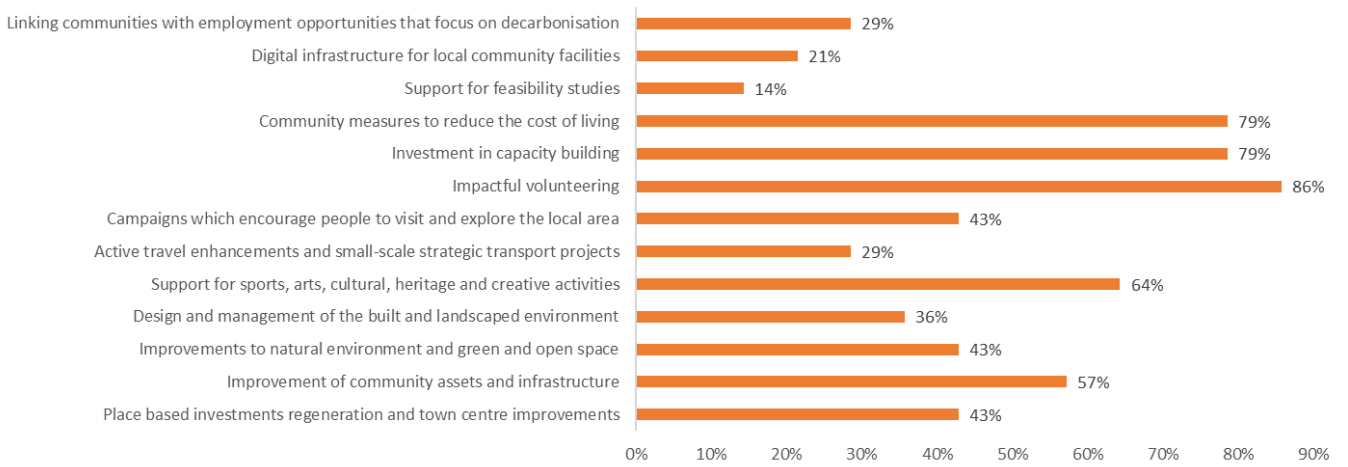
Which of the following SPF Community & Place **objectives** is most relevant to your project?

- 1. Strengthening our social fabric and fostering a sense of local pride and belonging, through investment in activities that enhance physical, cultural and social ties and access to amenities, such as community infrastructure and local green space, and community-led projects.
- 2. Building resilient, healthy and safe neighbourhoods, through investment in quality places that people want to live, work, play and learn in, through targeted improvements to the built and natural environment innovative approaches to crime prevention.



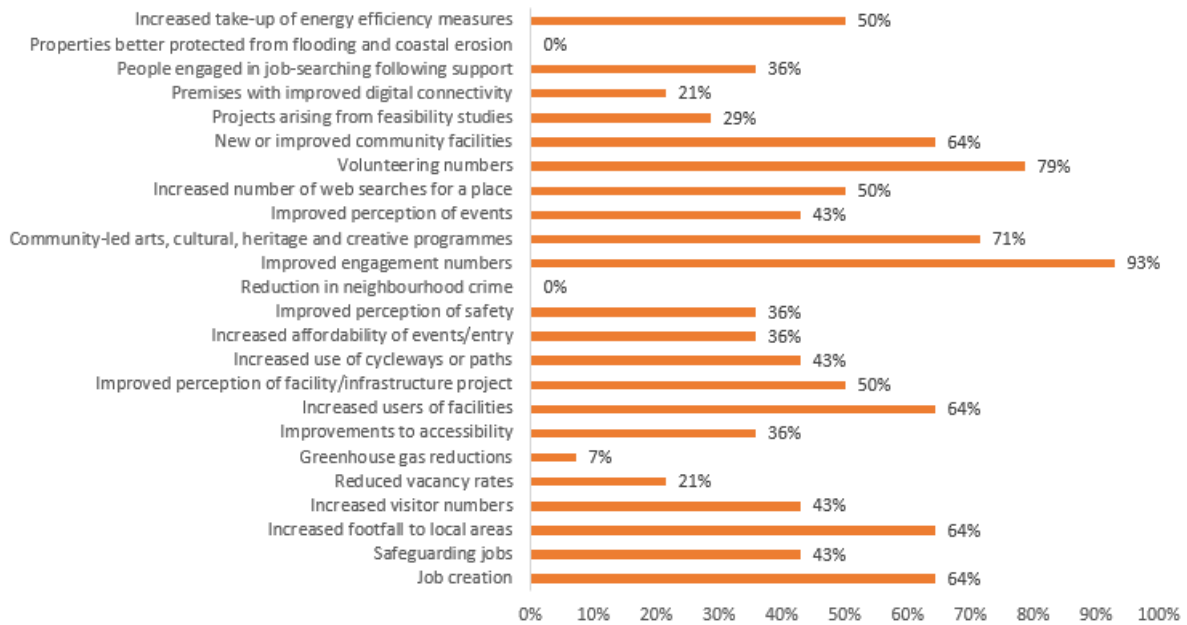
88% of respondents selected option 1, around strengthening the social fabric, and 12% of respondents selected option 2, focussed on building resilient, healthy and safe neighbourhoods.

Which of the following SPF Community & Place **interventions** would your project deliver:



Which of the following SPF Community & Place **outcomes** would your project deliver:

Which of the following SPF Communities & Place **outcomes** would your project deliver:



Appendix C: SPF Expenditure Submission

The expenditure submission can be viewed by clicking on the embedded link below.



UKSPF Expenditure
Profile_NAC submissi

Appendix D: SPF Indicative Deliverables Submission

The indicative deliverables submission can be viewed by clicking on the embedded link below.



UKSPF Indicative
Deliverables_NAC_Fin

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.

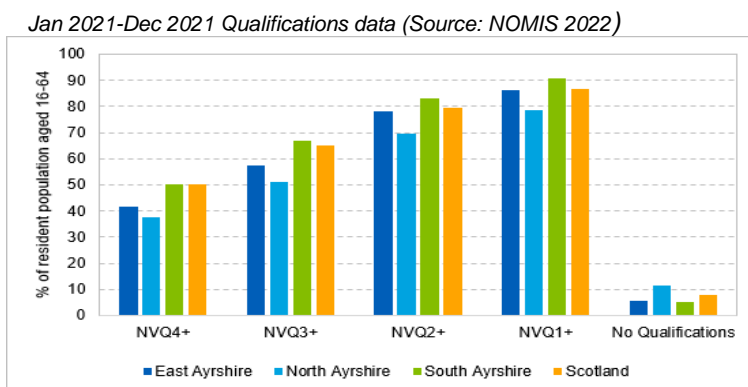
- 2.2 The work of the University of Strathclyde’s Fraser of Allander Institute highlights levels of significant regional inequality in Scotland. The underperformance of the Ayrshire economy provides a compelling case for change. Ayrshire has remained persistently behind other regions in Scotland and 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.

RUSSELL McCUTCHEON
Executive Director (Place)

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)

NORTH AYRSHIRE COUNCIL**23 August 2022****Cabinet**

Title: **Net Zero Energy and Transport Committee – Inquiry into a modern and sustainable ferry service for Scotland**

Purpose: To seek approval for the proposed North Ayrshire Council submission to the Net Zero Energy and Transport Committee's Inquiry into a modern and sustainable ferry service for Scotland.

Recommendation: That Cabinet approves the submission of the proposed response to the call for views provided at Appendix One.

1. Executive Summary

1.1 The Scottish Parliament's Net Zero, Energy and Transport Committee has launched an inquiry into a modern and sustainable ferry service for Scotland. The Committee is seeking views until 26 August 2022 and engaging with ferry users to examine how services can best meet local needs. This report seeks approval for the proposed submission to the call for views provided at Appendix One.

2. Background

2.1 The Net Zero, Energy and Transport Committee scrutinises the Scottish Government's policies and progress towards climate change targets across all government departments. The Committee has a specific focus on transport, energy, net zero and circular economy and aspects of environmental policy.

2.2 The Committee agreed to undertake a comprehensive review of ferry services in March 2022. This was informed by a public petition regarding the impact of the unreliability of ferries on island economies. The petition outlined the impact of the unreliability through losses to island economies relying on tourism and travel restrictions for island residents, who need reliable and regular services. The Committee identified that there were also wider issues beyond those covered by the petition which required to be considered.

2.3 The inquiry will consider:

- What island residents, businesses and other ferry users need from Scottish Government supported ferry services;
- The institutional and funding arrangements that would meet the needs of current and future ferry users; and

- What vessel size, type, deployment and crewing arrangements would best satisfy the needs identified.

2.4 The Committee is seeking views until 26 August 2022. It has committed to engaging with ferry users to understand the impact of problems with ferry services and examine how services can best meet local needs. It will pursue the following objectives. To:

- Understand what a modern ferry service should look like from different perspectives including island and mainland residents, individuals and businesses;
- Consider and draw attention to best practice in ferry provision and service including considering examples from private enterprise or internationally;
- Hold the Scottish Government, operators and asset holders to account and scrutinise carefully whether their decisions and strategies are in the best interests of service users and the taxpayer;
- Help inform Scottish Government's policies and strategies on ferries and island connectivity as well as the procurement process for future vessels;
- Identify the needs and views of different groups in particular young people and disabled people;
- Adapt scrutiny to the different needs, experiences and solutions of different islands and communities;
- Recognise the importance of island impact assessments carried out by relevant authorities; and
- Incorporate the contribution of transport to net zero goals into scrutiny throughout the inquiry.

2.5 The call for views poses a series of questions outlined at Appendix One and which were considered as part of the proposed submission. The draft submission has been informed by the feedback from our island communities through the extensive engagement carried out during the development of the recently published Local Island Plans.

3. Proposals

3.1 That Cabinet approves the proposed submission to the call for views provided at Appendix One.

4. Implications/Socio-economic Duty

Financial

4.1 The provision of modern, sustainable services is critical to our islands and the wider North Ayrshire economy. The Fraser of Allander report on the Impact of Covid-19 on the Arran economy identified that on average, each day of ferry operation contributes just under £170,000 to the island's economy.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

- 4.4 The provision of a modern, sustainable ferry service will support the reversal of economic, social and physical decline and reduce socio-economic disadvantage. It will also contribute to the delivery of the Isle of Cumbrae and Isle of Arran Local Island Plans, their key themes and priorities. Both plans recognise the multiple impacts of the unreliability and capacity of the existing ferry services to island residents, businesses and the local economy. Reliable ferry provision is identified as a key priority for the Isle of Cumbrae Plan and ferry provision and infrastructure is identified as a key priority for the Isle of Arran Plan.

Climate Change and Carbon

- 4.5 The inquiry aims to identify the requirements for a modern, sustainable ferry service. It identifies an objective to incorporate the contribution of transport to net zero goals into scrutiny throughout the inquiry. This aligns with the Council's agreed Environmental Sustainability and Climate Change Strategy workstreams of: Green Economy; Transport and Travel; and Sustainable Operations. Furthermore, it aligns with the Council's commitment to reduce carbon emissions through our declaration of a Climate Emergency and will contribute to the ambition to achieve net zero by 2030.

Key Priorities

- 4.6 The provision of a modern, sustainable ferry service will contribute to achieving a number of the Council Plan outcomes. It will contribute to the ambitions for: an inclusive, growing and enterprising economy; North Ayrshire to be well-connected with effective infrastructure; and for a sustainable, vibrant, welcoming and attractive environment.

Community Wealth Building

- 4.7 The Inclusive Growth Diagnostic identified transport as a barrier to inclusive growth at a local level. The provision of a modern, sustainable ferry service for our islands is vital to local communities and delivering inclusive growth and Community Wealth Building.

5. Consultation

- 5.1 The Net Zero Energy and Transport Committee has committed to engaging with ferry users to understand the impact of problems with ferry services and examine how services can best meet local needs. The proposed Council response was prepared jointly by officers within the Place Directorate and within the Growth and Investment team. The draft submission has also been informed by the feedback from our island communities through the extensive engagement carried out during the development of the recently published Local Island Plans.

RUSSELL McCUTCHEON
Executive Director (Place)

For further information please contact **Louise Kirk, Senior Manager Regeneration**, on **01294 324766**.

Background Papers

Fraser of Allander Report: Impact of Covid-19 on the Arran economy (2020)

Isle of Arran Local Island Plan (2022)

Isle of Cumbrae Local Island Plan (2022)

Appendix One: Proposed Submission - Inquiry into a Modern and Sustainable Ferry Service for Scotland

Question 1: What do island residents, businesses, and other ferry users need in the short, medium and long term from Scottish Government-supported ferry services?

- Meeting the needs and sustainability of island and remote rural communities and businesses, including secure jobs providing ferry services
- Meeting the needs of mainland communities and businesses, including visitors
- Service needs at different times of the year
- Which needs are better met by other modes, e.g. air travel where available?
- How should the Scottish Government support council-run ferry services?
- How can ferry users and island communities be involved in decision making at strategic and operational level?

NAC Response:

Our islands need reliable services that provide for everyday journeys for rural communities, tourism, leisure and business needs. There are no alternative transport modes for journeys to and from either Arran or Cumbrae therefore vessel and service resilience is critical. Reliable ferry services are critical to the supply chain between mainland and island businesses and the sustainability of island businesses going forward.

Like most island economies, our islands' economies are highly dependent on their ferries. The levels of cancellations and their coverage undermines visitor and business confidence in our islands as places to either visit, work, live or invest. Service needs and levels fluctuate throughout the year due to seasonal demand. Modern ferry services should be suitably dynamic to respond to these fluctuations as far as practical.

A minimum 'lifeline' service definition should be developed for winter services. A considerable amount of data is available on service requirements but it is important that the latent demand due to the unreliability of services and capacity issues is also considered. Due to labour shortages many island businesses are reliant on commuters from North Ayrshire and further afield therefore a reliable year round service is critical to island business operation. Our health and social care services rely on the service to transport staff. Significant ferry disruption causes humanitarian and welfare concerns and stress for the people receiving this support and for the staff providing these services.

There needs to be greater co-ordination between all transport modes including connecting modes on islands and on the mainland. On both Arran and Cumbrae, bus services are largely timed to meet the ferry on arrival. Reliability issues with the ferry can therefore have a significant knock-on impact for the wider transport network. If the buses wait for late-running ferries the timetable is not met which impacts the buses serving the wider communities on the islands. On Arran these bus services are also critical to school transport. The impact of unreliable ferry services therefore disrupts residents, school pupils and tourists. Furthermore, residents and visitors disembarking at Ardrossan being inconvenienced by relying on rail travel which is similarly synchronised with expected ferry arrival times.

Road Equivalent Tariff (RET) has led to substantial increases in vehicles on the islands and the lack of integration between the ferry and bus services further exacerbates this. Ferry services should be suitably flexible to respond to local pressures associated with RET. For

example, campervan restrictions are currently applied on some routes on the network but there is not currently flexibility to extend this to other routes where required.

There needs to be a clear, transparent process for decision making at both strategic and operational levels. The island communities need to be able to understand what they can influence and how. There also requires to be clear communication channels for example through Ferry Committees. Ferry operations need to be better explained, for example regarding costs, worker's hours legislation, safety considerations regarding cancellations and ferry infrastructure resilience.

A fit for purpose fleet requires to be provided that can sustain the required level of provision. It is the current case that there is extremely limited or no capacity to ensure service provision during routine maintenance and emergency repairs to ferries. Additional capacity requires to be provided in the fleet to provide adequate cover for down time associated with routine and emergency maintenance.

There is also a strong need for improved communications regarding the ongoing procurement process and its delivery programme. At present much of the information comes via media channels first rather than directly from the Government. This is unacceptable for the community and its businesses who need to be kept fully abreast of the programme and any issues that arise in a timely manner.

North Ayrshire Council does not operate 'Council-run ferries' and therefore has no experience or evidence to present on support required. However, the Council would be interested to learn and understand the feasibility of alternative operating models. North Ayrshire Council is a Community Wealth Building Council and as such supports plural ownership of the local economy and maximising the return and value of assets to achieve social, economic and environmental outcomes for the benefit of local communities and business. We would seek to maximise Community Wealth Building outcomes as part of any alternative delivery model that was being considered.

Ardrossan to Brodick is the busiest route on the CalMac network but has amongst the highest rate of cancellations on the network. While these cancellations are partly due to weather conditions and the dated infrastructure at Ardrossan, the proposed new vessels with their increased reliability and manoeuvrability should reduce the rate of cancellations. Whilst we appreciate the significant investment planned for the harbour will transform the port, there have been delays and meanwhile the infrastructure combined with the aging ferry fleet, have had a major effect on the ferry reliability and overall the resilience of the service.

The Fraser of Allander report on the Impact of Covid-19 on the Arran economy identified that on average, each day of ferry operation contributes just under £170,000 to the island's economy. This effect is higher in summer months when tourist and passenger numbers are high, and consequently lower during the winter months. All of Cumbrae Primary school teaching staff live on the mainland. When the ferry does not operate the school has to close. All Secondary School provision is on the mainland therefore disruption also affects access to secondary education and in some cases return travel.

The current relief vessel arrangements for the Cumbrae route also result in a loss in sailings due to the available suitable vessels, travel time and the alternative arrangements required for these to come into service. In some cases this includes engineering modifications to vessels and provision of alternative crews due to the vessel's crew not having received the necessary training to operate the route.

This recently resulted in a loss of service overnight from 3pm with circa 60 people being unable to travel from the island and circa 100 cars on the mainland. Due to these cancellations, individuals were unable to access medical and respite services and, in some cases, return home. There are no ferry staff on the island therefore passengers are not provided with support in these circumstances.

Whilst it is noted that the MV Loch Ridden will be replaced under the Small Vessels Replacement Plan, this will not provide an immediate solution. It would be beneficial if relief vessels and crews could offer flexibility of service across the network to reduce the timescales required to bring them into service and improve network resilience.

Question 2: What institutional and funding arrangements would most likely deliver service patterns, vessels, and crewing arrangements that meet the needs of current and potential future ferry users?

- Can the current tri-partite arrangement (Transport Scotland, CMAL, Ferry Operator) for managing most ferry service provision be improved?
- Can current tendering arrangements be improved, e.g. through service unbundling?
- Can Scottish Government subsidies be better deployed to meet the needs of current and future ferry users?
- Are current services providing best value for the taxpayer?

NAC Response:

More transparency and explanations are required as to why certain decisions are made regarding operational matters. This includes decisions in relation to timetables, vessels, shore infrastructure, demand and weather resilience. Early engagement would also be beneficial on factors such as procurement of new vessels, need for new infrastructure and potential disruption due to any new construction, costs and demand.

The current tri-partite arrangement is complex and limits transparency of decision making. Roles and responsibilities are unclear and there are substantial areas of overlap. Within the current arrangement discussions and decision processes are often restricted due to confidentiality and government limitations. Some documents can be so complex that they give little information unless the reader has at least some knowledge of the process.

Clear mechanisms to provide feedback on service provision would be beneficial. This should outline roles and responsibilities for the organisations involved and detail how feedback will be collated and used. At present the stakeholder process is broken with no one organisation having a clear responsibility to respond to issues or address weaknesses in service provision.

Ongoing financial commitments, with cross-party support, are required to deliver on service and vessel plans. Port infrastructure responsibility and funding is fragmented with ownership sitting between national government, local authorities, and private port management. This needs to be addressed to ensure alignment of vessels and infrastructure.

Greater transparency is also required regarding the support per route and costs per route might better explain the subsidies to users and non-users. This should be set against the benefits brought about by serving remote communities. With regards to 'best value', greater explanation of the costs would better inform opinions on what is best value. The

current service provided is perhaps regarded as costly in respect of frequency and fares, however it appears that it compares well with other ferry services to remote communities elsewhere, issues surrounding the resilience of the current fleet notwithstanding. Further clarity and transparency would be welcomed.

A clear definition as to what constitutes value for money is required. There is no clearly defined process to deliver value for money. The operator delivers to a contract and many examples have been highlighted that value for money is often prioritised to provide benefit for operator. The cost of failure to deliver the services to the communities is often considered as the loss of income to the operator. Contingency planning is often influenced by excessive estimated costs for the operator without recognising the costs of the failures to the islands' economies.

Question 3: What vessel size, type, deployment and crewing arrangements would best satisfy the needs you have identified?

- Vessel size and type
- Sustainable propulsion systems (including energy-use and moves to low carbon systems)
- Compatibility with harbour facilities
- Onboard crew accommodation
- Current procurement criteria and processes: what are their strengths and weaknesses? Are they "future proofed" to accommodate new technologies and the need for sustainable low-carbon travel?

NAC Response

Further clarity would be welcome on the role of this Committee and how it will align with the Island Connectivity Plan's (ICP) development. It is noted that many of the questions set out here are being considered via the ICP therefore it is important to have a coordinated approach and avoid duplication of effort.

It is critical that island communities and the recognised Ferry Committees are fully involved in these discussions. Their local knowledge and day-to-day experience of the vessels and services is invaluable. The decision-making process should be fully informed by a robust Islands Impact Assessment.

The lack of vehicle capacity has resulted in many services being fully booked in advance on the Ardrossan to Brodick route or large queues and waiting times on the Largs to Cumbrae route. This often resulting in residents being unable to travel to the mainland at relatively short notice. There is a growing level of frustration within the communities over the uncertainty of their services, the number of cancellations and the uncertainty of when the new vessels will finally enter service. The lack of resilience has also resulted in significant reputational damage to the islands with many visitors reluctant to book trips out of fear of cancellations. This is having a substantial impact on island businesses.

Future ferry procurement needs to fully involve the local community to ensure that the new vessels will meet their needs. The most consistent view from the Isle of Arran community is for a reliable two-boat service all year round. On the Isle of Cumbrae there is an aspiration for a passenger only summer service between Largs and Millport. The Procurement needs to be undertaken sufficiently far in advance to allow an adequate lead-in time for delivery before the reliability of the outgoing vessels becomes an issue and to ensure that the

harbour infrastructure requirements are in place. The emerging Islands Connectivity Plan (ICP) as a replacement for the Ferries Plan should explore other options to the traditional large bespoke vessels. For example, this could consider the use of smaller, cheaper and more flexible vessels that could provide a more reliable service.

We note the intention to introduce hybrid ferries at Ardrossan. Future procurement should focus on proven technologies to ensure continuity of service. Whilst we recognise the desire and ambition to look at new technology, this should not be at the expense of the connectivity of our island communities. Tried and tested technology and engineering should be used to help ensure that the delivery programme can be achieved. Similarly, whilst the challenges of designing a ferry fleet to meet the varying needs and circumstances across the network is recognised, consistency would be beneficial in the design of these vessels wherever practical. A more consistent design, rather than bespoke vessels for each route, would allow also for easier maintenance and flexibility across the network. This would also help ensure that suitable infrastructure can be built and maintained at the relevant ports as well as the alternative refuge ports.

The ICP also needs to consider how to improve the environmental credentials of our ferry services. As noted above, trialling new technology such as the dual-fuel hybrid technology, should not be at the expense of the reliability of lifeline services. High quality digital infrastructure is also required, such as robust online ticketing systems for all routes, to support these lifeline services and their economies.

Ferry services should promote and support the use of sustainable public transport and active travel on the islands to reduce the impact of RET and contribute to achieving net zero. For example through incentivising the use of sustainable travel for onward journeys. This would also assist in ensuring the viability of public transport on the islands for communities. All bus services on Arran and a number of services on Cumbrae are currently subsidised as they are not commercially viable.

NORTH AYRSHIRE COUNCIL**23 August 2022****Cabinet**

Title: **Digital Processing Manufacturing Centre, i3 Irvine: Phase 1, Full Business Case**

Purpose: To seek endorsement of the Full Business Case (FBC) for Phase 1 of the Digital Processing Manufacturing Centre (DPMC) project at i3, Irvine.

Recommendation: That Cabinet agrees to:

- (a) endorse the Full Business Case (FBC) for Phase 1 of the Digital Processing Manufacturing Centre (DPMC) project at i3, subject to receiving endorsement from UK Government; and
- (b) approve the submission of the FBC to the Ayrshire Joint Committee.

1. Executive Summary

- 1.1 The Digital Processing Manufacturing Centre (DPMC) project is one of two Ayrshire Growth Deal (AGD) projects located at i3, Irvine Enterprise Area and is identified in the AGD Heads of Terms signed off in March 2019 and the Full Deal signed off in November 2020.
- 1.2 DPMC will be a nationally significant innovation centre to support and develop digital solutions with businesses in process manufacturing sectors across the UK. DPMC Phase 1 will establish a physical presence at i3 within an existing building. This will create a centre that will demonstrate modern digital processes, supported by academic and industry expertise, to train and develop businesses in the process manufacturing sectors (locally, regionally and nationally). It will help businesses to access new digital technology, products and innovation, improve energy efficiency / productivity / waste reduction, and increase company investment in research. £1M of the £6M Ayrshire Growth Deal allocated funds will be invested in Phase 1 as a pilot to test the concept and operating model, with the remaining allocation of £5M targetted at a permanent Phase 2 at i3. The centre will operate as part of the NMIS (National Manufacturing Institute Scotland) network. Phase 0, an initial online phase, was launched in October 2021.
- 1.3 Cabinet of 29 June 2021 agreed to the launch of the initial online phase, approved the related Memorandum of Understanding, approved the allocation of £1M from the Ayrshire Growth Deal for Phase 1 and supported the Outline Business Case for

Phases 1 and 2. This was followed by agreement at Cabinet on 30 November 2021 to agree to proceed with the proposals for a Phase 1 pilot of the DPMC project, to sign a Collaboration Agreement for Phase 1 between North Ayrshire Council (NAC), University of Strathclyde (UoS) and the Centre for Process Innovation (CPI), to contribute £1M to Phase 1 of the project in the form of a grant to the University of Strathclyde, subject to appropriate conditions; and to note that the Council will receive a grant from Scottish Enterprise, that will in turn be passed on to the University of Strathclyde for the fit out of the Phase 1 premises.

- 1.4 Key changes since the last Cabinet report include the preparation and approval by UK Government of a programme business case for the project, the development of the full business case for Phase 1, the agreement that the Council will lead on the refurbishment works and the allocation of additional funding from partners and Scottish Enterprise to support the refurbishment works.
- 1.5 The full business case (see Appendix 1) is ready for approval, following the completion of key aspects of the project set out in the paper. Under the agreed governance covering the AGD, the approval of the FBC has been delegated to the Ayrshire Joint Economic Committee (AJEC) following endorsement by UK Government, which is pending and Cabinet. It is anticipated that the FBC will be presented to the AJEC in September.

2. Background

- 2.1 DPMC will be a nationally significant innovation centre, focused on supporting and assisting process manufacturing sectors in the UK. Industries engaging with the DPMC will have the opportunity to hugely improve their efficiency, productivity, and to receive help with compliance performance and reducing their carbon footprint. DPMC will facilitate this by demonstrating, developing, and delivering new digital technologies and digital solutions. It will aid businesses with strategy, planning, skills and technology selection and acquisition and implementation. Pace is required to fill the gap in the provision of digital support for businesses, as part of COVID recovery plans and to support government policies to improve manufacturing, through the use of digital technologies and solutions.
- 2.2 It is a ground-breaking project which will bring the University of Strathclyde and NMIS into North Ayrshire as key anchor institutions and in partnership with CPI who will provide industry expertise. It will give local businesses and education providers the opportunity to access and benefit from the facility being on their doorstep and potentially signpost them to the wider NMIS network. It will also provide a catalyst for collaboration between industry, academia and the public sector within the local area. The table below outlines the key features of the DPMC project.

Digital Processing Manufacturing Centre (DPMC), Phase 1 (Pilot): Key Features	
Partners	NAC, University of Strathclyde, Centre for Process Innovation (CPI)
Location	i3 Irvine Enterprise Area, hosted by existing Booth Welsh facility
Services	Training & demonstrations in digital technologies & digital solutions
Equipment	Information technology including servers and operating software. Operational technology including programmable logic controllers (PLC), supervisory control and data acquisition (SCADA) and business software e.g., SAP

	Technology demonstrators including artificial intelligence, robotics and commercial off-the-shelf hardware and software.
Sector focus	Pharmaceuticals, Oil & Gas, Chemicals & Chemical Products, Agrichemicals, Food & Drink, Fast Moving Commercial Goods and Water (collection, treatment, supply).
Staff	7 posts: 1 managing director, 1 technician & 5 engineers
Capital Cost	Fully funded by Ayrshire Growth Deal, partners & Scottish Enterprise
Income	Supported by University & CPI & funding from commercial activity
Benefits	Location at i3 - linked to national agenda & NMIS. Local training and skills opportunities for local businesses to access. Improved efficiency, productivity & reduction in carbon consumption.

- 2.3 The Full Business Case focusses on the capital funding related elements of Phase 1, including £1M of funding towards equipment and £0.66M towards the refurbishment works. Subsequent addendums to the current FBC will be submitted in due course for other more detailed elements of Phase 1. The FBC is ready for approval with a number of key legal and financial requirements now in place which are set out in 4.1 and 4.3. These include the signing of a Collaboration Agreement by the partners on 28 March 2022 which sets out roles and responsibilities for Phase 1, agreement to additional funds for the capital works, approval by UK Government of a Programme Business Case on 29 June 2022, the first public announcement of the project by the University, the selection through a competent tender process of a preferred tenderer within budget for the refurbishment works and agreement on a final draft lease between the University of Strathclyde and Booth Welsh.
- 2.4 Progress has also been made by University of Strathclyde on the recruitment of the Managing Director's post for the Centre. It is anticipated that the post will be in place for the completion of the works to create the Phase 1 Centre and its launch in the New Year. The University and CPI are also working to develop business engagement on the project with support from the Ayrshire Regional Business Support Group, NMIS SME Business Team, Scottish Enterprise and from SMAS (Scottish Manufacturing Advisory Service) at the regional level. A Forum is being launched by DPMC based on a successful model developed by fellow NMIS specialist centre, Advanced Forming Research Centre (AFRC). Initial discussions have already begun with technology providers whose hardware and software underpin a large percentage of manufacturing activities and with 7 pharma companies across Scotland in relation to potential membership of DPMC. In addition, discussions are currently underway with partners regarding the potential for Booth Welsh to be an operational partner to the project.
- 2.5 There are key risks related to the project and detailed within the FBC. Phase 1 will require to generate income and business interest to sustain its planned operation over 5 years and to support the business case for Phase 2 as a permanent facility at i3. A key risk mitigation is this the development of this pilot, following the approval of its FBC.
- 2.6 The Phase 1 pilot project has now reached a critical stage as the approval of the FBC is required to ensure that the refurbishment tender is awarded before the 120-day tender period expires on September 29th 2022 and to enable completion of the works by December 2022, with an anticipated opening of the Centre in early 2023.

2.7 The full business case provides a strong and competent case for approval, following the completion of key aspects of the project as set out in the paper. Subject to receiving endorsement from the UK Government which is pending and Cabinet endorsement, the next step is to seek final approval of the business case from the Ayrshire Economic Joint Committee so that the tender for the refurbishment can be awarded and works commence.

3. Proposals

3.1 It is proposed that Cabinet agrees to:

- a) endorse the Full Business Case (FBC) for Phase 1 of the Digital Processing Manufacturing Centre (DPMC) project at i3, subject to receiving endorsement from UK Government; and
- b) approve the submission of the FBC to the Ayrshire Joint Committee.

4. Implications/Socio-economic Duty

Financial

4.1 The main financial implications of the project for the Council relate to the investment of £1.66M of funding which is now secured to enable the project to progress:

- i) The Council has committed to contribute £1M from its approved budget for the DPMC project as its allocation towards Phase 1. The Council will grant £1M to the University of Strathclyde for the sourcing, purchase, and installation of equipment for which it will be responsible. This arrangement will be subject to the Council complying with appropriate regulations relating to grant funding and to the University accepting any conditions relating to the grant. The Council will control the allocation of the grant through agreement on areas and amounts of spend as required. It is anticipated that there will be an initial grant fund of £590,000 and the balance of £410,000 will be subject to further agreement(s) during the Phase 1 project term.
- ii) The overall budget for refurbishment is £660,000 supported by a grant of £515,100 from Scottish Enterprise and equal contributions of £48,300 from all partners. The Council has accepted the grant offer from Scottish Enterprise which is conditional on a number of factors and outcomes, including the Council's investment of £1M into Phase 1 and timelines for the Council claiming the funding;
- iii) A preferred contractor has been selected for the refurbishment work following a competent tender process and the tender is within the available budget of £660,000; and
- iv) University of Strathclyde will be responsible for sourcing revenue funding to support the ongoing operation of the facility. The project's financial appraisal forecasts income from membership and collaborative research and development, which will increase gradually over the five years.

Human Resources

4.2 University of Strathclyde has a DPMC Project Manager in post to lead on the development and co-ordination of the project. At the commencement of the project, the centre will have the posts outlined in the table above. The University has also recently advertised for a Managing Director for the centre to ensure DPMC has the operational controls, administrative and reporting procedures, people, and systems in place to effectively grow the organisation and ensure financial strength and operational efficiency.

Legal

4.3 A Collaboration Agreement which covers the operational and financial responsibilities of each of the parties for Phase 1, was signed in March 2022, between the Council, the University of Strathclyde and Centre for Process Innovation. In addition, progress has been made with completing a number of related agreements to cover specific aspects of the project. The main legal implications for Phase 1 of the project are:

- i) the management of grants. NAC will require to ensure that the conditions of grant set out by SE are complied with. As a condition of grant, SE require that NAC contribute a total of £1M to Phase 1 over the course of 5 years;
- ii) the purchase and supply of equipment for the project by way of a grant from NAC to University of Strathclyde. Arrangements regarding the appropriate procurement, care, ownership, re-purposing and disposal, require to be set out and agreed between University of Strathclyde and NAC. Related conditions of grant will ensure that, if the project fails, the equipment will be sold by the University at fair market value and any proceeds will be returned to the Council.
- iii) consideration of UK Government policy on Subsidy Control. NAC will require, as a condition of grant, that the University of Strathclyde ensures that the grant funds are utilised in accordance with subsidy control legislation.
- iv) agreement on a lease for the building between Booth Welsh and the University of Strathclyde. The University will lease the space for a period of 5 years and will be responsible for its management and operation. A final draft lease agreement has been prepared and will be signed prior to the Council awarding the refurbishment tender.
- v) Agreement for NAC to undertake the refurbishment works on behalf of the University of Strathclyde. This will be addressed in the lease document;
- vi) Transfer of the project consultants' team from University of Strathclyde to the Council for the construction stage which has been agreed with the Council's Procurement team; and
- vii) Award of the refurbishment tender is required within the 120-day period.

Equality/Socio-economic

4.4 The project will provide much needed services for process industries to help them grow and to attract inward investment to an area of above average unemployment and low business investment. It will provide an important training and development service for businesses in North Ayrshire and beyond, looking to benefit from emerging technologies. The centre will seek to make processing industry sectors more attractive and accessible to young people and women – groups that are currently identified as being excluded from economic growth opportunities. It will introduce a major academic anchor institution to the local area, offering the opportunity of collaborations with local companies, schools and colleges and creating wealth in the local economy, through job opportunities and supply chains. It will considerably increase the profile of the i3 Enterprise Area as a flagship project, and help to attract further investment and jobs.

Climate Change and Carbon

4.5 The DPMC project will enable businesses to improve the efficiency of their productivity and adapt their processes to modern technologies, supporting the Council's low carbon and digital ambitions.

Key Priorities

4.6 The DPMC project will strongly support the priority outcome contained in the Council Plan 2019-2024, for North Ayrshire to have an inclusive, growing, and enterprising economy and the aims of the Community Wealth Building Strategy and Recovery and Renewal Plan.

Community Wealth Building

4.7 The wider Ayrshire Growth Deal programme of skills and inclusive growth, supports projects at i3. The DPMC proposal will provide an important service for local businesses encouraging innovation, increasing productivity and promoting low carbon processes. It will specifically look to train our youth and existing workers on digital technologies to take advantage of emerging opportunities.

4.8 The DPMC's vision aligns with North Ayrshire Council's key strategies regarding Recovery and Renewal and Community Wealth Building. In particular, the project will help achieve one of the Council's Community Wealth Building objectives; to encourage regional and national institutes to invest in our communities and the local economy. The project will also make a strong contribution to the Manufacturing Recovery Plan for Scotland, through collaboration, business transformation and skills development.

5. Consultation

5.1 The University of Strathclyde, Centre for Process Innovation, National Manufacturing Institute Scotland, Ayrshire College, Scottish Enterprise, Skills Development Scotland, and industry are part of a Steering Group that have informed and guided the development of the DPMC project. Businesses have also been surveyed directly on whether they would use the facility - with a positive response and NMIS and CPI are engaging with businesses in advance of the centre opening. Legal, procurement, finance and business teams have been involved in the development of the project.

Karen Yeomans
Director, Growth & Investment

For further information please contact **Marnie Ritchie, Regeneration Manager**, on **07342 713 349**.

Background Papers

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DIGITAL PROCESS MANUFACTURING CENTRE (DPMC) I3, IRVINE FULL BUSINESS CASE, PHASE 1 V.03

3 August 2022



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Digital Process Manufacturing Centre, Full Business Case, Phase 1 – V0.3

Revision history

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V0.2	17/05/2021	Inclusion of Phase 0 and revised costs
V0.3	28/05/2021	Updated Economic Case
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PART A: Project Description

What is the project about?

This project proposes a Digital Processing Manufacturing Centre (DPMC) 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 is being supported by the Ayrshire Growth Deal and is being delivered in partnership with NMIS (National Manufacturing Institute Scotland), University of Strathclyde, CPI (Centre for Process Innovation) and with support from Ayrshire College. The project is being delivered in three phases. Phase 0 was launched in October 2021 to establish an online presence and offer introductory courses to businesses. Phase 1 will establish a pilot facility to test the sustainability of the project as a risk mitigation, prior to the delivery of Phase 2, which would see the establishment of a permanent facility. The DPMC will contribute to Scotland's Manufacturing Recovery Plan, helping businesses adapt to digital, lowering their carbon footprint and increasing their productivity. The DPMC project is complemented by the proposal to build new flexible advanced manufacturing space at i3, also supported by the Ayrshire Growth Deal. **This Full Business Case for Phase 1 follows on from a recently approved Programme Business Case for Phases 1 and 2 in June 2022. NAC and its partners are seeking the timely endorsement of the FBC by UK Government and its subsequent approval by the Ayrshire Joint Committee, to enable refurbishment and fit out works to commence at the Phase 1 project location in September 2022. Timelines are critical to ensure that the tender award takes place before mid September 2022, shortly after which the 120 day period will expire for tenderers holding their costs and to ensure funding can be claimed from Scottish Enterprise. An FBC for Phase 2 will then be submitted following the more detailed development and sourcing of funding for this phase.**

Tenders have been received for the refurbishment works and the details are contained within the Commercial Case. It should be noted that these details are limited following advice from the Council's Corporate Procurement Unit that commercial information should be limited prior to the award of the tender. Details relating to the current status of the procurement of the equipment and staff, and the lease for the project location are set out within the Management Case

Full Business Case approval for Phase 1 by late August 2022 / early September 2022 will enable Phase 1 to be delivered by December 2022 and to remove any risk from Growth Deal investment in its delivery, ahead of Phase 2.

Why is it being undertaken?

The Digital Processing Manufacturing Centre (DPMC) will address a number of specific issues to encourage industries to adopt digital processes through:

- Supporting the UK's process manufacturing sector and encouraging the establishment of further process manufacturing industry in the UK;
- Supporting the development of digital technologies and solutions in the process manufacturing sectors by providing high quality and safe testing facilities for digital sensing and monitoring, process control and asset management technologies;
- Delivering a flexible and adaptable manufacturing environment that can be used to prototype and test new process plants and technologies, and potentially attracting customers from around the World.
- Removing risk from the introduction of digital technologies to process manufacturing industries.

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The project will help grow local businesses within the Ayrshire area and attract inward investment to an area of above average unemployment and low business investment. There will be opportunities for businesses linked to the DPMC project to take up space within the new flexible space units, helping create a cluster of industry and innovation at i3.

How does it fit within the wider Ayrshire Growth 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?

The proposal involves the phased delivery of a centre – Phase 1 within an existing building as a pilot, occupying approximately 645m² of refurbished space with demonstration area and a purpose-built centre – Phase 2, of approximately 1,100m² comprised of a demonstration laboratory, business incubation suites, open plan office area, AR/VR suites, events space and service hub. Both facilities will be located at i3 in Irvine.

How will it be delivered?

The project will be delivered in phases with an initial online phase (Phase 0), then a pilot phase (Phase 1) offering the opportunity for businesses to experience demonstrations of digital technologies and identify digital solutions. This will be followed by a more significant and expanded purpose-built facility as Phase 2.

What outcomes will it deliver and by when?

The outcomes anticipated over the next 5 years relate to the transformation of the business base in Ayrshire through the services offered by DPMC, the creation of supply chains and R&D opportunities, the delivery of a successful training and skills programme and the creation of a specialist hub at i3, which will attract further investment to the area and anchor NMIS in Ayrshire. The project will look to develop employability and skills programmes for local people, including those from disadvantaged or protected characteristic groups.

Who will use it and why?

The project is targeting companies within the process manufacturing sectors, local companies, including SME's looking to grow and expand and inward investment companies from Ayrshire, Scotland, the UK and beyond. The facilities will support businesses to improve their productivity and innovation. through digital technology and the Centre will offer a space for industry networking and collaboration opportunities.

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

An allocation of £6M from the Ayrshire Growth Deal has been agreed for the DPMC project, comprised of £5M from UK Government and £1M from North Ayrshire Council. Overall £21M is being invested at i3 by the Ayrshire Growth Deal, with a further allocation of £15M contributing to the Flexible Advanced Manufacturing Space project (£4M from North Ayrshire Council and £11M from Scottish Government).

Phase 1 will invest up to £1.66M of committed capital funding towards a pilot project which is relatively low risk in terms of its smallness in scale and level of investment. This includes:

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- £1M of North Ayrshire Council's contribution to the AGD towards equipment; and
- £0.515m of capital grant by Scottish Enterprise and £48,300 from each of the project partners towards refurbishment works.

In terms of revenue support, so far £2m has been committed from University of Strathclyde and £1m from CPI. The table below, sets out the current status of funding for Phases 1 and 2 with Phase 1 highlighted. For Phase 1, income revenue targets from membership and collaborative research and development have been assumed which brings Phase 1 to above the £9.788M overall cost which is set out in paragraph 1.1, "Funding Required".

Table 1: DPMC Phase 1 & 2, Funding Sources

DPMC FUNDING SOURCES						
Source	Status	Phase 1		Phase 2		Total
		Capital	Revenue	Capital	Revenue	
NMIS & HVMC	committed	48,300	2,000,000	tbc	tbc	2,048,300
CPI & HVMC	committed	48,300	1,000,000	tbc	tbc	1,048,300
NAC (inc AGD)	committed	1,048,300	-	-	-	1,048,300
UK Govt (AGD)	committed	-	-	5,000,000	-	5,000,000
Scottish Enterprise	committed	515,100	-	-	-	515,100
NMIS (HVMC)	in discussion	-	-	1,000,000	800,000	1,800,000
CPI (HVMC)	in discussion	-	-	1,000,000	400,000	1,400,000
Additional capital funding required	in discussion	-	-	5,000,000	-	5,000,000
Strathclyde University	in discussion	-	tbc	-	-	tbc
Ayrshire College	in discussion	-	tbc	-	-	tbc
Scot Govt Grant	in discussion	-	1,000,000	-	-	1,000,000
Directly funded projects	assumed	-	1,800,000	-	720,000	2,520,000
DPMC Membership	assumed	-	2,430,000	-	1,125,000	3,555,000
Membership in kind	assumed	-	-	1,500,000	-	1,500,000
Collaborative R&D	assumed	-	1,215,000	-	405,000	1,620,000
Total		1,660,000	9,445,000	13,500,000	3,450,000	28,055,000
		11,105,000		16,950,000		
Total				28,055,000		
Funding balance surplus				2,167,944		
Minimum funding required				25,887,056		
Summary of Minimum Funding Required:						
Phase 1 Capital				£1,660,000		
Phase 1 Revenue				£8,128,580		
Phase 1 Total				£9,788,580		
Phase 2 Capital				£13,499,602		
Phase 2 Revenue				£2,598,874		
Phase 2 Total				£16,098,476		
Total Capital				£15,159,602		
Total Revenue				£10,727,454		
Total DPMC				£25,887,056		

Initial Feedback

Phase 0 was launched in autumn 2021, as an initial online phase. DPMC worked closely with fellow NMIS specialist centre, the Manufacturing Skills Academy (MSA), to deliver two fully subscribed courses. These attracted a varied audience, ranging from CEOs, consultants, engineering graduates, and apprentices, from SMEs to multi-nationals. This diversity at the onset of DPMC demonstrates the need for a centre which focuses on educating and early-stage adoption at all organisational levels. This is critical to develop a culture of promotion and adoption of digital technology to fully exploit the efficiency gains of Industry 4.0. Since running the courses, DPMC has been actively seeking funding for the development of additional courses. Feedback surveys from MSA have been very positive with a clear appetite for further courses which focus on in-depth case studies and applicability.

In May 2022, DPMC and MSA began planning an additional digital technology course to support awareness of industry 4.0 and the scheduled opening of DPMC. This course will build on the established demand of the previous courses and seek to expand the industrial engagement element of DPMC by providing relevant Industry 4.0 training and skills development. Course development is already underway and scheduled to be delivered in September 2022.

In addition to digital technology courses, DPMC will launch a forum network based on a successful model developed by fellow NMIS specialist centre, Advanced Forming Research Centre (AFRC). The AFRC has run three successful forums where industry of the midlands metal forming sector have come together to share challenges and voice areas of R&D interest. One of the most common areas seen as a challenge was training and upskilling. Although the solutions to metal forming will be unique to that sector, challenges such as training and upskilling will be experienced in many high value sectors. In Q3 2022, DPMC will take this model and tailor its methodology to the process sector.

NMIS has recently established a team dedicated to engaging with SMEs. DPMC is working closely with this team to develop understand and develop SME specific support as SMEs have traditionally struggled with skills shortage more so than large companies. Training and upskilling is also linked with job satisfaction, which can further support local recruitment and retention. Besides delivering value to stakeholders, the DPMC partners have been able to progress additional business development opportunities with attendees including discussions on DPMC membership and strengthening sector specific relationships within the food & drink sector.

1. Executive summary

1.1 Introduction

This Full Business Case (FBC) seeks approval for investment in Phase 1 of the DPMC pilot project. This includes investing up to a maximum of £660,000 of capital in a contract with a supplier, to undertake the refurbishment works to the Phase 1 DPMC project space. It also sets out within the Management Case, the process for the remainder of the capital investment for this Phase, which relates to the provision of appropriate equipment from £1M of AGD funds and arrangements for recruitment and a lease for the space.

The Digital Process Manufacturing Centre (DPMC) will be a nationally significant innovation centre created at i3 in North Ayrshire, Scotland using the Ayrshire Growth Deal funding as a catalyst for its creation. The focus of the DPMC will be to demonstrate, develop and deliver digital technology to support the UK's process manufacturing sectors' digital challenges. Industry engaging with the DPMC will have the opportunity to improve their productivity gains by up to 30%¹, to improve their compliance, performance and reduce their carbon footprint.

The DPMC will be developed in three phases:

- Phase 0: Delivering modules of training and demonstrations of digital technology & solutions, from the National Manufacturing Institute Scotland (NMIS) Manufacturing Skills Academy.
- Phase 1: Open pilot facility in Irvine in Ayrshire, delivering projects with industry.
- Phase 2: Launch dedicated DPMC facility with expanded capability and services for industry.

Phase 0 was launched in October 2021 under NMIS Manufacturing Skills Academy, delivering packages of key training services and demonstrations of digital technology delivered in response to the Covid-19 impact on UK's manufacturing industry. Phase 0 is partly funded from NMIS's National Transition Training Fund (NTTF).

Phase 1 is the subject of this Full Business Case (FBC) and will be launched in late 2022 as the DPMC pilot, following the approval of the FBC. The pilot will make use of existing infrastructure in North Ayrshire and offer services to industry. Phase 1 will run over a 5 year period, to establish the pilot facility, and build on the industry engagement generated from Phase 0, to establish a community of process manufacturing industries.

Phase 2 will be a dedicated building and complement the services provided within Phase 1. Phase 2 will be opened in mid 2025. A Full Business Case will be submitted in late 2023 to provide further detail on Phase 2.

Funding required

The key funding being sought for this project is for DPMC Phases 1 and 2 with a total of £25.877M combined capital and revenue funding required. Phase 1 will run over a 5 year period from late 2022. The total cost of Phase 1 is **£9.788M**, this will enable the pilot facility to be established, and R&D projects to be initiated from Phase 0 engagements, to create a community of process manufacturing industries. All capital funding for Phase 1 is committed (£1.66M) and £3M of initial revenue funding is committed which leaves an estimated balance of at least £5.13M to be sourced from income.

¹ <https://www.gov.uk/government/publications/made-smarter-review>

Sector focus

The DPMC will transform the industrial landscape of the Ayrshire region through a blended approach of upgrading existing infrastructure and development of a new state of the art digital innovation space to create a critical mass of activity, becoming a national centre of excellence in process manufacturing technology for key process sub-sectors including:

- Pharmaceuticals
- Oil & Gas
- Chemicals and Chemical Products
- Agrichemicals
- Food & Drink
- Fast Moving Commercial Goods
- Water (collection, treatment, supply)

DPMC Partners

The DPMC project is led by the National Manufacturing Institute Scotland (NMIS) and supported by the High Value Manufacturing Catapult (HVMC) and University of Strathclyde (UoS), ensuring world leading research expertise.

The DPMC's other lead partners include North Ayrshire Council (NAC), positioned to attract further investment in Scotland by combining the ambitious economic growth incentives of the Ayrshire Growth Deal (AGD), and HVMC's Centre for Process Innovation (CPI) and the Medicines Manufacturing Innovation Centre (MMIC) combined to bring specific technical and commercial expertise in process and pharmaceutical manufacturing, and strengthen industrial ties and research expertise. Ayrshire College is also a potential partner which will ensure close connections with Further Education, building on existing educational links and supporting SME growth. In addition the area has the strong regional industrial presence of global companies including GSK and Booth Welsh.

A Steering Group was established by the partners in 2020 to guide the project and includes representation from the partner organisations, Scottish Enterprise, Skills Development Scotland and industry.

The project will complement North Ayrshire Council's advanced manufacturing flexible space project at i3 which is also being funded by the Ayrshire Growth Deal. This will provide approximately 97,000 sq feet of industrial and office space over three phases.

1.1.1 Project Aims & Objectives

The DPMC's overall aim is aligned with NMIS's vision to be an industry-led international centre of manufacturing expertise where research, industry and the public sector work together to transform skills, productivity and innovation to attract investment. The development of a Phase 1 pilot will test the project's sustainability using NAC's AGD £1M contribution which will in-turn help reduce the risks for the further and more significant UK Govt investment of £5M in Phase 2 of the project.

DPMC's focus for delivering NMIS's vision will be to transform the UK's process manufacturing sector, to increase productivity and innovation to attract investment and to position the UK as a global leader in advanced process manufacturing.

DPMC's objectives for the process manufacturing sector are reflected in NMIS's five core objectives:

1. Increase the productivity and innovation performance of process manufacturing businesses and reduce the perceived individual company risk associated with innovation.
2. Stimulate manufacturing investment, both inward and from businesses already located in the UK, to increase the competitiveness of the UK's process manufacturing base over the medium to longer term in a highly advanced process manufacturing environment.
3. Catalyse job creation and strengthen supply chain linkages, increasing the relative process manufacturing contribution to UK's overall economy.
4. Inspire and attract a diverse talent pool to work in process manufacturing, equipping existing and future employees with the digital technology skills, both technical and practical, to prosper in an increasingly digital and automated manufacturing environment.
5. Minimise displacement of companies and jobs.

Additional objectives included:

6. Supporting the Scottish Government's Making Scotland's Future - recovery plan for manufacturing², in relation to the impact of Covid-19 on the UK.
7. The project also aligns with the objectives and priorities of North Ayrshire Council in relation to the Ayrshire Growth Deal, Recovery and Renewal, Community Wealth Building and Inclusive Growth (see Appendix A).

1.1.2 Project Scope

The scope of DPMC will be focused on supporting and assisting the UK's process manufacturing sector. The DPMC will be an extension of NMIS's Digital Factory 2050, through strategic partnership with CPI and MMIC, recognising the unique challenges facing the UK's process manufacturing industry. The DPMC will build and utilise NMIS's established approaches in assisting Scottish, UK based and international process manufacturing industries. Strategic partnership with CPI and MMIC will provide support to the project, benefiting from their experience working with the processing sectors.

1.1.3 Project Phases

The DPMC project will be delivered in three phases.

Phase 0: NMIS Training and Demonstration

In response to Covid-19, and in agreement with partners, NMIS has included Phase 0 for the DPMC project, to address the immediate needs of industry in adopting and understanding digital technologies. This phase is aligned with Scottish Government's Making Scotland's Future - recovery plan for manufacturing, with a key focus being to support the manufacturing sector to become more flexible, responsive and able to embrace digital solutions.

Training topic areas include:

- Demystifying Digital
- Industrial Cyber Security

² <https://www.gov.scot/publications/making-scotlands-future-recovery-plan-manufacturing-draft-consultation/>

- Digital data analytics
- Digital leadership

Phase 0 is led by NMIS and partly funded through NMIS’s National Transition Training Fund (NTTF). Phase 0 launched in October 2021 and enables the process manufacturing industry to access digital technology focused training materials and time with digital technology experts, supported through in-kind contributions and funding. The training and demonstration services will support companies and individuals to ensure the process manufacturing industry, and its employment pool are moving forward with digital adoption and with support to recover from the impact of Covid-19. All Phase 0 training and demonstrations have been delivered digitally to industry, making use of current NMIS infrastructure to support this.

Phase 1: DPMC Pilot

Phase 1 will be an initial pilot for the DPMC, to be hosted within an established building (Booth Welsh) located in i3 Enterprise Area, Irvine in North Ayrshire. NMIS, is commissioning a refit of an established building, making the site operationally ready for the needs of DPMC Phase 1 and will agree arrangements for and funding of the Phase 1 lease costs for a minimum of a 5 year period. An early-stage concept design of DPMC Phase 1 is shown in figure 1.

Phase 1 will be used to further establish process manufacturing industry R&D interaction with the DPMC and enable initial projects to be delivered by a small team of staff employed by UoS and located within the DPMC. Phase 1 will be used to develop and strengthen DPMC’s reputation and relationship with the process manufacturing sector.



Figure 1: Image of potential building refit for phase 1

Phase 2: DPMC main facility

During phase 2, DPMC will expand to a permanent facility within a bespoke building at i3, operated by NMIS and on land that will be in NAC ownership. Partners are currently discussing the most appropriate partner to lead on the construction and ownership of the Phase 2 facility

The DPMC dedicated area for the main facility will have a footprint of approximately 1100m². It will have reconfigurable, flexible space to maximise the potential of the assets used to support the processing sector by demonstrating, developing and delivering digital technology.

1.1.4 Structure and content

This Full Business Case (FBC) sets out details related to Phase 1 of the DPMC project. The format used is the Five Case Model and follows the AGD Project Management Office (PMO)

template. A second FBC will then be submitted Q2 2023 to seek approval for Phase 2 of the project.

1.2 Strategic Case

1.2.1 Why change is needed

The Digital Processing Manufacturing Centre (DPMC) will address a number of specific issues:

- Supporting the UK's process manufacturing sector and encouraging the establishment of further process manufacturing industry in the UK;
- Supporting the development of digital technologies and solutions in the process manufacturing sectors by providing high quality and safe testing facilities for digital sensing and monitoring, process control and asset management technologies;
- Delivering a flexible and adaptable manufacturing environment that can be used to prototype and test new process plants and technologies, and potentially attracting customers from around the World.
- Removing risk from the introduction of digital technologies to process manufacturing industries.
- Promoting the adoption of digital technologies to reduce the use of carbon in manufacturing processes.

With training services, process plant prototype, and testing in a single location, more robust systems integration testing can be conducted by;

- Closing the STEM skills gap and providing training on rapidly evolving I4.0 (Industry 4.0) technologies.
- Tackling ever-rising costs by allowing new digital and process technologies to be effectively tested and commissioned rather than committing them to operations before they are fully developed; and
- Generating high quality employment and economic opportunities for communities in North Ayrshire, and Ayrshire.

The application of digital solutions within manufacturing has been identified as a key enabler for growth in key Scottish sectors. However, a large number of companies are still unsure how to implement digital technologies and they require support. There is a particular need to support change in Ayrshire where the economy has struggled to adapt following de-industrialisation and where there is a higher percentage of jobs in manufacturing compared to Scotland generally. SCDI and the OECD have warned that automation could impact post-industrial regions disproportionately and that there is a need for preventative action in traditional sectors such as manufacturing and engineering, to counteract the potential impacts of automation and to ensure these sectors can adapt for Industry 4.0. The DPMC provides a strategic intervention to help address these issues and create higher value productivity.

North Ayrshire is poorly served in terms of access to academic institutions, research organisations and innovation centres. The project will enable local businesses to access new technology, products and innovation, help improve energy efficiency and reduce waste and increase company investment in research and development through engagement with the DPMC. The project will also assist with improving North Ayrshire's economic performance which is currently in the bottom quartile for most measures of economic performance compared to the rest of the Scottish and UK economies.

1.2.2 Driving policy and economic regeneration

The DPMC project has the potential to deliver against the policy objectives of key strategies set out at UK and Scottish levels and for the local Ayrshire region. In particular, the project aligns with the grand challenges of AI & Data and Clean Growth identified in the UK's Industrial Strategy. The DPMC will build on the recognised strengths and opportunities, primarily relating to supporting the growth and competitiveness of the process manufacturing sectors in the UK by creating the infrastructure to conduct digital technology research and development in this sector, to accelerate innovation adoption and attract inward investment.

UK and Scottish Policy Alignment

The DPMC project is also aligned with the UK Government's and Scottish Government's inclusive growth agendas, targeting regional imbalances in economic activity. The DPMC also supports, the following strategies:

- Innovate UK's Five-Point Plan for Economic Growth. The DPMC will assist to reposition the regional economy (in alignment with the national economy) to be more resilient and attractive for investment, improving workforce skills and employment opportunities. The DPMC will also position the UK as a global leader in advanced process manufacturing.
- A Manufacturing Future for Scotland. The DPMC as part of NMIS, will ensure linking up with other centres of excellence across the NMIS group and Catapult networks. Creating opportunities for collaborations between businesses, research technology organisations and academia. by providing a focal point and promoting an open innovation ethos.
- Making Scotland's Future: A Recovery Plan for Manufacturing. The DPMC will add to the existing network of support for manufacturing companies in Scotland and the UK, helping deliver the Scottish Government's Action Plan.
- Scotland's Future Skills Action Plan. The DPMC will strengthen Scotland's labour market by providing training and upskilling through NMIS's National Transition Training Fund (NTTF).

Ayrshire Growth Deal

The Ayrshire Growth Deal (AGD) programme links to Governments' objectives of increased growth and prosperity. Following the development of NAC's Strategic Outline Case, NAC has been working closely with the other Ayrshire Councils and has coordinated activity through the Ayrshire Growth Deal Leadership Group and Project Management Office (PMO). The project continues to focus on the high growth, high value process manufacturing sectors that can build on Ayrshire's general manufacturing strength. The partnership with University of Strathclyde and NMIS and CPI now offers the potential to build a national level facility in Ayrshire based on the NMIS 'hub and spoke' model.

As part of a wider programme of investment, North Ayrshire Council has secured funds for the project through the Ayrshire Growth Deal (AGD). AGD is a £251.5M infrastructure programme funding 19 projects to unlock an estimated £300M of private investment and deliver around 7,000 new jobs across a wide range of sectors. The DPMC project will leverage £6M of AGD funding as part of the project's capital costs, with the aim of attracting industrial commitment and technical expertise.

Regional Policy Context

The DPMC project has the potential to support two of North Ayrshire's economic development objectives; creating employment opportunities and positioning the area as a leading location for business within the Glasgow city region.

The four key local strategies are the Ayrshire Economic Strategy, North Ayrshire Council Plan, North Ayrshire Council's Community Wealth Building Strategy and the North Ayrshire Local Development Plan (LDP). These set out a long-term vision for growth and provide a policy framework for determining planning applications and policy context for Ayrshire Growth Deal projects.

The DPMC project has the potential to deliver against the policy objectives of key strategies set out at both the Scottish and regional levels. The proposition is also in line with the Scottish Government's inclusive growth agenda, targeting regional imbalances in economic activity.

1.2.3 Site and timing opportunity

Manufacturing is a key strength of the North Ayrshire economy, particularly around life sciences and engineering. However, the area has been identified as underperforming economically and has some serious challenges around depopulation, productivity, and economic growth rates and skills levels.

Market research conducted by North Ayrshire Council shows a lack of modern office, manufacturing and business space in North Ayrshire, and significant market failure, which prevents the private sector from addressing the lack of provision of space. In spite of manufacturing strengths in Ayrshire, there is a lack of allied academic footprint, which hinders attracting research and development activity to Ayrshire, and this translates to a lack of opportunities for supply chain and local business development opportunities.

North Ayrshire's i3 Campus is the biggest of the four Enterprise Areas (EA) in Scotland and meets the foundational success criteria by providing the largest fully serviced land and buildings site in Scotland (326 acres) currently hosting 39 companies in new and refurbished space. With over 2,000 staff based on the site, it is North Ayrshire's principal employment location.

1.2.4 Impact of not changing and need for government intervention

Without the planned investment in the DPMC project, the process manufacturing sector for Scotland and the UK would continue at a slow pace for adoption and integration of digital technologies. This slow pace would put the UK in a poor competitive position versus neighbouring and further afield countries, and more process manufacturing would be offshored outside of the UK, reducing processing sector exports and associated jobs and skills.

There is also a significant risk in not supporting the development of the DPMC, from a local perspective for the area of North Ayrshire. This area will continue to suffer and not regenerate without the presence of this innovation centre. In particular, there is a risk that manufacturing sectors will struggle to adapt to digital without the support of the DPMC project. This could have an inflated negative impact on the area, given North Ayrshire's above average number of manufacturing jobs. In this respect, acceleration of a Phase 1 pilot using some of the AGD investment, will enable services to be delivered earlier, establishing the centre at i3 a few years in advance of the purpose-built Phase 2 facility. This will also test the centre's operational sustainability in advance of the majority of AGD investment in Phase 2.

1.2.5 Benefits

National benefits

The UK does not possess anything approaching such a high-quality facility as planned at DPMC. Both public and private sector organisations frequently use test facilities in Europe,

Digital Process Manufacturing Centre, Full Business Case, Phase 1 – V0.3

supporting jobs and building competing expertise in other countries. As technology develops within DPMC, the supply chain required to ultimately exploit this technology will grow as opportunities for SMEs to design, install, service, and supply these innovations to the various processing industries will require a mix of national talent and inward investment. This aligns with the UK Industrial Strategy of making the UK attractive to start or grow a business. DPMC will also close the gap between the UK's most productive companies, industries, places and people, and the rest of the country, by providing a cross-sectoral focus for the process manufacturing sector. As a whole, i3 is estimated to create 176 net additional jobs in Scotland

Local benefits

Between 2006 and 2016 total GVA in North Ayrshire fell by 7%, in stark contrast to the 12% growth in GVA in Scotland and 13% growth in the UK over the same period. DPMC will combine the growth in varied processing sectors across Scotland such as food & drink and medicines manufacturing, with the existing and planned infrastructure of i3. This will allow DPMC to play a large part in i3 delivering an estimated cumulative gross GVA impact of £168m by 2029. -

The preferred option of a phased approach based at i3 will ensure DPMC delivers value for money, meets strategic goals, and minimises risk. As advancements in Industry 4.0 are continuously pushing the art of the possible, a phased approach will future-proof the workforce in Phase 0, and allow projects, innovation, revenue, and engagement to begin on completion of Phase 1, while providing critical time to develop regional support and strength which will ultimately dictate the capital-intensive technologies most relevant to be installed in the Phase 2 hub. Industry engagement from Phases 0-1 can then be leveraged using a funding model, such as NMIS's membership model, to reduce government grant requirements and attract further investment.

Ayrshire benefits

DPMC is estimated to create 139 net additional jobs for the Ayrshire economy, helping provide regional support for businesses and to complement the specialist activities of other AGD projects such as AMIC in East Ayrshire.

The cumulative effect of these benefits will lead to national impact which will see UK R&D in the processing industry compete at a global scale through the commitments of multinational companies working with world leading UK research institutes in a state-of-the-art facility.

1.2.6 Risks, constraints and dependencies

Risks

The nature and importance of DPMC will mean that the full risk management process cannot be fully addressed in this document. At this stage of the project there is a particular risk around timelines for the endorsement and approval of the FBC as this requires to happen prior to a deadline for the acceptance of a tender. Key socio-economic, business, political, financial, regulatory, environmental, and operational risks are provided in section 2.10, with a short overview below. The full process will be directly aligned to the risk process for NMIS with a direct escalation route to University executive risk management. The project risks will be managed in line with established best practice with the University of Strathclyde, and with support and advice from DPMC partners.

Key Risks and Mitigations:

1. Political - DPMC business case fails to progress: business case stages to be developed in accordance with UK Government Green Book guidance including full

review of risks, market, costs, and governance. This may include adjustments to scope specifications at phases 0, 1, 2 to meet changing demands.

2. Financial - Slippage / delay in the programme incurs additional costs: Instruct appointed project team to address this within Risk Register. Select procurement route to ensure contract type has less risk.
3. Delays in partner approval: Seek early conclusion in advance of full business case with regular status reviews with partners.
4. Delays to procurement processes: Seek early agreement on appropriate procurement routes and early notification of contract opportunities.
5. Failure to deliver anticipated outputs and outcomes: Ensure DPMC business case addresses sensitivity of outcomes with clear Evaluation & Monitoring Framework.

Constraints and Dependencies

The main dependencies and constraints include:

- The commercial viability of the project, including assessment of market conditions.
- The site conditions for Phase 1 but in particular, Phase 2, for the new-build;
- Capital and revenue budgets to be secured from the Growth Deal and from other funding sources

Phase 1 of the project is subject to the following dependencies that will be carefully monitored and managed throughout this phase of the project:

- FBC endorsement by Government
- Lease agreement between UoS and Booth Welsh
- Licence for works agreement between UoS and NAC
- Approval of FBC by NAC Cabinet
- Approval of the FBC and related tender by Ayrshire Joint Committee
- Award of contracts by NAC and UoS following Joint Committee approval
- Recruitment of staff for the facility
- Demand from businesses for the services
- Businesses taking up membership of the facility
- Availability of a skilled workforce to take up the job opportunities created by the Centre;
- Input from local schools and colleges for work placements and training outcomes;

1.3 Economic Case

1.3.1 OBC long list and short list

The long list options are summarised in the tables below. It should be noted that these options are ultimately focussed on the delivery of Phase 2 of the project with the delivery of Phase 1 being an option. The following ratings have been applied within the tables:

	0	The option does not meet the criteria
	2	The option partially meets the criteria
	3	The option satisfies the criteria

Table 2: Long-list summary options 1-4

	Option #	Option 1: Do nothing / baseline	Option 2: NMIS undertake a reduced scope	Option 3: NMIS own DPMC, locate in Irvine	Option 4: Ayrshire College own the DPMC with a reduced scope
Ref	Investment Objectives (IO)				
IO1	Establish the Digital Process Manufacturing Centre's facility infrastructure and ensure operational readiness	0	2	3	0
IO2	Create digital process manufacturing partnerships, and establish new collaborations and supply chains	0	3	3	2
IO3	Develop a national digital process manufacturing research agenda	0	3	3	0
IO4	Build a digital manufacturing training and skills programme tailored to the process manufacturing sector	0	3	3	3
	Critical Success Factors (CSF)				
CSF01	Increased productivity through innovation of digital technology	0	3	3	2
CSF02	Stimulate the process manufacturing sector to adopt digital technology to increase competitiveness and help attract attract foreign and inward investment and reduce carbon footprint.	0	3	3	2
CSF03	Catalyse job creation and strengthen supply chain links for the processing sector through digital technology	0	3	3	3
CSF04	Skills and workforce development for the process manufacturing sector	0	3	3	2
CSF05	Maintain and increase digital manufacturing capabilities in North Ayrshire without displacing or removing jobs/companies	0	0	3	3
CSF06	Ensure the project is affordable using AGD sources matched against other sources.	0	0	2	3
CSF07	Ensure the project is deliverable by NMIS / University of Strathclyde in partnership with North Ayrshire Council and Ayrshire College.	0	0	3	0
	Other criteria (OC)				
OC1	Impact for industry	0	2	3	2
OC2	Cost to deliver option	0	3	2	2
OC3	Risk to deliver option	0	3	2	2
OC4	Length of time to deliver option	0	3	3	2
OC5	Jobs created	0	2	3	0
OC6	How easy to secure funding (Initially and on-going)	0	3	2	0
	Reasons for rejection	Does not meet criteria.	Carry forward.	Preferred option.	AC has insufficient experience to operate an innovation centre.
	Summary	0	39	47	28
	Outcome	Discounted option.	Carry forward.	Preferred option.	Discounted option.

Table 3: Long-list summary options 5-9

Ref	Option #	Option 5: NAC own DPMC, tender for operator	Option 6: Trade Association	Option 7: CPI own DPMC, locate in Irvine	Option 8: Other locations for NMIS owned DPMC, e.g.	Option 9: DPMC phase 1 only
Investment Objectives (IO)						
IO1	Establish the Digital Process Manufacturing Centre's facility infrastructure and ensure operational readiness	3	0	3	3	2
IO2	Create digital process manufacturing partnerships, and establish new collaborations and supply chains	3	3	2	3	2
IO3	Develop a national digital process manufacturing research agenda	0	0	2	3	2
IO4	Build a digital manufacturing training and skills programme tailored to the process manufacturing sector	2	0	3	3	2
Critical Success Factors (CSF)						
CSF01	Increased productivity through innovation of digital technology	0	2	3	3	3
CSF02	Stimulate the process manufacturing sector to adopt digital technology to increase competitiveness and help attract attract foreign and inward investment and reduce carbon footprint.	0	0	3	3	3
CSF03	Catalyse job creation and strengthen supply chain links for the processing sector through digital technology	2	2	3	3	3
CSF04	Skills and workforce development for the process manufacturing sector	2	0	3	3	3
CSF05	Maintain and increase digital manufacturing capabilities in North Ayrshire without displacing or removing jobs/companies	3	0	3	0	3
CSF06	Ensure the project is affordable using AGD sources matched against other sources.	2	0	3	0	3
CSF07	Ensure the project is deliverable by NMIS / University of Strathclyde in partnership with North Ayrshire Council and Ayrshire College.	0	0	0	0	3
Other criteria (OC)						
OC1	Impact for industry	0	0	3	3	3
OC2	Cost to deliver option	2	3	2	2	3
OC3	Risk to deliver option	2	3	0	0	3
OC4	Length of time to deliver option	2	2	0	3	3
OC5	Jobs created	2	2	3	3	3
OC6	How easy to secure funding (Initially and on-going)	0	0	2	0	3
	Reasons for rejection	NAC has insufficient experience to operate an innovation centre.	Will not drive innovation or research, will not create impact for industry,	Not a strategic priority for CPI to lead the development of the DPMC, instead positioned as a strategic partner with NMIS	Not in line with key partners strategic priorities to establish a North Ayrshire located innovation centre.	Carry forward.
	Summary	25	17	38	35	47
	Outcome	Discounted option.	Discounted option.	Discounted option.	Discounted option.	Carry forward.

The following options from the long-list were carried forward for further analysis as part of the short-list options:

Option 2: NMIS deliver DPMC with a reduced scope

NMIS recruit additional staff, with processing sector experience/skills and invest in equipment that aligns with processing sector / sub sectors, then utilise current and planned building and facilities to locate new staff and equipment.

Option 3: DPMC owned by NMIS as Specialist Technology Centre, located in Irvine

NMIS own the DPMC, the DPMC will be a NMIS specialist technology centre, located in Irvine, North Ayrshire. NMIS will rent building from North Ayrshire Council. The NMIS DPMC would have a strategic partnership with CPI/MMIC.

Option 9: Deliver Phase 1 only

Undertake the DPMC as outlined in option 3, but only complete phase 1, do not initiate phase 2.

In summary, the results of the economic appraisal were as follows:

Table 4: The Preferred Option

Evaluation Results	Do nothing	Option 2 Reduced scope	Option 3 NMIS owned, in Irvine	Option 9 Phase 1 only
Economic Appraisal	4	3	1	2
Benefits Appraisal	4	3	1	2
Risk Appraisal	2	4	1	3
Overall Ranking	3 rd =	3 rd =	1 st	2 nd

The conclusion of the economic appraisal is that Option 3,- a DPMC facility operated by NMIS and located within Irvine, is the preferred option. Option 3 had the highest aggregate score, which means that it performed well with respect to its ability to deliver economic benefits, be within manageable risk tolerances, and support each of the project’s investment objectives.

Whilst Option 3 was the preferred option there was an overall agreement between the partners that a Phase 1 pilot was required to test the feasibility of the preferred option and to help mitigate any risks for Phase 2.

1.3.2 The procurement

The procurement for the Phase 1 DPMC project involves two main separate processes being undertaken to procure refurbishment works to the location of the Phase 1 project location and to procure the equipment for the Phase 1 centre. North Ayrshire Council is procuring the refurbishment works and University of Strathclyde is procuring the equipment. Its anticipated that procurement of the equipment will be undertaken through a number of sources and the processes that the University of Strathclyde will follow are set out in the Management Case of this FBC.

North Ayrshire Council sought tenders through Public Contracts Scotland (PCS) Portal for contractors to undertake refurbishment works to the Phase 1 project site – at Booth Welsh, 3 Riverside Way, i3 in Irvine. The Council had an available budget of £0.66M for this aspect of the works and pre-tender costs projections had estimated the likely cost to be £0.545M. The scope of works involved internal alterations to the ground floor and mezzanine area of a warehouse space to create the Phase 1 DPMC.

As part of the Council’s Community Wealth Building Strategy the Council approached a number of local contractors to make them aware of the opportunity and to encourage them to bid.

A total of nine suppliers submitted tenders and were assessed at the pre-qualification stage by the NAC’s Corporate Procurement Team, in terms of initial pass / fail criteria and by the service team in terms of previous experience, following which eight suppliers proceeded to the quality evaluation stage. At the evaluation stage the assessment was made based on 60% cost and 40% quality. Suppliers were assessed against a number of criterion for quality. The quality bids are then evaluated by the evaluation panel and this meeting is facilitated by

procurement (who do not assess the bids) who agree a consensus score and record debrief comments.

A total of six suppliers then proceeded to the commercial envelope stage where five bidders were scored overall and a competent bid was identified from the highest scoring contractor.

1.3.3 Key findings and the preferred option

The findings from the procurement for this aspect of the DPMC project relate to the quality and cost assessment of bids related to capital expenditure for the refurbishment works. The quality and commercial assessments identified a preferred bidder for the works and in accordance with the tender process this supplier should be the preferred bidder based on their combined scores.

1.4 Commercial Case

1.4.1 Agreed products and services

For Phases 1 & 2 of DPMC the required services for use and procurement of DPMC will generally relate to the creation & management of the following spaces:

- Demonstration laboratory
- VR/AR suite
- Open plan office space for staff
- Training/lecture space
- Flexible meeting rooms/space
- Kitchen
- Centre hub and service desk
- Flexible/incubator space

Goods and services are being sought as part of one fixed price contract for Phase 1 of the DPMC as part of this FBC. This relates to the refurbishment of the space involving demolitions, structural metalwork, carpentry, partitions, doors and shutters, stairs, floor, wall, ceiling and roof finishes, mechanical and electrical works and decoration.

The Tenderers were invited to submit tenders on a fixed price basis and were then evaluated on a commercial basis by cost consultants and on a quality/technical basis by University of Strathclyde/North Ayrshire Council and other members of the design team where applicable. **It should be noted that the tender remains open for a period of 120 days from the tender return date (01 June 2022). The tender will expire on 29 September 2022.**

1.4.2 Agreed risk allocation and charging mechanism

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 E. This includes details of risk owners, risk evaluation and mitigation measures. In terms of this FBC, the general principle of 'risk passed to the party best able to manage them' subject to value for money, has been applied. It has been agreed that service risks will be apportioned in the design, build and operational phases of Phase 1. A key risk at the moment is the uncertain length of time to endorse and approve the FBC prior to the award of the refurbishment contract within the required timescale and the claiming of grant from Scottish Enterprise which SE have flagged as a risk if there are delays to the project.

The payment mechanism agreed with the service provider with respect to the planned refurbishment works will involve submission of invoices by the contractor at agreed stages of the works, which will be certified by the consultants' team to NAC for payment. NAC will then submit a grant claim to Scottish Enterprise in retrospect for the works.

1.4.3 Key contractual arrangements

The contract is SBCC Standard Building Contract with Quantities for use in Scotland (SBC/Q/Scot), 2026 Edition. A copy of the contract can be provided should this be required. The key contractual clauses are:

- Retention Percentage – 5%
- Contractors Insurance – injury to persons or property - £2,000,000
- Insurance – Liability of Employer - £5,000,000
- Insurance Options
- Contractors Designed Portion Professional Indemnity Insurance
- Joint Fire Code

There are no personnel implications and TUPE does not apply.

1.4.4 Agreed implementation timescales

The key milestones and delivery dates for the overall Phase 1 project are shown in detail in the table below. In summary, the key dates for the refurbishment aspect of this project are critical to ensure that the Phase 1 space is created to enable opening of Phase 1 by December 2022. These dates are as follows:

Table 5: DPMC project milestone activity – Phases 1

Ref.	DPMC PHASE 1: Milestone Activity	Est. Date	Quarter (financial year)	Status
1-M1	NMIS & CPI obtain Board endorsements for project.	Jun 21	Q1 21/22	Complete
1-M2	Submit OBC to Scottish Enterprise seeking capital investment in Phase 1	Aug 21	Q2 21/22	Complete
1-M3	Third party land and building purchase process from landlord is completed.	Oct 21	Q1 21/22	Complete
1-M4	NAC Cabinet Approval of Phase 1 & £1m capital	Nov 21	Q3 21/22	Complete
1-M5	NMIS procurement and appointment of consultants to develop detailed Ph1 spec.	Nov 21	Q3 21/22	Complete
1-M6	NMIS conclude heads of terms and lease agreement for Ph1 building with third party.	Mar 22	Q4 21/22	Ongoing
1-M7	Partners signing of Collaboration Agreement	Mar 22	Q4 21/22	Complete
1-M8	NAC completes partner funding agreements	Mar 22	Q4 21/22	Ongoing
1-M9	NMIS submit building warrant	May 22	Q4 21/22	Complete
1-M10	Partners develop and agree spec and procurement approach for equipment	Aug 22	Q2 22/23	Ongoing
1-M11	Submit Programme Business Case to PMO	May 22	Q1 22/23	Complete
1-M12	Procurement of equipment (tbc)	Oct 22	Q4 22/23	Ongoing
1-M13	NAC tender refurb works through Quick Quote	May 22	Q1 22/23	Complete
1-M14	NAC submits FBC to Government for endorsement	May 22	Q1 22/23	Not Started
1-M15	PBC approved by Government	Jun 22	Q1 22/23	Complete

Ref.	DPMC PHASE 1: Milestone Activity	Est. Date	Quarter (financial year)	Status
1-M16	NMIS receive tender returns for equipment	Sep 22	Q3 22/23	Ongoing
1-M17	Endorsement of FBC by Government	Aug 22	Q2 22/23	Not started
1-M18	Approval of FBC for Phase 1 by Joint Committee & award to contractor	Aug 22	Q2 22/23	Not Started
1-M19	Contractor commences refurb works to Phase 1 space	Sept 22	Q2 22/23	Not Started
1-M20	NMIS staffing recruitment	Dec 22	Q3 22/23	Ongoing
1-M21	NMIS install and test equipment in Ph 1 space	Dec 22	Q3 22/23	Not Started
1-M22	NAC complete refurb works to Phase 1 space & submit grant claim	Dec 22	Q3 22/23	Not Started
1-M23	NMIS commence operation of Phase 1 (5 yrs)	Dec 22	Q3 22/23	Not Started
1-M24	Official launch of Phase 1	Jan 23	Q4 22/23	Not Started
1-M25	Annual reporting, reviews and monitoring	til Apr 27	Q4 26/27	Not Started
1-M26	NMIS completes operations at Pilot facility	Apr 27	Q1 27/28	Not Started

1.4.5 Accountancy treatment

The assets underpinning delivery of this service will be on the balance sheet of the partner organisations. As project lead, the University of Strathclyde's Annual Reports comprise the Statement of Principal Accounting Policies, Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, and Statement of Cash Flows. The financial reporting framework applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

1.5 Financial Case

The financial implication of this procurement is a commitment by North Ayrshire Council, as a partner in the project, to a contract with a maximum value of £660,000 for the refurbishment of the Phase 1 location over the course of 16 weeks. In addition, this FBC seeks endorsement of the overall investment for Phase 1, and in particular, the investment of £1M of AGD funds in Phase 1. All of the capital funds for this aspect of the project are committed and comprise of the following;

Table 6: DPMC Phase 1 - Source of Capital Funds

Source	Amount
North Ayrshire Council AGD contribution	£1,000,000
Scottish Enterprise Grant (to be claimed)	£515,000
North Ayrshire Council additional contribution	£48,300
University of Strathclyde additional contribution	£48,300
Centre for Process Innovation additional contribution	£48,300
Total	£1,659,000

Further procurement actions will be taken for Phase 1 by University of Strathclyde, to procure equipment and staff.

1.5.1 Financial expenditure

The financial expenditure for this procurement will take place across one financial year - 22/23 (excluding retention) and the contract is expected to be complete by December 2022. The Council will submit a grant claim to Scottish Enterprise when the works are completed.

1.5.2 Overall affordability and balance sheet treatment

The proposed works have been the subject of a best value procurement exercise and represent the works required to create the space to launch the Phase 1 pilot facility. The award of the tender will require to be signed off by the Ayrshire Joint Committee, following approval from NAC's own Cabinet. The partners have ensured there are sufficient funds in place to cover the refurbishment works and the tender cost is below the budget available.

North Ayrshire Council require permission to undertake the works to the premises which the University of Strathclyde will lease from Booth Welsh. These commitments are included within a Collaboration Agreement for Phase 1, signed by all three partners (see Appendix Q).

Additional funding requirements for Phase 1 relate to equipment and operational costs, including recruitment, for which funding is in place.

1.6 Management Case

1.6.1 Project management arrangements

The refurbishment aspect of Phase 1 will be managed by a team of consultants and by the University of Strathclyde's Estates team acting as project manager and clerk of works, on behalf of NAC, this will include regular site visits by the clerk of works and regular progress meetings with the appointed contractor. University of Strathclyde will manage all aspects of the procurement and installation of equipment, which will take place as a subsequent stage in Phase 1 arrangements. It should be noted that not all of the equipment funded by NAC's £1M will be purchased initially and is likely to happen in phases with tranches of grant funding being awarded to University of Strathclyde. Arrangements for this process are set out in the Management Case.

1.6.2 Benefits realisation and risk management

The AGD PMO recently produced a Benefits Realisation Plan for the AGD projects. The purpose of the Plan is to demonstrate, to local, regional and national stakeholders, how the AGD will capture the outputs, outcomes, impacts and community benefits resulting from Deal investments including the DPMC project at i3. It sets out approaches to project monitoring and reporting, including definitions guidance and deal programme and project evaluation

The partners' Supervisory Group will be responsible for managing risk and benefits realisation for Phase 1 of the project. NAC will manage benefits realisation through reporting to the PMO and Government. Day to day management will, however, be the responsibility of the DPMC Project Manager.

1.6.3 Post project evaluation arrangements

The project will have an annual review and will also commission an evaluation of the project activity and delivery against agreed objectives, in accordance with the Benefits Realisation Plan.

1.7 Recommendation

At this stage, the partners are seeking approval for the Full Business Case for investment in Phase 1 of the DPMC project. Additional FBCs may be required later relating to further

spend of the overall £1m allocation to Phase 1. An FBC will be submitted in late 2023 for Phase 2.

I hereby recommend the approval of the scheme as set out in this Full Business Case to proceed to delivery of the scheme.

Signed:

Date: 3 August 2022

**Senior Responsible Owner
Project Team**

2. Strategic Case

2.0 Introduction

This Full Business Case is for the approval of investment in Phase 1 of the DPMC project at i3 in Irvine. In particular, it is focussed on appointing a contractor for the refurbishment of Phase 1 as a pilot project.

Structure and content of the document

This FBC has been prepared using the agreed standards and formats for business cases. The approved format comprises the following key components:

- **strategic case** section sets out the case for change, together with the supporting investment objectives for the project.
- **economic case** section demonstrates that the organisation has selected the most economically advantageous offer which best meets the existing and future needs of the service and is likely to optimise value for money (VFM)
- **commercial case** section sets out the content of the proposed deal
- **financial case** section which confirms funding arrangements, affordability and the effect on the balance sheet of the organisation
- **management case** section which details the plans for the successful delivery of the scheme to cost, time and quality.

The purpose of the strategic case is to explain and revisit how the scope of the proposed project or scheme fits within the existing business strategies of the organisation and provides a compelling case for change, in terms of existing and future operational needs.

To note, the Strategic Case remains the same, as set out previously within the recently approved Programme Business Case. The following scope changes were made between North Ayrshire Council's (NAC) Strategic Outline Case (SOC) document and the PBC, these included:

Detail to the concept but the fundamentals of the project as set out in the North Ayrshire Heads of Term's and SOC are unchanged and provide for:

- DPMC (Digital Processing Manufacturing Centre) is the working title and replaces the Digital Automation & Innovation Centre (or DigiLab) referred to in the SOC.
- NAC / Strathclyde University / NMIS form the core partnership working within the framework of innovation centres with strategic partnership with CPI/MMIC.

The DPMC project development with the partners has extended the scale and developed closer links with NAC's i3 Flexible Space with the project now providing:

- Phase 0 training and demonstration modules of digital technology.
- Phase 1 DPMC Pilot and Phase 2 with the development of the main DPMC facility.
- Increased level of investment Partner/Cross Funding/Grant investment.

Ayrshire Growth Deal

The Ayrshire Growth Deal agreement (November 2020) commits the Scottish Government and UK Government to work collaboratively with the Ayrshire Councils and regional partners to deliver the Ayrshire Growth Deal that will help transform the Ayrshire economy. The AGD agreement advises the following regarding the DPMC:

Both Governments and North Ayrshire Council, will support new developments at the i3 Irvine Enterprise Area Advanced Manufacturing Space in Irvine, which will create a National Digital Processing Industry Hub and advanced manufacturing flexible space. This will serve digital processing industries, building on current Life Science Clustering at the site, and facilitate R&D activity, start up, spin out, and growth of Life Science businesses and other advanced manufacturing opportunities. This will see investment of up to £11 million from the Scottish Government, £5 million from the UK Government, and £5 million from North Ayrshire Council. The National Digital Processing Industry Hub will be developed at i3 with links to the National Manufacturing Institute for Scotland in partnership with Strathclyde University and industry. The project also includes construction of flexible business space capable of meeting the requirements of Chemical and Life Sciences manufacturing, Digital Automation and other advanced manufacturing opportunities. The combined offer at i3, centred round the National Digital Processing Industry Hub, will attract a range of supply chain and digital technology SMEs and start-ups and offer strategic capacity to secure major digital process sector investment at i3.

Scheme Development

The Digital Manufacturing Processing Centre (DPMC – previously titled DigiLab/ DigiHub) proposals reflect the AGD Deal Documents and form a critical component of the Ayrshire Growth Deal programme. The DPMC proposal both reflects and is supported by national, regional and local policies that provide a strong strategic case for the project. The policy context is substantially unchanged since PBC.

Part A: the strategic context

2.1 Organisational overview

Since the development of NAC's Strategic Outline Case (SOC), NAC been working with the DPMC partners and stakeholders. A Memorandum of Understanding was signed by the partners in August 2021, to commit to Phase 0 of the project, following which a Collaboration Agreement (Appendix Q) has been signed by the partners in March 2022, to commit to Phase 1 of the project. The key partners and their roles and responsibilities are set out below:

University of Strathclyde / NMIS

Lead Partner for the DPMC (phase 0: training & demonstration; phase 1: pilot and phase 2: main facility) working closely in partnership with North Ayrshire Council and CPI/MMIC. The project will enable the University to become an important academic anchor institution within Ayrshire and support North Ayrshire's Community Wealth Building Strategy.

UoS/NMIS will lead the training and operational phases on behalf of the partnership with responsibility for all activities associated with the training (Phase 0) and operational facility (Phase 1 pilot and Phase 2 main facility). This will include:

- Delivering modules of training and demonstrations of digital technology, from the National Manufacturing Institute Scotland (NMIS) Manufacturing Skills Academy (Phase 0).
- Providing Operational Leadership and managing the DPMC centre (Phase 1 and Phase 2) and the network of partners /stakeholders associated with innovation, process manufacturing and digital skills.
- Project Management of DPMC and all operational management of the centre to support the partnership and ensure the success of the centre and the delivery of the project objectives.
- Resource the centre with appropriate expertise / staffing.

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- Procure all specialist equipment / demonstrator / specialist services to ensure the centre offers a 'state-of-the-art' experience and capability within the various Digital Process Manufacturing sectors / industry users
- Operate alongside partners to develop industry engagement programmes aligned to Industry 4.0.

North Ayrshire Council

Lead Partner for the DPMC (Phase 1: pilot and Phase 2: main facility) working closely in partnership with University of Strathclyde, NMIS and CPI. NAC will act as an enabler and facilitator for the project, using the Ayrshire Growth Deal investment as a catalyst.

Project Leadership and Management to support the partnership and align the various elements of the project. This will include but is not limited to:

- Masterplanning for i3, including planning, masterplanning and conceptual development of DPMC (Phase 1: pilot and Phase 2: main facility) and future i3 flexible space;
- Supporting Phase 1 through £1m AGD funds and procurement of the refurbishment works;
- Securing the remaining capital funding required to enable the delivery of Phase 2; and
- Land assembly to enable the delivery of Phase 2.

CPI

Centre for Process Innovation (CPI) connects academia, businesses and funders to bring bright ideas and research into the marketplace. CPI as one of the DPMC's strategic partners, is the leader in process manufacturing for the UK. The DPMC will work closely with CPI to close the gaps in capability for UK industry. CPI's mission is to ensure that every great invention gets the best opportunity to become a successfully marketed product or process. CPI provides industry-relevant expertise and assets, supporting proof of concept and scale-up services for the development of innovative products and processes. CPI has extensive knowledge and application of innovation processes and process manufacturing technologies that allows CPI and partners to support technology uptake and knowledge transfer across the key process industry sectors. CPI and Strathclyde University are working together to deliver the Medicines Manufacturing Innovation Centre (MMIC).

- Strategic Process Technology and Innovation Partner
- Process Industry Innovation Network

The partners are currently discussing what partner would be best placed to take the lead responsibility for the design, procurement and ownership of the Phase 2 facility. In addition, Ayrshire College will play a key role within the project where funding allows and has been on the project's Steering Group since its inception.

2.2 Business Strategies

The purpose and remit of the DPMC aligns across a breadth of local, regional, national and UK policies. Summaries of relevant plans, policies and strategies have been outlined in the following tables.

2.2.1 Strategic Policy Context

The broad policy framework is summarised with additional supporting information on specific policies. The following table provides an overview of relevant policies and strategies.

Table 7: Summary of policies aligned with the DPMC

UK Policy Context	Scottish Policy Context	Regional / Local Policy Context
UK Industrial Strategy, 2018	Scotland's Economic Strategy	Ayrshire Economic Strategy 2020
Econ Dev. Strategy (DFiD 18)	Programme for Government (PfG), Scottish Government, 2019	North Ayrshire Council Plan
Innovate UK - 5-point Plan for Economic Growth	Manufacturing Action Plan A Manufacturing Future for Scotland 2016	North Ayrshire Council Local Development Plan LDP2
UK Research & Innovation: Strategic Prospectus: Building the UKRI Strategy	Life and Chemical Sciences. Manufacturing Strategy for Scotland	Skills Development (RSIP)
UK Technology Innovation Strategy, 2019	Life Sciences Strategy for Scotland 2025 Vision	Regional Inclusive Growth Diagnostic
Innovate UK: Delivery Plan 2019	Chemical Sciences Scotland Strategic Plan 2025	A Manufacturing Future for Scotland, 2016
	Scottish Life Sciences Strategy 2011	EDR Strategy Refresh Regeneration Strategy <small>(replaced with Ayrshire Economic Strategy)</small>
	Skills Investment Plan for Scotland's life and chemical sciences	Ayrshire Growth Deal Programme
	Inward Investment Plan October, 2020	North Ayrshire Council Community Wealth Building Strategy 2020-2025
	Scottish Manufacturing Advisory Service	North Ayrshire Council Economic Recovery and Renewal Approach, Sept. 2020
	Realising Scotland's full potential in a digital world: a digital strategy for Scotland, 2017	
	Building Scotland's Future Today Scottish Enterprise 2019-2022	
	Climate Change Plan Scottish Government 2019	
	Sustainable Performance Scottish Government 2020	
	Making Scotland's Future: A Recovery Plan For Manufacturing	

2.2.2 UK and National Policy Alignment

The DPMC project will deliver against the policy objectives of key strategies set out at both the Scottish and UK national levels.

The proposition is also in line with the Scottish Government's inclusive growth and inward investment agendas, targeting regional imbalances in economic activity and recognising the importance of digitalisation for the economy. The key messages from these strategies, and the potential opportunities for the DPMC, are outlined below.

Table 8: Summary of UK and National Policy Alignment

Strategy	Headline objectives	Potential opportunities for DPMC
UK Industrial Strategy	<p>Building on the strengths and extending excellence into the future</p> <p>Closing the gap between the UK's most productive companies, industries, places and people, and the rest</p> <p>Making the UK one of the most competitive places in the world to start or grow a business</p> <p>Moves away from a sector-based view and recognises the importance of cross-sector collaboration. The key opportunities are organised around themes, labelled the four Grand Challenges: Artificial Intelligence (AI) and data, ageing society, clean growth, and future of mobility</p>	<p>Aligned with the objective of using innovation to drive productivity and earnings, and in doing so capture global opportunities</p> <p>A broader focus would encourage collaboration between sectors (e.g. life sciences, pharmaceuticals, processing industry) which, in turn, has the potential to help address the Grand Challenges</p>
Innovate UK - 5-point Plan for Economic Growth	<p>Accelerating UK Economic Growth</p> <p>Building on innovation excellence</p> <p>Development catapults</p> <p>Working with the research community and across government</p>	<p>The facility will reposition the regional economy (in alignment with the national economy) to be more resilient and attractive to investment, improve skills and employment</p> <p>Develop a market lead in digital processing capabilities</p>
UK Research & Innovation: Strategic Prospectus: Building the UKRI Strategy	<p>Work with our partners to ensure that world-leading research and innovation continues to grow and flourish in the UK</p> <p>Support and help to connect the best researchers and businesses</p> <p>We will invest every pound of taxpayers' money wisely in a way that generates excellent outcomes and ultimately impact for citizens, in the UK and across the world</p>	<p>Attracting inward investment</p> <p>Development of R&D</p>
UK Technology Innovation Strategy, 2019	<p>The UK Industrial Strategy sets out the Government's ambition to make the UK the world's most innovative economy and place us at the forefront of the technologies of the future.</p>	<p>This strategy focuses on emerging digital technologies</p> <p>Across all sectors of the economy, the pace of digital transformation is pushing fundamental changes in the capability requirements of organisations.</p>

Strategy	Headline objectives	Potential opportunities for DPMC
Innovate UK: Delivery Plan 2019	Accelerating the development of new products, processes, services and business models based on new ideas and technologies drives productivity, increases exports, grows businesses and generates prosperity.	Support and invest in innovative businesses and entrepreneurs with the potential and ambition to grow. Identify, support and grow transforming and emerging industries through innovation
Scotland's Economic Strategy	Increasing growth and 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	Developing Scotland's capability in life sciences – one of the key growth sectors identified in the strategy Helping to foster a culture of innovation and R&D Supporting inclusive growth and creating opportunity through regional cohesion
A Manufacturing Future for Scotland + MffS Action Plan	More widespread, deeper, sector led and open innovation – innovative manufacturing and the utilisation of leading-edge technologies are drivers of competitive advantage Co-ordinating national innovation resources and assets to be appropriate for the manufacturing base Creating an environment where businesses of all sizes and in all manufacturing, sectors can innovate and adopt new novel technologies Building on Scotland's Digital Future this action plan will support and implement additional measures to encourage and support our manufacturing businesses to put investment in the best available technologies at the core of their business going forward. Work with Innovate UK to align interventions and promote opportunities around digital for manufacturing, driving manufacturing readiness and stimulating innovation to uncover new sources of revenue from manufacturing.	Linking up with NMIS and other centres of excellence Enabling collaboration between businesses, RTOs and academia by providing a focal point and promoting an open innovation ethos National capability is also strengthened by aligning company challenges to world leading insights of University departments and those contained within Catapult27 and Innovation Centres Co-ordinating national innovation resources and assets to be appropriate for the manufacturing base is key. In particular, interaction with both new and existing centres of excellence will provide an environment where innovation and demonstration opportunities can be developed.
Life and Chemical Sciences. Manufacturing	Establishing a strong platform for manufacturing growth through strong communication between the Life and Chemical Sciences sectors	Enabling commercialisation of research by providing a focal point between academia and industry

Strategy	Headline objectives	Potential opportunities for DPMC
Strategy for Scotland	Improving the translation of research into application Strengthening UK's case (including supply chains) for manufacturing businesses looking to re-shore	Building up service offering at i3 and within the Digital Campus / DPMC to attract businesses
Scotland's Inward Investment Plan October, 2020	The Plan focuses efforts on nine areas of opportunity where Scotland has global strengths. The Plan acknowledges that the Covid-19 crisis has placed digital at the forefront of the response and subsequent recovery steps across the private, public and third sectors Key role to grow Scotland's manufacturing sector, strengthen supply chain linkages and increase productivity using advanced manufacturing technologies such as automation, AI and digital manufacturing techniques	Priority will be given to investors who can build local supply chains, provide new skills and invest in research. The Scottish Government will focus resource on strategic investments, aiming ultimately to allocate up to £20 million a year. Nine priorities and three themes underpin Inward Investment. 3 themes all applicable to i3 and DPMC are: Digital / High Value Manufacturing / Net Zero.
Chemical Sciences Scotland Strategic Plan 2025	Establishing Scotland as a world class centre of high value manufacturing through increased industrial engagement with the centres of innovation directly related to manufacturing	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	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	Developing Scotland's life sciences capability Linking with the Life Sciences Innovation Centres, e.g. Stratified Medicine Scotland Innovation Centre, Industrial Biotechnology Innovation Centre, Digital Health and Care Institute, Scottish Aquaculture Innovation Centre, Centre for Sensor and Imaging Systems, and The Data Lab
Scottish Life Sciences Strategy 2011	Making the Life Sciences industry a significant contributor to Scotland's sustainable economic growth and establishing Scotland as the location of choice for Life Sciences companies	Developing Scotland's life sciences capability Enabling collaboration by linking academia and industry

Strategy	Headline objectives	Potential opportunities for DPMC
	<p>Specific local opportunity areas around Assisted Living, Stratified Medicine, Wellbeing, and Sustainability</p> <p>Supporting faster growth of Life Sciences businesses through improved harnessing of academic and commercial capabilities to accelerate new product and service development, ultimately strengthening business offerings by building comprehensive supply chains and encouraging collaboration</p>	
<p>Skills Investment Plan for Scotland's life and chemical sciences</p>	<p>Four priority areas: addressing specific skill shortages, ensuring national coverage of skills and training provision, increasing exposure to, and understanding of, industry, enhancing practical experience</p>	<p>Developing Scotland's life and chemical sciences capability</p> <p>Encouraging engagement between HE/FE and industry</p> <p>A designated learning hub at site – similar to the Visitor/STEM Engagement Hub proposed in the Ayrshire Growth Deal</p>
<p>Scottish Manufacturing Advisory Service</p>	<p>Dedicated manufacturing support programme supported by Scottish Enterprise to support manufacturing business base identify efficiencies, adopt digital technologies, develop sustainable models, and identify supply chain opportunities</p>	<p>Digital automation centre for application and testing of equipment and technology to attract investment and support conversion of manufacturing businesses to advance manufacturing in Ayrshire.</p>
<p>Covid Scotland's Strategic Framework Oct 2020</p>	<p>COVID-19 threatens health and life, but also how we live our lives, and our shared prosperity. The Scottish Government, in common with other UK Nations, is committed to suppressing the virus to the lowest possible level, and keeping it there, until we have a vaccine and/or effective treatments, and the virus is no longer the threat it is now. There is no acceptable number of people we are willing to let become infected.</p> <p>Our approach and principles remain those we set out in our Framework for Decision-Making, based on clinical evidence, expert advice, and a balanced assessment of the risks.</p>	<p>The pandemic is a public health crisis, with global economic consequences unlike any we have seen before. Not only in terms of scale and speed of impact across the world.</p> <p>Our economic response and recovery programme initially focused on protecting the economy.</p> <p>Recent reports from both the Advisory Group on Economic Renewal and the Education and Skills Strategic Board have been clear that economic recovery needs to be grounded in well-being and a green recovery, with skills and jobs in the digital economy or</p>

Strategy	Headline objectives	Potential opportunities for DPMC
		similar, and with a clear need to focus on the future of young people.
Sectoral Strategies 2020-2025	Pharmaceutical Products Oil & Gas Chemicals and Chemical Products Agrichemicals	All sub-sectors address the increasing cross sectoral value of digital process technologies, automation and digital applications are critical to productivity growth
Policies relevant for the processing sub-sectors	Food & Drink Fast moving commercial goods (FMCG) Water (collection, treatment, supply)	

2.3 Other organisational strategies

2.3.1 AGD Programme

The AGD programme links to Governments' objectives of increased growth and prosperity. Post the development of NAC's Strategic Outline Case, NAC has been working closely with the other Ayrshire Councils and has coordinated activity through the Ayrshire Growth Deal Leadership Group and Project Management Office (PMO). The project continues to focus on the high growth, high value process manufacturing sectors that can build on Ayrshire's general manufacturing strength. The partnership with University of Strathclyde and NMIS now offers the potential to build a national level facility in Ayrshire, based on the NMIS 'hub and spoke' model.

2.3.2 Regional Policy Context

The DPMC project has the potential to support two of North Ayrshire's economic development objectives: creating employment opportunities and positioning the area as a leading location for business within the Glasgow city region.

The four key local strategies are the Ayrshire Economic Strategy, North Ayrshire Council Plan, North Ayrshire Council's Community Wealth Building Strategy and the North Ayrshire Local Development Plan (LDP). These set out a long-term vision for growth and provide a policy framework for determining planning applications and policy context for Ayrshire Growth Deal projects. The following table outlines the key objectives of these documents and the potential opportunities for DPMC arising from them. In addition, Appendix A sets out how the project specifically aligns with Inclusive Growth and Community Wealth Building objectives.

The DPMC project has the potential to deliver against the policy objectives of key strategies set out at both the Scottish and regional levels. The proposition is also in line with the Scottish Government's inclusive growth agenda, targeting regional imbalances in economic activity. The key messages from these strategies, and the potential opportunities for DPMC are outlined below. In addition, NAC is currently preparing the Regional Economic Strategy for the area which will be of relevance to the DPMC project.

Table 9: Summary of Regional Policy context alignment

Strategy	Headline objectives	Potential opportunities for DPMC
Ayrshire Economic Strategy	<p>To achieve inclusive growth</p> <p>To improve the productivity and diversity of the Ayrshire economy using existing place and asset-based strengths and the catalytic investment of the Growth Deal</p> <p>To consolidate Ayrshire manufacturing heritage and capitalise on that to reposition Ayrshire as a leader in digital processing and life science technologies</p> <p>To provide strategic support to existing and new businesses in the transition to industry 4.0 standards through digitally-led transformation</p> <p>To increase R&D activity in Ayrshire</p> <p>To increase Ayrshire job density and inclusion in workforce</p>	<p>To establish a regionally and national significant centre of excellence in digital automation, which will secure university presence and act as a major draw to investment in i3 and Ayrshire.</p> <p>To provide a facility to support the linkages between Ayrshire Growth Deal programme of investment in advance manufacturing space with national programmes e.g. NMIS, MMIC</p>
North Ayrshire Council Plan 2019-2024	<p>The Plan sets out our ambitions, vision and mission for the next five years</p> <p>Our Vision:- A North Ayrshire that is 'Fair for All'.</p> <p>Our Mission:- Working together to improve well-being, prosperity and equity in North Ayrshire</p> <p>Our Priorities:</p> <p>Aspiring communities</p> <p>Inspiring places</p>	<p>Inspiring places references effective infrastructure and digital connectivity</p> <p>Priority Outcomes include:</p> <p>Working with schools, colleges, universities, businesses deliver education, Skills and training to sustain employment.</p> <p>Developing knowledge/ ability to participate digitally</p> <p>Support businesses to be more innovative and competitive.</p> <p>We will promote fair employment practices and implement a CWB strategy.</p>
Community Wealth Building	<p>The strategy sets out our ambitious plans to become a Community Wealth Building Council. We will work in partnership with our communities and businesses to create a fair local economy, reducing poverty and inequality.</p> <p>5 Pillars seek to strengthen existing local resources based on:</p> <p>Procurement</p> <p>Employment</p> <p>Land and Assets</p> <p>Financial power</p> <p>Plural Ownership</p>	<p>Work within localities to facilitate place-based Community Wealth Building activities on procurement, employment, assets and ownership.</p> <p>Promote Fair Work practices and position Ayrshire as a Fair Work region.</p> <p>Support and fund Community Wealth Building activity including social enterprises, employee ownership, cooperative development and</p>

Strategy	Headline objectives	Potential opportunities for DPMC
	<p>Community Wealth Building is seen as a long term, transformative agenda for the Council, our partners and Ayrshire as a whole. Our Community Planning Partners have committed to supporting the development of a Community Wealth Building approach in North Ayrshire.</p>	<p>supplier development activities.</p>
<p>NAC Economic Recovery and Renewal Approach 2020</p>	<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.</p> <p>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 Council and our new economic model of Community Wealth Building to develop a Green New Deal for North Ayrshire.</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</p> <p>Investing in our commercial estate including improving the sustainability of assets</p>
<p>North Ayrshire Local Development Plan (LDP)</p>	<p>Following the Economic Development & Regeneration Strategy, the LDP sets out to safeguard key business and industrial sites</p> <p>Attracting new investment to our strategic business location, i3 in Irvine will be critical to increasing our employment offer. We will support the growth and development of our key sectors of manufacturing, engineering, life sciences, tourism and hospitality by ensuring that infrastructure development remains attractive in a competitive global marketplace.</p>	<p>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</p> <p>Policy support specifically referenced in Spatial Strategy (c) Generate new employment opportunities by identifying a flexible range of business, commercial and industrial areas to meet market demands including those that would support key sector development i3 Irvine is south west Scotland's leading innovation and industrial investment location.</p> <p>As part of the Enterprise Area, new development within i3 enjoys the benefit of streamlined planning, building warrant and road construction</p>

Strategy	Headline objectives	Potential opportunities for DPMC
		consent processes through Planning Protocol.
Ayrshire Growth Deal Heads of Terms Agreement	<p>Help drive inclusive economic growth through creation of new high-quality jobs and opportunities</p> <p>Up to £11m from the UK Government for a subsea fibre optic cable to have its landing point in Irvine</p> <p>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</p>	<p>Links to aerospace agenda</p> <p>Linking in with the digital infrastructure agenda</p> <p>Possible links with the sustainability agenda, e.g. with the Centre for Research into Low Carbon Energy and Circular Economy (CECE)</p> <p>The Digital Automation Innovation and Testing Centre facility has now been jointly developed with SU /NMIS as the Digital Processing Manufacturing Centre (DPMC) to be developed at i3 as part of a specialist process manufacturing focus within the wider i3 Life Sciences park.</p>

Part B: the case for change

2.4 Investment objectives

The investment objectives for the overall project are set out as follows and remain the same as those contained in the recent PBC:

Table 10: Investment Objectives and Benefits for Stakeholder Groups

Ref	DPMC Investment Objective	Timeline	Measurement
IO-01	<p>Establish the Digital Process Manufacturing Centre's facility infrastructure and ensure operational readiness: Create a nationally significant digital process manufacturing centre at i3, Irvine to support the process manufacturing sector and the restructure of the Ayrshire economy, building on North Ayrshire's sectoral strengths in life sciences, manufacturing and process engineering. The facility will be equipped with staff and equipment to demonstrate, develop and deliver digital technology to support the processing sector's digital challenges.</p>	<p>Phase 1 by Dec 22</p> <p>Phase 2 by mid 25</p>	<ul style="list-style-type: none"> No. of jobs created Amount of business and R&D space created No. of businesses assisted.
IO-02	<p>Create digital process manufacturing partnerships, and establish new collaborations and supply chains: Establish a digital technology community that facilitates new supply chains, connections across the processing sector's sub-sectors, and enables collaborative research, development projects with industry processing sector,</p>	By 2025	<ul style="list-style-type: none"> No. of organisations & companies participating in DPMC including SMEs Amount of revenue funding leveraged.

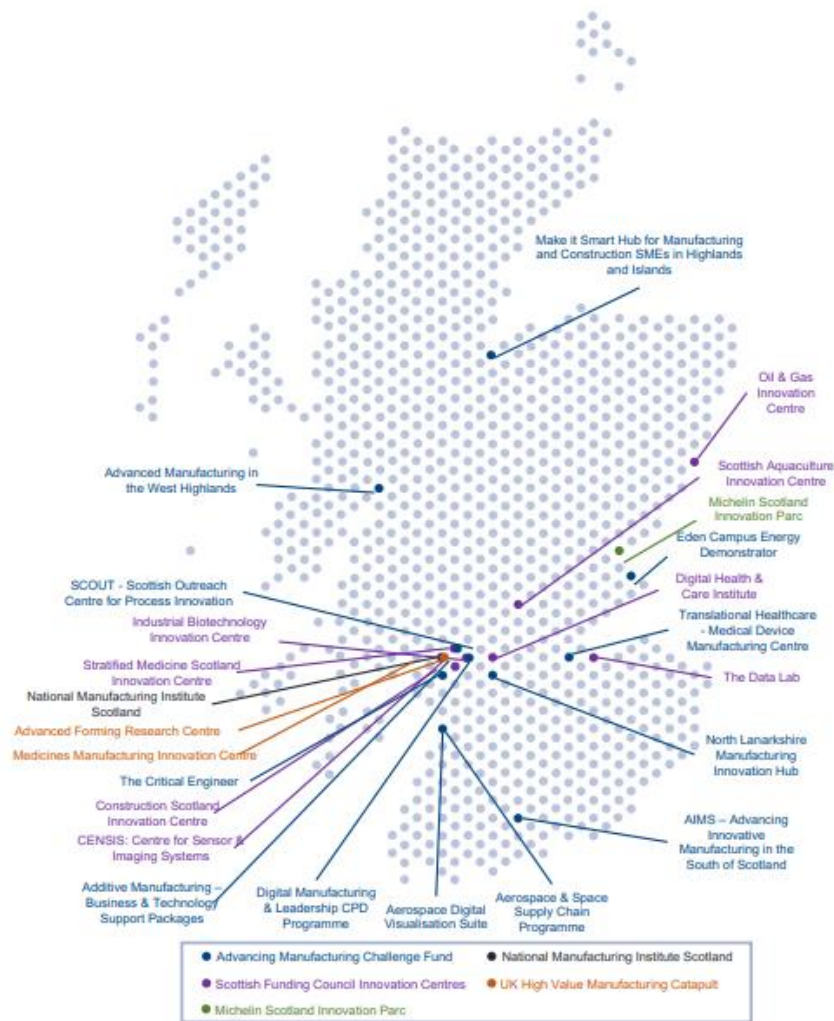
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Ref	DPMC Investment Objective	Timeline	Measurement
	academia, and government and attracts inward investment.		
IO-03	Develop a national digital process manufacturing research agenda: Develop and deliver a pipeline of digital technology research and development projects for industry within the process manufacturing sector at to help industry benefit from understanding the cost and efficiency opportunities of applying digital technology to their processing production facilities, enabling them to explore adopting technology, and upskilling their workforce to utilise the digital technology.	From 23/24	<ul style="list-style-type: none"> No. of companies adopting new digital processes No. of R&D projects taking place.
IO-04	Build a digital manufacturing training and skills programme tailored to the process manufacturing sector, that provides skilled employment and training opportunities for local communities, schools and colleges: Create a training programme that focuses on all levels of management within industry organisations so that digital technology training and application in the processing sector can be tailored to specific industry role groups e.g. Executive, Management, Operations. Create a further training programme to support the inclusion of local communities and disadvantaged groups in the Centre and skills and training opportunities linked to local education providers.	From 23/24	<ul style="list-style-type: none"> No. of local people obtaining skilled employment & training opportunities No. of local people attending skills & training opportunities No. of school & college students participating in work experience / training programmes No. of people within disadvantaged groups participating in the DPMC project No. of study visits by schools, colleges and training providers.

2.5 Existing arrangements

This section considers the digital technology services already being offered to the process manufacturing sector and compares established services with what the DPMC scope will include as part of an initial gap analysis. There are no current Innovation Centres in Southern Scotland/ Ayrshire.

The illustration below has been sourced from the Scottish Government's Making Scotland's Future – Recovery Plan for Manufacturing. It shows the current network of support available to manufacturing companies throughout Scotland. In addition, there is a number of other projects that are currently being developed including the Ayrshire Manufacturing Innovation Corridor (AMIC) in Kilmarnock. This project is being supported through £23.5M from the Ayrshire Growth Deal and includes £10M to provide a centre of excellence that will focus on food and drink innovation. It's anticipated that DPMC could signpost any companies from the food and drink processing sectors that are being supported by DPMC's services, to the AMIC Centre for more specialist support.



Source: Making Scotland's Future – Recovery Plan for Manufacturing

2.5.1 Established services

A range of specialist innovation organisations, bodies and innovation centres and service providers exist across the UK. These are broadly summarised below in terms of UK, Scottish, and Ayrshire Regional support.

UK Research and Innovation (UKRI)

UK Research and Innovation (UKRI) is the national funding agency investing in science and research in the UK. Operating across the whole of the UK with a combined budget of more than £6 billion, UKRI brings together the 7 Research Councils, Innovate UK and Research England. UKRI is an executive non-departmental public body, sponsored by the Department for Business, Energy & Industrial Strategy, supported by 7 agencies and public bodies. The UK's world-leading status in research and innovation is in large part founded upon its network of internationally competitive, high-quality and accessible research and innovation infrastructure.

This includes:

- Large-scale physical research facilities, equipment and sets of instruments, such as synchrotrons, research ships, scientific satellites and 'living labs'

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- Networks of technologies and e-infrastructures, including data and computing systems and communication networks,
- Knowledge-based resources, including scientific, cultural and artistic collections and archives.

Innovate UK

Innovate UK is the UK's innovation agency. Innovate UK is part of UK Research and Innovation, a non-departmental public body funded by a grant-in-aid from the UK government. Innovate UK specific mission is to drive productivity and economic growth by supporting businesses to develop and realise the potential of new ideas, including those from the UK's world-class research base. Centre for Process Innovation. Since 2007, Innovate UK have invested around £2.5 billion to help businesses across the country to innovate, with match funding from industry taking the total value of projects above £4.3 billion helping 8,500 organisations create around 70,000 jobs and added an estimated £18 billion of value to the UK economy. In April 2018, Innovate UK became part of UK Research and Innovation.

High Value Manufacturing Catapult (HVMC)

Established by Innovate UK, HVMC bridges the gap between business and academia, helping to turn great ideas into reality by providing access to world-class research and development facilities and expertise that would otherwise be out of reach for many businesses in the UK.

HVMC has 5 key roles:

- To grow businesses and the contribution of the manufacturing sector to the UK economy.
- Investigate innovative technologies or scale up new products and processes to prove they have achieved manufacturing readiness
- Work with academic partners to build on research at Universities and Research establishments in the UK and beyond
- Use their expertise to help shape UK manufacturing policy.
- Work with UK Government and others, to develop high quality training provision to meet industry needs.

Centre for Process Innovation (CPI)

Centre for Process Innovation (CPI) is part of the High Value Manufacturing Catapult. CPI use advanced digital technologies and platforms to help customers design products, devices, formulations and manufacturing processes. This enables industry to accelerate product development at a lower cost, reducing the time to market.

Their specific digital technology related services are:

- Design electronics products, circuitry, devices and wearables for a broad range of markets
- Develop predictive models for the design of new complex formulations and materials
- Design and simulate manufacturing processes using multi-scale modelling approaches
- Verify process models using digitally connected process analytical technologies (PAT)

The Medicines Manufacturing Innovation Centre (MMIC)

The Medicines Manufacturing Innovation Centre is a unique, state-of-the-art facility offering transformative solutions in small molecule and fine chemical manufacturing. The MMIC is a collaboration between CPI, University of Strathclyde, UKRI, Scottish Enterprise and founding industry partners, AstraZeneca and GSK.

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The centre will ensure the UK is a technology and innovation leader in pharmaceutical manufacturing. The initial focus will be on technology translation for small molecule drug manufacture.

With a collaborative innovation culture and state-of the art facilities, the new facility will enable industry, academia, healthcare providers and regulators to work collaboratively to address challenges and maximise technology opportunities within the medicines supply chain.

2.5.2 Gap Analysis

The following table reviews the key existing organisations and bodies to demonstrate how the DPMC scope aligns with specific established services, is differentiated from the existing scope of digital manufacturing service support and illustrates the additionality that the DPMC services would provide.

Table 11: Gap analysis of existing organisations and the DPMC

Established service	Alignment with DPMC scope
Centre for Process Innovation (CPI)	<p>Centre for Process Innovation (CPI) is part of the High Value Manufacturing Catapult and lead innovation centre in process innovation.</p> <p>DPMC will be a strategic partnership with CPI through NMIS. The partnership will enable CPI to act as special advisors within specific DPMC R&D projects, pooling resources where relevant with CPI.</p> <p>DPMC singular focus is in the specialist area of digital process manufacturing. This area is currently not addressed within CPI or NMIS.</p>
Medicines Manufacturing Innovation Centre (MMIC)	<p>MMIC offers transformative solutions in small molecule and fine chemical manufacturing. MMIC's specialist focus is complimentary to DPMC and digital process manufacturing.</p> <p>DPMC will focus on companies within the specialist process manufacturing sector, as opposed to MMIC's specialist area in pharmaceutical / small molecule manufacturing. The two specialist areas are complimentary but very different in terms of applications, technologies and manufacturing processes.</p> <p>The DPMC focus is on the 7 key process manufacturing sectors and support for companies which are initiating their digital technology/Industry 4.0 journey. DPMC will provide access to specialist technologies, digital skills manufacturing processes and support collating system information that can be connected up and provide a useful industry dashboard.</p>
National Manufacturing Centre for Scotland (NMIS)	<p>NMIS is helping to make Scotland a global leader in advanced manufacturing. NMIS has identified a clear gap in the market related to digital manufacturing and the process industries.</p>

Established service	Alignment with DPMC scope
	Process industries have very specific requirement for digital manufacturing. Manufacture goods utilise flow and solid state chemistry supported by process control and documented evidence. This is radically different from digital engineering or other manufacturing activity.
NMIS Digital Factory	DPMC will provide NMIS with a stronger 'process manufacturing' focus and expertise to work with the processing sector, enabling accelerated digital uptake and new process technologies.
NMIS MSA	DPMC will seek to utilise MSA leadership role in manufacturing education working across industry together with links to University of Strathclyde and Ayrshire College.
SMAS Industry 4.0 Review	<p>DPMC as part of NMIS, would align with the SMAS via the One Scotland Partners, to focus on process manufacturing companies.</p> <p>DPMC would be signposted as a dedicated service to take the recommendations forward. DPMC would work with industry to explore and develop the digital technology roadmaps, demonstrating and trialling new digital process technology.</p>
Innovation Centre Programme CENSIS	<p>DPMC is complimentary and clearly differentiated from the existing Innovation Centre and will support the existing scope with applied digital process manufacturing capability:</p> <ul style="list-style-type: none"> • Centre for Sensor and Imaging Systems (CENSIS) • Construction Scotland Innovation Centre (CSIC) • Digital Health & care Innovation Centre (DHI) • Industrial Bio-Tech Innovation Centre (IBioIC) • Scottish Aquaculture Innovation Centre (SAIC) • Precision Medicine Innovation Centre (PMS-IC) • Oil and Gas innovation Centre (OGIC) • The Data Lab
Ayrshire College	DPMC compliments the College's digital skills and training programme with Ayrshire College working closely with NMIS/UoS to build inclusive regional access to digital skills and awareness of digital process technologies and innovation.
Digital technology consultants	DPMC offers an 'open access' facility supporting a diverse range of supply chain, specialist providers, training bodies and consultancy. DPMC will offer a turnkey approach to supporting companies with their digital technology adoption challenges.

2.6 Business needs

This section outlines the needs and drivers of the process manufacturing industry. To identify the needs of the sector, a number of reports were examined.

Digital Process Manufacturing Centre, Full Business Case, Phase 1 – V0.3

Two specific UK and Scottish government reports have been referenced, Made Smarter Review³ and SMAS Industry 4.0 Report⁴, the information included in this section focuses on report recommendations. Both Governments have recognised the importance of industry adopting Industry 4.0 practices, using digital technologies to improve production productivity and reduce costs. These reports were based on evidence gathered from across industry sectors, so not solely focusing on the processing manufacturing sector. However, combined with the outputs from additional studies undertaken as part of developing the OBC, parallels can be drawn and common challenges highlighted.

Further specific assessments were commissioned as part of developing the business case for the DPMC project, two specific assessments were commissioned:

- I3 Irvine Enterprise Area Research, commissioned by North Ayrshire Council and Scottish Enterprise, August 2019. This specifically considered the requirements of the i3 Irvine Enterprise Area Research as part of the UK’s levelling-up initiative and considering appropriate use of the area with respect to Ayrshire Growth Deal opportunities.
- Demand assessment was commissioned to define the scope for the Digital Manufacturing & Demonstration Hub (DPMC). The assessment was commissioned by North Ayrshire Council, in July 2020. This assessment considered the demand from the process manufacturing industry for digital technology support delivered by an agnostic innovation centre.

Details relating to all of these reports are contained in the PBC. A summary of the business needs identified from these reports, is contained in the table below.

Table 12: Summary of business needs

Made Smarter Review	i3 Study
<ul style="list-style-type: none"> • Leadership within public bodies and within companies to support industry adopting digital technology, ensure the UK industry does not fall behind compared with other countries. • Support SMEs to adopt digital technology • Driving innovation in technology of products/services/companies. • Ensure the workforce are upskilled to fully utilise the new digital technologies. • Support the UK's vision to become a global industrial leader in creating, adopting and exporting advanced digital technologies. 	<ul style="list-style-type: none"> • Create a centre for digital development to encourage companies to locate in the area. • Make it attractive to industry by having expertise and equipment for demonstrations onsite. • Have a clear sectoral focus for manufacturing support and investment, include access point to Skills Academy. • Liaise and build strong interest from industry in the centre. • Create a modern manufacturing space. • Include units for businesses specialising in digital technologies and processing support.
Industry 4.0	DPMC Demand Assessment
<ul style="list-style-type: none"> • Developing 4.0 resources/roles and skills training plans. • Processes to be data-driven. • Develop data strategies, systems integration processes. 	<ul style="list-style-type: none"> • Industry view the DPMC as complementary with other Industry 4.0 related existing services. • The centre should connect with Scotland's/UK's innovation ecosystem as The Data Lab, the Precision Medicine

³ <https://www.gov.uk/government/publications/made-smarter-review>

⁴ <https://www.scottish-enterprise.com/media/3843/smas-bringing-scottish-manufacturing-to-the-4-compressed.pdf>

<ul style="list-style-type: none"> • Enable better utilisation of data collection, allow company to make data-driven/data-informed decisions. • Continuous improvement practices, relating to productivity, introduction of new products, performance, and asset strategy. • A work culture to promote data sharing and effective processes to analyse and share data. • Communicating benefits/opportunities as well as promoting awareness of digital technologies. • Creating business cases to justify investment in technologies. • Maximising the benefits from digital technology that companies have already invested in. • Leadership, to drive a culture ready for change. 	<p>Scotland Innovation Centre and components of the High Value Manufacturing Catapult.</p> <ul style="list-style-type: none"> • Assistance with technology introduction, overcome challenges of incompatibility between different pieces of kit, data standards, handling volumes of data. • Technology demonstrators that are sufficiently tailored to the subsectors of the process manufacturing sector. • Support developing investment cases / business cases for procuring new digital technology, specifically around ROI. Assistance to frame.
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The following section takes these key business needs and explores how the DPMC would be aligned with supporting and overcoming the challenges described.

2.7 Potential Business Scope and Key Service Requirements

Considering the identified business needs from the targeted process manufacturing sector, the DPMC will include a varied scope to ensure it has the expertise and equipment to support industry to overcome the identified challenges.

2.7.1 Business scope

The DPMC will deliver a turnkey technology agnostic innovation centre over two phases, that can deliver support to the process manufacturing industry to enable companies to develop and integrate digital technology into production processes. The following headings summarise the business scope of the DPMC:

- Demonstration: able to see physical examples of digital technologies applied within the processing sector.
- Translation: helping companies to develop a robust requirements specification for their current and future digital needs.
- Strategy: DPMC will support companies to consider the whole view of digital technology landscape and how to create a long-term plan for adoption.
- Upskilling and knowledge: Phase 0 of DPMC has successfully delivered courses in demystifying industry 4.0 and creating courses to enable industry to learn about a broad range of digital technologies, and their application in the process manufacturing sector. The DPMC will continue to create courses suitable for different parts of companies, e.g. executives, management, and operations to support developing a digital culture within companies.

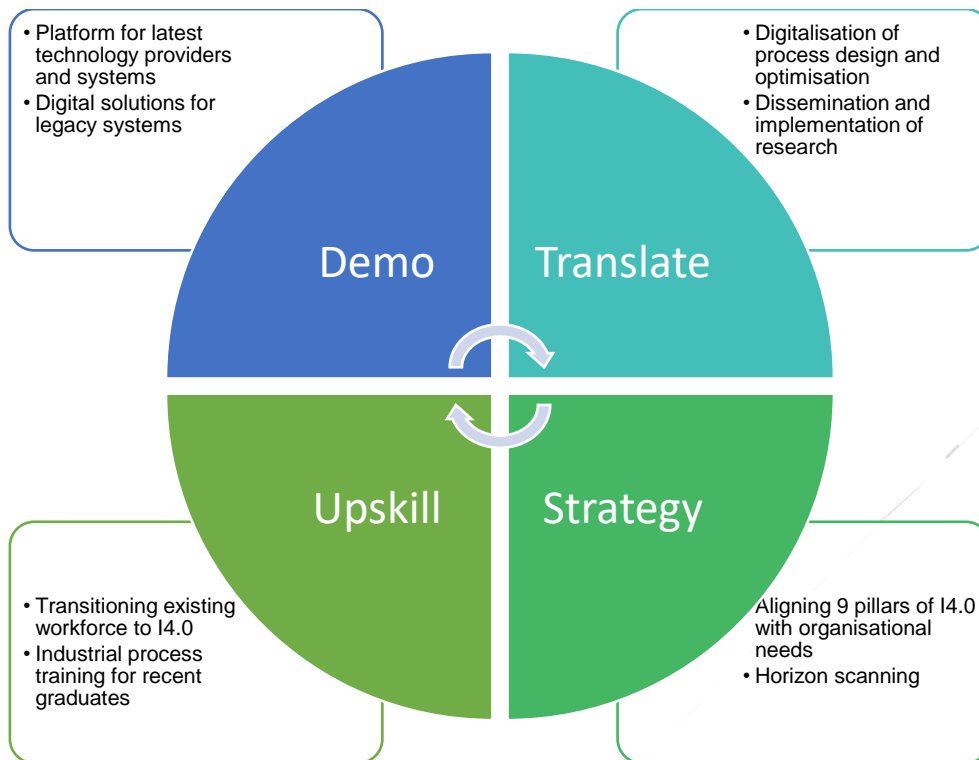


Figure 2: DPMC services

2.7.2 Components of the DPMC

These headings summarising the scope will be delivered by specific components within the DPMC:

- **Digital Demonstration Laboratory/Suite:** The DPMC will be focused around a physical centre offering practical demonstrations of Industry 4.0 technology. This will stimulate, encourage and support industry to adopt new and innovative practices in the application of digital strategies to their manufacturing operations by offering hands-on experience for companies. The demonstrations will include a range of opportunities for industry to gain access to examples of control systems, manufacturing execution systems, operational technologies, Augmented Reality, paperless systems, training, performance management, data visualisation techniques, etc. This experience, available in a controlled environment, aims to improve levels of confidence and demonstrates how digital can improve management decision-making, driving business performance and competitiveness. The physical facility, which will include a networking / training / meeting space, will serve as a focal point and networking hub for companies in the area.
- **Industry Engagement:** The DPMC will facilitate opportunities for companies to share with each other and spend time with potential industry partners, e.g. DSM and GSK, and see real-world application of digital strategies.
- **Leadership and Digital Strategy Development:** Key to the development and successful implementation of a digital strategy is building knowledge and confidence in leaders to drive the required culture change and organisational development. The DPMC will provide education, training and support as well as facilitating networking across local leadership teams.
- **Training for the Next Generation of Workers:** This will include a combination of inputs from Strathclyde University and Ayrshire College, influenced by a Skills Implementation Plan developed in partnership with Skills Development Scotland. This

could include everything from short-course provision to the creation of 2+2 degrees. This project could act as a “prototype” for the planned developments at the National Manufacturing Institute of Scotland, (NMIS) and their plans to provide a Digital Factory for 2025, a Collaboration Hub and a Manufacturing Skills Academy by 2021.

- **Innovation:** The partners in the DPMC will also facilitate access for companies to existing business support programmes, enterprise agencies and through the University of Strathclyde, into NMIS and the Medicines Manufacturing Innovation Centre (MMIC). There is also scope for linking with CENSIS for sensor technology development and IBioIC and CMAC for novel manufacturing processes. Partnership with Strathclyde University will facilitate access to university expertise and stimulate collaboration between companies and the academic research base.

2.7.3 NMIS DPMC Services

Within the key service requirements outlined, the DPMC would be structure services under the following headings:

Commercial projects: 1-to-1 contracts between industry and DPMC.

Collaboratively funded projects: companies that require funding support to engage with DPMC resources. Sources of funding include: Innovate UK, EPSRC etc.

Membership opportunities: NMIS membership with specific engagement with DPMC services/research. NMIS member companies with DPMC interests will be to influence the focus of the DPMC Research Programme.

- Tier 1 membership £100K (cash or in-kind) per annum
- Tier 2 membership £20K (cash or in-kind) per annum

Training and skills: training offered will be an extension of NMIS MSA activity but with tailored courses for the process manufacturing sector. The initial focus of training will be demystifying digital technologies, from there additional courses will be developed based on the collective interests of the sector.

2.7.4 Core coverage and services

The services outlined below have been aligned with key outputs from the demand assessment in section 2.6 Business needs.

- Hands-on demonstrations relevant to your processes in: robotics, systems integration, analytics, AI, AR/VR, simulation, using the cloud, SAAS, PAAS, cyber security, 5G, Industrial Internet of Things. Enabling industry to have access to the latest digital technology equipment for industry to explore and try onsite.
- Ability to use process materials such as - powders, liquids, metals, chemicals, plastics, ingredients, sheet material
- Controlled environment proof of concept trials of digital technology products in industry settings (within the lab, or within small scale production set-up)
- Develop and facilitate collaborative projects with multiple companies
- Technology agnostic advice on investigating potential technology suppliers.
- Cost modelling and ROI analysis.
- Expert support with implementation and integration of digital technologies in an industry setting.
- Access to research programmes that are exploring the next advancements and applications of digital technologies.
- Developing digital roadmaps and strategies for industry.

- Training courses to upskill industry staff, including tailored courses for Executives, Managers and Operators.
- Apprenticeships, training the next generation with advanced digital technology apprenticeships.

2.8 Main Benefits Criteria

The table below sets out the main outcomes and benefits associated with the implementation of the project scope in relation to the business needs.

Table 13: Summary of benefits aligned with investment objectives

Ref	DPMC Investment Objective	Benefits for Stakeholder Groups	Measurement
IO-01	Establish the Digital Process Manufacturing Centre's facility infrastructure and ensure operational readiness: Create a nationally significant digital process manufacturing centre at i3, Irvine to support the process manufacturing sector and the restructure of the Ayrshire economy, building on North Ayrshire's sectoral strengths in life sciences, manufacturing and process engineering. The facility will be equipped with staff and equipment to demonstrate, develop and deliver digital technology to support the processing sector's digital challenges.	<ul style="list-style-type: none"> • Improved access to specialist support for processing sector businesses seeking to improve digital skills • Increased performance, productivity, growth rates, competitiveness and efficiency within processing sector businesses through improved digital skills. 	<ul style="list-style-type: none"> • No. of jobs created • Amount of business and R&D space created • No. and types of businesses assisted including SMEs
IO-02	Create digital process manufacturing partnerships, and establish new collaborations and supply chains: Establish a digital technology community that facilitates new supply chains, connections across the processing sector's sub-sectors, and enables collaborative research, development projects with industry processing sector, academia, and government and attracts inward investment.	<ul style="list-style-type: none"> • New training, employment and business development opportunities for local communities through University, College & NMIS presence at i3. • Increased attractiveness of Scotland and Ayrshire to inward investment companies through availability of skilled workforce and supply chains. 	<ul style="list-style-type: none"> • No. of organisations & companies participating in DPMC including SMEs • Amount of revenue funding leveraged.
IO-03	Develop a national digital process manufacturing research agenda: Develop and deliver a pipeline of digital technology research and development projects for industry within the process manufacturing sector at i3 to help industry benefit from understanding the cost and efficiency opportunities of applying digital technology to their processing production facilities, enabling them to explore adopting technology, and upskilling their workforce to utilise the digital technology.	<ul style="list-style-type: none"> • Increased engagement in R&D and spin off opportunities for industry and academia through creation of cluster area at i3. • New collaboration opportunities between industry, academia and other innovation centres e.g. IBIOIC, CMAC, and CENSIS. • Increased opportunities for local schools, colleges and training providers to become involved in R&D projects. • Processing sector businesses will benefit through reducing their 	<ul style="list-style-type: none"> • No. of companies adopting new digital processes • No. of R&D projects taking place.

Ref	DPMC Investment Objective	Benefits for Stakeholder Groups	Measurement
		carbon footprint by adopting digital technologies	
IO-04	<p>Build a digital manufacturing training and skills programme tailored to the process manufacturing sector, that provides skilled employment and training opportunities for local communities, schools and colleges: Create a training programme that focuses on all levels of management within industry organisations so that digital technology training and application in the processing sector can be tailored to specific industry role groups e.g. Executive, Management, Operations. Create a further training programme to support the inclusion of local communities and disadvantaged groups in the Centre and skills and training opportunities linked to local education providers.</p>	<ul style="list-style-type: none"> • Increased opportunities for school and college students to access work experience and training programmes linked to Industry 4.0 agenda. • Increased capabilities and skills of manufacturing workforce base in Ayrshire - halting its decline. • Improvements in knowledge and confidence of local industry leaders regarding digital skills and benefits. • Improving existing SME skills and stimulating creating of additional SMEs through availability of specialist facility. 	<ul style="list-style-type: none"> • No. of local people obtaining skilled employment & training opportunities • No. of local people attending skills & training opportunities • No. of school & college students participating in work experience / training programmes • No. of people within disadvantaged groups participating in the DPMC project • No. of study visits by schools, colleges and training providers.

2.9 Main risks

The main business and service risks associated with the potential scope for Phase 1 and 2 of this project are shown in the table below together with their counter measures. A number of these risks are highlighted in the most recent Ayrshire Growth Deal Implementation Plan 2022 and these have been highlighted in the Risk Ref column as (IP). The risk register is included in Appendix E. In summary, the main risks related to this project are considered to be:

- Failure to obtain approval for the project's Business Case.
- Failure to commit to the project by all project partners.
- Similar projects are developed that reduce the requirement for the project's services
- All sources of capital and revenue funding for the project are insufficient to deliver and operate the project.
- Delays to the project timescales caused by issues such as partner approvals, land acquisition, protected species, statutory consents, procurement or construction.
- The project fails to attract enough of its target audience to generate sufficient income.

A key project mitigation is the delivery of Phase 1 of the project to test the feasibility and sustainability of the Phase 2 permanent facility. However, it is worth noting that Phase 1 also has a number of specific risks that are of concern to the partners. In particular, these include significant delays to the approvals process for the FBC which has multiple approval / endorsement stages and the award of the refurbishment tender which if delayed, Scottish Enterprise has flagged up could jeopardise the award of their funding for the refurbishment works. In this respect, an additional risk has been added (R37) to highlight this.

Table 13: Project Risk Register

DPMC General Risk Register			
Risk Ref	Risk Type	Risk Description	Counter Measure
R1 (IP)	Socio-economic	Impact of Covid pandemic on the project, including delay to project development and reduction in demand for facility.	Moderately low risk of impact predicted due to Covid. Economic research emerging indicates appetite to accelerate key infrastructure projects to support recovery and renewal. Reliance on technology leading to businesses reassessing their needs for digital. Work streams have been activated to provide regional support.
R2 (IP)	Business	Not all partners can commit to project.	Steering Group established with Partners. MoU Signed August 2021. Collaboration Agreement signed March 2022 for Phase 1 with agreed partner roles and responsibilities. Development of pilot to test project feasibility Scope out other potential partnerships.
R3 (IP)	Political	Detailed Business Case fails	OBC developed in accordance with Green Book. Strong supporting evidence provided for demand. Govts have seen first draft. PBC now submitted. Identify project costs & confirm funding sources.
R4 (IP)	Political	Related i3 Flexible Space Business Case fails & overall impact of i3 AGD programme is limited.	Project has strong evidence base Commissioned masterplan will provide overall vision. Flex Space OBC approved June 2021. Both projects are not dependent on each.
R5	Business / Timescales	Potential delays in Full Business Case approval	Seek clarity on FBC timescales from AGD PMO. Include FBC preparation in project programme. Develop FBC in accordance with Green Book Partner/Stakeholder Risk Assessment Early Market Input/ Partner & Commercial Input Review CAPEX and OPEX costs Review Governance Arrangements
R6	Business	Service is provided by another facility reducing / negating demand for project.	Establishment of virtual and pilot phases to provide early services. Phase 0 established. Ensure OBC includes overview of other existing / proposed centres and articulates differences and complementarity.
R7	Business	Pilot demonstrates that main project is not commercially viable.	Partners agree extent of project development that's at risk. Partners instruct pilot monitoring and evaluation to inform commitment to Phase 2 Partners agree to legally commit to project prior to legal commitments on project contracts.
R8 (IP)	Financial	Design / technical studies result in additional costs beyond contingencies and optimism bias.	Develop & validate project brief & specification. Benchmark costs. Ensure early infrastructure costs tested and informed by SI work. Provide Green Book compliant Optimism Bias allowances. Provide for contingency & inflation.

DPMC General Risk Register			
Risk Ref	Risk Type	Risk Description	Counter Measure
R9	Regulatory	Compliance with State Aid / Subsidy regulations	Engage with State Aid Unit at appropriate stage. Partners to identify specific Subsidy Risks within the project Include as task within programme.
R10	Timescales / Business / Professional	Delays caused by resource management / project management issues.	Internal AGD team created. Regular review of project resource/skills needs. Specialist support provided by partner agencies. Ensure external teams have robust procedures in place for replacing resource if required.
R11	Contractual/ Professional	Change management issues	Clear and agreed procedures to be set in place for internal change management and for external processes with design team and contractor.
R12	Timescales / Programme	Delays to overall project programme and key milestones.	Prepare a detailed project programme with considered time allowances. Allow for regular reviews.
R13	Timescales / Regulatory	Delays caused by land acquisition / lease agreement processes.	Early engagement with land/building owners. Ensure programme allows for third party approvals
R14	Timescales / Environment	Delays caused by environmental considerations.	Assess Protected Species/Habitat risk at early stage Review & commission all site studies required. Ensure seasonal work/study requirements accounted for in programme.
R15	Timescales / Environment	Delays caused by site investigation work and findings	Instruct SI work at early stage of project.
R16	Timescales / Regulatory	Delays caused by objections.	Advance programme of Local & Stakeholder Engagement
R17 (IP)	Timescales / Regulatory	Delays caused by statutory consent processes.	Early engagement with planning and building standards to agree timetable for award and identify potential issues
R18	Regulatory	Planning / building warrants not granted.	LDP supports development of site for this use. Ensure local members and partner boards well briefed and updated on project. Hold pre-app discussion with NAC Planning Assess Protected Species/Habitat risk and other relevant constraints Formally agree programme for consents Advance programme of local & stakeholder Engagement.
R19 (IP)	Timescales / Procurement	Delays cause by procurement process.	Seek early agreement on appropriate procurement routes and early notification of contract opportunities. Partners to reach agreement on who procures what project elements.
R20	Timescales / Contractual	Delays caused by contractor on site.	Identify appropriate construction contract to remove/ reduce risk of cost over-run. Appoint experienced contract Project Manager to oversee delivery of contract as client representative.

DPMC General Risk Register			
Risk Ref	Risk Type	Risk Description	Counter Measure
R21	Financial	Slippage / delay in the programme incurs additional costs.	Instruct appointed project team to address this within Risk Register. Select procurement route to ensure contract type has less risk for client.
R22	Financial	Unforeseen project complexities that require additional funding.	Provide for contingency. Provide Green Book compliant Optimism Bias allowances. Similar projects have been delivered elsewhere
R23 (IP)	Contractual / Political	Failure to deliver community benefits – training, employment	Incorporate appropriate community benefits into contract terms and resource appropriately.
R24 (IP)	Operational	The project fails to attract enough of its target audience	Recent research has established demand. Continue to review demand and business needs with Partners. Prepare project marketing particulars. Involve relevant business engagement partners. Appoint BD Manager. Ensure flexible design of space and building to ensure its robust over time. Continue to establish strategic relationship with national sector.
R25 (IP)	Financial / Operational	The project fails to generate sufficient income that was forecast	Comparator analysis to be undertaken to identify appropriate charging mechanisms.
R26	Operational	Operational issues with the new building or equipment	Programme will allow for a testing phase for operations within building and for equipment. Instruct the preparation of an Operational Plan. Obtain maintenance contracts for equipment. Recruit appropriately qualified staff to operate equipment.
R27 (IP)	Outputs & Outcomes	Failure to deliver anticipated outputs and outcomes.	Ensure BC addresses sensitivity of outcomes. Prepare a clear Evaluation & Monitoring Framework
R28	External	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.	Analyse other tender information and issues experienced by others and incorporate allowances within risk register, programme and budget. Review likely impact.
R29	Outputs & Outcomes	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	Prepare overall strategy for achieving inclusive growth.
R30	Reputational	Phase 0 is not successful	Phase 0 launched. Demand Survey identified interest

DPMC General Risk Register			
Risk Ref	Risk Type	Risk Description	Counter Measure
R31	Outputs and Outcomes	Phase 1 cannot be located within the existing business premises	Business has now purchase building and land. UoS to agree lease.
R32	Financial	Lack of funding to operate Phase 1	Capital costs mostly available. Revenue costs part available to commence Phase 1.
R33(IP)	Financial	Cost over-runs to Phase 1	Outline costs provided from consultant for refurbishment. Estimated costs provided for equipment
R34	Operational	Lack of interest in staff posts for Phase 1	Posts to be widely promoted
R35	Operational/ Reputational	Closure of Phase 1 and no progress to Phase 2	Ongoing monitoring and promotion of phase 1 facility
R36	Financial	Insufficient funding secured to progress to Phase 2	Partners actively seeking funding from Community Renewal Fund, North Ayrshire Ventures Trust, Nuclear Decommissioning Authority.
R37	Financial	Project delays threaten funding awards.	Keep funders updated on progress and flag any issues to them as early as possible.

2.10 Constraints

The partners have made good progress with the development of Phase 1 of the project, which has very limited constraints in comparison to Phase 2 of the project which is subject to a number of constraints. COVID is having an impact on the supply and lead in times for materials which has resulted in the programme for the refurbishment works being estimated to take longer than prior to COVID.

2.11 Dependencies

Phase 1 of the project is subject to the following dependencies that will be carefully monitored and managed throughout this phase of the project:

- PBC Approval by Government
- FBC endorsement by Government
- Lease agreement between UoS and Booth Welsh
- Licence agreement between UoS and NAC
- Award of contracts by NAC and UoS following Joint Committee approval
- Award of grant claim for refurbishment by Scottish Enterprise.
- Recruitment of staff for the facility
- Demand from businesses for the services
- Businesses taking up membership of the facility
- Availability of a skilled workforce to take up the job opportunities created by the Centre;
- Input from local schools and colleges for work placements and training outcomes;

3. Economic Case

3.1 Introduction

In accordance with the Capital Investment Manual and requirements of HM Treasury's Green Book (A Guide to Investment Appraisal in the Public Sector), this section of the FBC documents the procurement process and provides evidence to show that we have selected the most economically advantageous offer, which best meets our service needs and optimises value for money. This offer is in relation to part of the works to create Phase 1 of the DPMC project and further procurement processes will follow in relation to the equipment and staff resources required for Phase 1. **The level of information provided regarding the procurement process has been informed by discussions with NAC's Corporate Procurement Unit and is in accordance with the Council's Standing Order.** The Council's Corporate Procurement Unit has advised that details of the bidders, their final costs and the evaluation scores, must be kept confidential prior to the award of the tender, as this would be a breach of the Council's Standing Orders. Details of the contract award will be published on Public Contracts Scotland and North Ayrshire Council's contract register when the successful bidder is awarded.

3.2 Critical success factors

The critical success factors (CSF) for the overall project and set out within the OBC and subsequent PBC were as follows:

CSF01: MARKET CAPACITY/DEMAND - Increased productivity through innovation of digital technology

Successfully integrating digital technology into the processing sector has the opportunity to provide up to 30% improvement in productivity (e.g. from reduced downtime in machines, increased productivity from production planning etc.).

The DPMC will provide a physical space for process manufacturing companies to see demonstrations of innovative digital technology to illustrate the art of the possible, and to offer a range of services to enable companies to explore opportunities to increase their productivity, through research and development.

CSF02: BENEFITS OPTIMISATION - Stimulate the process manufacturing sector to adopt digital technology to increase competitiveness and help attract foreign and inward investment and reduce carbon footprint.

The DPMC will encourage companies to invest in digital technology, by providing access to equipment so that companies can 'try before they buy' through research and development projects led by the DPMC. The DPMC will also undertake research with technology suppliers and industry to develop next generation digital technology for the process manufacturing sector.

CSF03: BUSINESS NEEDS / JOB CREATION - Catalyse job creation and strengthen supply chain links for the processing sector through digital technology

The DPMC will promote job creation through helping companies operate more productively with the aim of increasing their revenue streams and increasing their workforce. New supply

chains will be facilitated as a result of the digital technology community that is developed, bringing together process manufacturing companies and technology suppliers alongside academics from NMIS and the broader NMIS network.

CSF04: STRATEGIC FIT - Skills and workforce development for the process manufacturing sector

The DPMC will deliver tailored digital technology training courses for the process manufacturing sector, working with the sector to understand what training is most needed and would most benefit industry.

CSF05: BUSINESS NEEDS - Maintain and increase digital manufacturing capabilities in North Ayrshire without displacing or removing jobs/companies.

The DPMC will support the North Ayrshire area and consider using the centre and research and development activity to attract companies to co-locate in the i3 campus.

CSF06: POTENTIAL AFFORDABILITY – Ensure the project is affordable using AGD sources matched against other sources.

Considering partnership that can bring sources of funds to the DPMC project to improve the affordability of the concept.

CSF07: POTENTIAL ACHIEVABILITY – Ensure the project is deliverable by NMIS / University of Strathclyde in partnership with North Ayrshire Council and CPI and with the involvement of Ayrshire College.

Considering the partnership arrangements to provide the best possibility of achieving setting up and delivering the DPMC.

Table 14: Critical Success Factors summary table

Ref	Critical Success Factor	Measurable
CSF01	MARKET CAPACITY/DEMAND Increased productivity through innovation of digital technology.	<ul style="list-style-type: none"> Number of companies that engage with the DPMC. Number of projects generated from engagement with the DPMC. Measurable increase in company productivity at conclusion of project delivered by DPMC (this will require establishing methodologies for measuring productivity pre and post project).
CSF02	BENEFITS OPTIMISATION Stimulate the process manufacturing sector to adopt digital technology to increase competitiveness and help attract foreign and inward investment and reduce carbon footprints.	<p>Compile data in the following areas from companies pre and post engagement with the DPMC:</p> <ul style="list-style-type: none"> What is their current level of investment in digital technology, and compare with post engagement / project completion. Market share or exports in services / products, or profitability. Amount of new businesses created or relocated through inward investment. Amount of net additional GVA benefits for businesses that are created by the project

Ref	Critical Success Factor	Measurable
		<ul style="list-style-type: none"> Number of processing sector businesses reducing their carbon footprint by adopting digital technologies Number of new collaboration opportunities between industry, academia and other innovation centres e.g. IBIOIC, CMAC, CENSIS.
CSF03	<p>BUSINESS NEEDS / JOB CREATION</p> <p>Catalyse job creation and strengthen supply chain links for the processing sector through digital technology.</p>	<ul style="list-style-type: none"> How many jobs were created How many new jobs relating to digital technology / skills were created Geographic location of jobs created Increased sales within the local supply chain, with customers who worked with DPMC Number of new products / services that DPMC customers invest in after engaging with the DPMC. Number of new companies created as a result of engaging with DPMC.
CSF04	<p>STRATEGIC FIT</p> <p>Skills and workforce development for the process manufacturing sector.</p>	<ul style="list-style-type: none"> No. of companies/people trained on courses developed by the DPMC with support from NMIS Manufacturing Skills Academy. Pre and post engagement with DPMC understanding companies confidence % to create their own training materials. Increase in industry salaries % from upskilling in digital technology. Number of people reskill and transfer into the processing sector through digital training offered by the hub. Number of local people obtaining skilled employment opportunities. Number of new training, employment and business development opportunities for local communities through University, College & NMIS presence at i3. Number of UK and national strategies that the project supports.
CSF05	<p>BUSINESS NEEDS</p> <p>Maintain and increase digital manufacturing capabilities in North Ayrshire without displacing or removing jobs/companies.</p>	<ul style="list-style-type: none"> How many process manufacturing related and service based companies are located in North Ayrshire, pre the establishment of the DPMC and after 3, 6, 9 years of being operational from the launch of Phase 1. How likely companies are to move to the North Ayrshire area?
CSF06	<p>POTENTIAL AFFORDABILITY</p> <p>The project is affordable with AGD sources matched against other sources.</p>	<ul style="list-style-type: none"> Amount of capital matched funding that is levered Amount of private sector investment that is levered Amount of revenue income that is generated
CSF07	<p>POTENTIAL ACHIEVABILITY</p>	<ul style="list-style-type: none"> Approval of business case and key milestones by all partners to enable delivery of project.

Ref	Critical Success Factor	Measurable
	The project is deliverable by NMIS / University of Strathclyde in partnership with North Ayrshire Council and involvement of Ayrshire College.	<ul style="list-style-type: none"> Commitment by all partners to funding, construction and operation of facility.

3.3 Long-list options

The long list evaluated within the Programme Business Case was as follows:

- Option 1 – Do Nothing / baseline;
- Option 2 – NMIS undertake the DPMC project with a reduced scope;
- Option 3 – NMIS own/operate DPMC, located in Irvine;
- Option 4 – Ayrshire College own/operate DPMC with a reduced scope;
- Option 5 – North Ayrshire Council own DPMC and tender for an operator;
- Option 6 – Delivery through a trade association;
- Option 7 – CPI own/operate DPMC, located in Irvine;
- Option 8 – Locate DPMC at another location; and
- Option 9 – Deliver DPMC Phase 1 only.

These options included other partners or stakeholders owning the DPMC instead of NMIS, changing the method of delivery services e.g. through a trade association model, and considering other locations and impact in meeting the criteria. The options were evaluated in accordance with how well each option met the investment objectives, critical success factors, and other specified criteria, namely the impact for industry, the cost, risk and time taken to deliver the option, the jobs created and whether the option would be easy to secure funding. The following ratings were applied to the options with the potential for a maximum score of 51:

- 0: The option does not meet the criteria;
- 2: The option partially meets the criteria; and
- 3: The option satisfies the criteria.

Option 1 – Do Nothing, scored 0 with no investment objectives or critical success factors achieved.

Option 2 – NMIS undertaking the DPMC at a reduced scope, scored 39 and was carried forward to the shortlist as the preferred option. This option satisfied all but one of the investment objectives and partially met the investment objective of establishing the facility, as it would be of a reduced scope within an existing NMIS facility. Whilst this option satisfied four out of seven critical success factors, it would fail to increase capabilities in Ayrshire, as the project would not be located there, it would not ensure that the project is affordable using AGD sources as the AGD fund would not apply and as it would not be delivered in partnership with North Ayrshire Council and Ayrshire College. This option also mainly satisfied the other criteria apart from only partially in relation to the impact for industry and jobs created.

Option 3 – NMIS own/operate DPMC, located in Irvine, scored 47 and was carried forward to the shortlist as the preferred option. This option satisfied all of the investment objectives and nearly all of the critical success factors, apart from ensuring the project is affordable matching AGD sources with other sources, which it partially met due to the challenge to find additional sources of funds.

Option 4 – Ayrshire College own/operate DPMC with a reduced scope, scored 28 and was discounted as an option, as the College has insufficient experience to operate such a centre. Whilst this option would satisfy the investment objective of building a training and skills programme, it only partially meets the objective of establishing collaborations and supply chains and would fail to establish the DPMC with operational readiness and a national research agenda.

Option 5 – North Ayrshire Council own DPMC and tender for an operator, scored 25 and was discounted as an option as NAC has insufficient experience to operate an innovation centre and would fail or partially satisfy the criteria, objectives and critical success factors.

Option 6 – Delivery through a trade association, scored 17 and was discounted as an option, on the basis that it would not drive innovation or research or create the required positive impact for industry. Whilst there was less doubt around risk and cost and collaboration and supply chains, this option failed or partially satisfied the other criteria, success factors and objectives.

Option 7 – CPI own/operate DPMC, located in Irvine, scored 38 and was discounted as an option as it is not a strategic propriety for CPI to lead on the development of the DPMC but will be a strategic partner. In this respect the option failed on the length of time and risk to deliver and the combination of partners.

Option 8 – Locate DPMC at another location, scored 35 and was discounted as an option. Whilst this option would satisfy all of the investment objectives, and a number of the critical success factors it would not be in line with key partners strategic objectives to establish a centre in North Ayrshire. Whilst it would satisfy the impact for industry and jobs created it there would be challenges around funding as the AGD could not support it.

Option 9 – Deliver DPMC Phase 1 only, scored 47 and was carried forward to the shortlist on the basis that this option satisfied all of the critical success factors and other criteria and partially met all of the criteria for the investment objectives, as it would only deliver Phase 1.

Within the tables the following ratings have been applied:

	0	The option does not meet the criteria
	2	The option partially meets the criteria
	3	The option satisfies the criteria

Table 2: Long-list options appraisal 1-4

	Option #	Option 1: Do nothing / baseline	Option 2: NMIS undertake a reduced scope	Option 3: NMIS own DPMC, locate in Irvine	Option 4: Ayrshire College own the DPMC with a reduced scope
Ref	Investment Objectives (IO)				
IO1	Establish the Digital Process Manufacturing Centre's facility infrastructure and ensure operational readiness	0	2	3	0
IO2	Create digital process manufacturing partnerships, and establish new collaborations and supply chains	0	3	3	2
IO3	Develop a national digital process manufacturing research agenda	0	3	3	0
IO4	Build a digital manufacturing training and skills programme tailored to the process manufacturing sector	0	3	3	3
	Critical Success Factors (CSF)				
CSF01	Increased productivity through innovation of digital technology	0	3	3	2
CSF02	Stimulate the process manufacturing sector to adopt digital technology to increase competitiveness and help attract attract foreign and inward investment and reduce carbon footprint.	0	3	3	2
CSF03	Catalyse job creation and strengthen supply chain links for the processing sector through digital technology	0	3	3	3
CSF04	Skills and workforce development for the process manufacturing sector	0	3	3	2
CSF05	Maintain and increase digital manufacturing capabilities in North Ayrshire without displacing or removing jobs/companies	0	0	3	3
CSF06	Ensure the project is affordable using AGD sources matched against other sources.	0	0	2	3
CSF07	Ensure the project is deliverable by NMIS / University of Strathclyde in partnership with North Ayrshire Council and Ayrshire College.	0	0	3	0
	Other criteria (OC)				
OC1	Impact for industry	0	2	3	2
OC2	Cost to deliver option	0	3	2	2
OC3	Risk to deliver option	0	3	2	2
OC4	Length of time to deliver option	0	3	3	2
OC5	Jobs created	0	2	3	0
OC6	How easy to secure funding (Initially and on-going)	0	3	2	0
	Reasons for rejection	Does not meet criteria.	Carry forward.	Preferred option.	AC has insufficient experience to operate an innovation centre.
	Summary	0	39	47	28
	Outcome	Discounted option.	Carry forward.	Preferred option.	Discounted option.

Table3: Long-list options appraisal 5-9

Option #	Option 5: NAC own DPMC, tender for operator	Option 6: Trade Association	Option 7: CPI own DPMC, locate in Irvine	Option 8: Other locations for NMIS owned DPMC, e.g.	Option 9: DPMC phase 1 only	
Ref	Investment Objectives (IO)					
IO1	Establish the Digital Process Manufacturing Centre's facility infrastructure and ensure operational readiness	3	0	3	3	2
IO2	Create digital process manufacturing partnerships, and establish new collaborations and supply chains	3	3	2	3	2
IO3	Develop a national digital process manufacturing research agenda	0	0	2	3	2
IO4	Build a digital manufacturing training and skills programme tailored to the process manufacturing sector	2	0	3	3	2
Critical Success Factors (CSF)						
CSF01	Increased productivity through innovation of digital technology	0	2	3	3	3
CSF02	Stimulate the process manufacturing sector to adopt digital technology to increase competitiveness and help attract attract foreign and inward investment and reduce carbon footprint.	0	0	3	3	3
CSF03	Catalyse job creation and strengthen supply chain links for the processing sector through digital technology	2	2	3	3	3
CSF04	Skills and workforce development for the process manufacturing sector	2	0	3	3	3
CSF05	Maintain and increase digital manufacturing capabilities in North Ayrshire without displacing or removing jobs/companies	3	0	3	0	3
CSF06	Ensure the project is affordable using AGD sources matched against other sources.	2	0	3	0	3
CSF07	Ensure the project is deliverable by NMIS / University of Strathclyde in partnership with North Ayrshire Council and Ayrshire College.	0	0	0	0	3
Other criteria (OC)						
OC1	Impact for industry	0	0	3	3	3
OC2	Cost to deliver option	2	3	2	2	3
OC3	Risk to deliver option	2	3	0	0	3
OC4	Length of time to deliver option	2	2	0	3	3
OC5	Jobs created	2	2	3	3	3
OC6	How easy to secure funding (Initially and on-going)	0	0	2	0	3
	Reasons for rejection	NAC has insufficient experience to operate an innovation centre.	Will not drive innovation or research, will not create impact for industry,	Not a strategic priority for CPI to lead the development of the DPMC, instead positioned as a strategic partner with NMIS	Not in line with key partners strategic priorities to establish a North Ayrshire located innovation centre.	Carry forward.
	Summary	25	17	38	35	47
	Outcome	Discounted option.	Discounted option.	Discounted option.	Discounted option.	Carry forward.

3.3.1 Preferred way forward

Option 3 - NMIS operate DPMC and locate in Irvine was identified as the preferred way forward at OBC and PBC stages.

3.4 Short-listed options

The short-listed options shown within the PBC were as follows, including the delivery of Phase 1 only:

Option 2: NMIS undertake a reduced scope

NMIS recruit additional staff, with processing sector experience/skills and invest in equipment that aligned with processing sector / sub sectors, then utilise current and planned building and facilities to locate new staff and equipment.

Option 3: DPMC owned by NMIS as Specialist Technology Centre, locate in Irvine

NMIS own the DPMC, the DPMC will be a NMIS specialist technology centre, located in Irvine, North Ayrshire. NMIS will rent building from North Ayrshire Council. The NMIS DPMC would have a strategic partnership with CPI/MMIC.

Digital Process Manufacturing Centre, Full Business Case, Phase 1 – V0.3

Option 9: DPMC phase 1 only

Undertake the DPMC as outlined in option 3, but only complete Phase 1, do not initiate Phase 2.

Preferred option

The preferred and agreed option at PBC stage was Option 3 – an NMIS specialist centre located in Irvine. However, given the level of investment required for Option 3, the partners agreed that a Phase 1 pilot should be accelerated to test the feasibility of the project. The pilot has been identified by the partners as a risk mitigation to investment in a permanent and larger scale Phase 2. Phase 1 has therefore been developed including procurement plans for refurbishment works, equipment and recruitment. The procurement of refurbishment works for Phase 1 is the solution that the partners are procuring at this stage. Additional procurement processes will take place for Phase 1 and are explained within the Management Case.

3.5 The procurement process

The Council has used Public Contracts Scotland Quick Quote process for the refurbishment works and assessed the availability and capacity for local companies based in North Ayrshire to tender for the works, in accordance with the Council's Community Wealth Building Strategy. A number of other companies within the wider Ayrshire area and regional area beyond were also approached. The tender was published on 3 May 2022 and returns received on 01 June 2022, following a requested extension of a week to the tender period. The Council received nine bids that were initially assessed on a pass / fail question related to previous experience, following which eight bids progressed to the quality assessment stage and six bids progressed to the commercial stage. As mentioned in 3.1, the Council's Corporate Procurement Unit has advised that details of the bidders, their final costs and the evaluation scores, must be kept confidential prior to the award of the tender, as this would be a breach of the Council's Standing Orders. Details of the contract award will be published on Public Contracts Scotland and North Ayrshire Council's contract register when the successful bidder is awarded.

3.5.1 Long list criteria

The long list was comprised of nine bidders who submitted bids in response to a quick quote published through the Public Contracts Scotland portal.

3.5.2 Long list

The nine bids received were assessed on their response to a pass/fail question regarding previous experience. As a result of this assessment, eight bids were then assessed in terms of the quality evaluation.

3.5.3 Short list criteria

The quality evaluation stage accounted for 40% of the score and was based on questions including methodology and expertise.

Following the completion of the quality evaluation, six bidders proceeded to the commercial evaluation stage which accounted for 60% of the score. The commercial evaluation involved a review of the six bids by cost consultants which included an arithmetic check, rate analysis and a review of tender qualifications, with any clarifications sought from bidders where necessary.

3.5.4 Short list

Following the commercial evaluation there were five bidders who were assessed and scored and ranked according to the quality and cost assessments. All bids were within the budget with, a preferred bidder selected that is more than 30% under the available budget.

3.6 Economic appraisal

3.6.1 Introduction

This section provides an overview of the costs and benefits associated with DPMC generally and Phase 1 of the project, including the focus of this FBC – the refurbishment contract.

3.6.2 Estimating benefits

Methodology

The Programme Business Case (PBC) stated that the benefits associated with each option for the main DPMC project were identified during discussions between Stantec and the project partners. In December 2020, the project partners appointed Stantec UK Ltd to develop an economic impact model for assessing the economic benefits associated with each short-listed option. The key findings from this analysis were presented in the PBC, while details of the key underlying assumptions that informed this analysis are presented in Appendix I (provided separately). Since then, a Benefits Realisation Plan has been developed to add to this work which is detailed in the paragraphs below.

Description, sources and assumptions

The identified benefits of the main Phase 2 DPMC project fell into the following primary categories:

- **Quantitative – cash releasing benefits:** financial benefits that the project will help generate for project partners. These include direct benefits (such as rental income and research income), which have been netted off from total costs in the benefit cost ratio (BCR) calculation, and indirect benefits (such as business rate receipts and Scottish Income Tax receipts), which have not been deducted⁵.
- **Quantitative – non-cash releasing benefits:** societal benefits which can be monetised and expressed in Gross Value Added (GVA) terms. These are captured as benefits in the BCR calculation
- **Qualitative – non-cash releasing benefits:** these are not accounted for in the BCR calculation but are assessed separately in section 3.6.

⁵ It was not considered appropriate to deduct these both due to issues of attribution (e.g. how to separate out the proportion of these receipts that were attributable to this intervention, and those that were attributable to other forms of support that the associated businesses may have received); and to issues of additionality (e.g. how to account for the proportion of business rate receipts that would be a net benefit to the Council, and the proportion that would go towards the additional service delivery costs that the Council would incur as a result of having more businesses operating at the site).

Table 16: Main benefits

Type	Direct to Project Partners	Indirect to Project Partners	To society
Quantitative – cash releasing (accounted for in 'estimating costs' section)	Rental income Research income	Business rate receipts Scottish Income Tax	-
Quantitative – non-cash releasing (accounted for in this section)	-	-	Accelerated/enabled construction activity Accelerated/enabled operational activity Productivity gains to existing businesses
Qualitative - non-quantifiable (accounted for in section 3.6)	Strengthening partnerships Contributing to the national research agenda	-	Strengthening supply chains Developing the skills base Carbon efficiency savings

Source: Stantec, North Ayrshire Council, NMIS, 2021

The estimated benefits arising from Phase 1 of the project and in relation to this procurement exercise for refurbishment works, relate mostly to the potential for quantitative and qualitative benefits to society through the appointment of local contractors and enabled construction activity with the potential to support training places, maintain jobs and support SMEs through the contract.

A Benefits Realisation Plan for the Ayrshire Growth Deal has been developed and has identified the outcomes, outputs and impacts below that could be measured for the overall DPMC project. These are listed below and it's anticipated that Phase 1 will provide the benefits that are listed at a smaller scale over the course of its 5 year lifespan. The plan will be further developed for all measures to include measurement methodology and targets at Final Business Case for Phase 2. This will also ensure alignment of information across the AGD Implementation Plan and Benefits Realisation Plan.

Table 17: Main Outputs Outcomes & Impacts of DPMC

Ref	Indicator	DPMC
Outputs		
AGD/O/1	Direct/Indirect jobs	✓
AGD/O/2	Construction jobs	✓
AGD/O/3	Safeguarded jobs	✓
AGD/O/4	Community Benefits	✓
AGD/O/5	Jobs retained	
AGD/O/6	Jobs secured	
AGD/O/7	New or upgraded roads/junctions/cycle pathways	✓
AGD/O/8	Journey time savings/modal shifts	
AGD/O/9	Development space unlocked	✓
AGD/O/10	Reduced vacant & derelict land	✓

AGD/O/11	Digital Infrastructure	
AGD/O/12	New Residential Energy Supply	
AGD/O/13	Visitors	
AGD/O/14	Start-Ups	✓
AGD/O/15	Private sector investment	✓
AGD/O/16	Leverage: (including LA, HE/FE, Private Sector and any other leverage)	✓
AGD/O/17	Income Levels	
AGD/CB/O/1	Training places / Weeks	✓
AGD/CB/O/2	Training places / accredited qualification main-contractor	✓
AGD/CB/O/3	Training places / accredited qualification sub-contractor	
AGD/CB/O/4	Schools Outreach	✓
AGD/CB/O/5	CWB Support Places	✓
AGD/CB/O/6	Fair Work Accreditation	
AGD/CB/O/7	SME's supported	✓
AGD/CB/O/8	Regional Supplier Spend	✓
AGD/CB/O/9	Work Experience	✓
AGD/CB/O/10	Total jobs created by NSAfC projects (Apprentices)	
AGD/CB/O/11	Total jobs created by NSAfC projects (Graduates)	
AGD/CB/O/12	Total jobs created by NSAfC projects (New Entrants)	
AGD/CB/O/13	Construction Careers Information, Advice & Guidance (CCIAG) Events	
AGD/CB/O/14	Number of learners receiving an Industry certification - main contractor	
AGD/CB/O/15	Number of learners receiving an Industry certification – sub-contractor	
AGD/CB/O/16	Number of Training Plans for sub-contractors	
AGD/CB/O/17	Site visits by Colleges	✓
AGD/CB/O/18	Supply Chain Briefings to sub-contractors	
AGD/CB/O/19	Business Skills Supports for sub-contractors	
AGD/CB/O/20	Support for the Third Sector	
AGD/CB/O/21	Softer community benefits delivered to Ayrshire as part of the project	✓
Outcomes		
AGD/OT/1	Job Levels (new and maintained)	✓
AGD/OT/2	Development Space uptake	✓
AGD/OT/3	Digital usage patterns	
AGD/OT/4	Reduced (net) Fuel Poverty	
AGD/OT/5	Increase in visitor spend	
AGD/OT/6	Start-up performance/survival	✓
AGD/OT/7	Additional investment (including FDI)	✓
AGD/OT/8	Improved business productivity	✓
AGD/CB/OT/1	CWB participant well-being uplifts	
AGD/CB/OT/2	Fair Work implementation	
Impacts		
AGD/I/1	Net additional jobs created/ maintained	✓
AGD/I/2	Net additional returns on investment	✓
AGD/I/3	Net changes in Fuel Poverty	
AGD/I/4	Net additional user productivity	
AGD/I/5	Follow on investment	✓
AGD/I/6	Reduced levels of deprivation within the region	
AGD/I/7	Increased income levels	

AGD/CB/I/1	Wider uptake of Well Being/Fair work	
AGD/CB/I/2	Net uplifts in regional supplier spend	✓

In addition to the above Plan, NAC has agreed a number of outcomes with Scottish Enterprise related to their grant for the Phase 1 refurbishment works. These are as follows:

- deliver 645 sq.m of new business space by completion of refurbishment;
- create 14-22 new jobs (gross) paying above the Real Living Wage by 2026;
- achieve adoption by 75 – 137 companies of new digital processes from Phase 1 of the DPMC by 2026; and
- leverage approximately £7.95 million to £10.075 million of revenue funding in Phase 1 of the DPMC by 2026.

3.6.3 Estimating costs

In terms of the refurbishment works for DPMC Phase 1, a pre-tender estimate was undertaken by the project cost consultants and came in at just under £543,000. This excluded contingencies but included an allowance of £82,750 for provisional sums and day work items. This was well within the allocated budget of £660,000, for this aspect of Phase 1.

3.6.4 Cost appraisal conclusions

The supplier selected as a result of the cost assessment of the bidders has a tender value which is well below the available budget of £660,000.

3.7 Qualitative benefits appraisal

The qualitative benefits associated with the DPMC generally, were set out within the Programme Business Case.

3.7.1 Methodology

The appraisal of the qualitative benefits was undertaken via the following process:

- Identifying the benefits criteria relating to each of the investment objectives
- Weighting the relative importance (in percentage terms) of each benefit criterion in relation to each investment objective
- Scoring each of the short-listed options against the benefit criteria on a scale of 0-9
- Deriving a weighted benefit score for each option

3.7.2 Qualitative Benefits Criteria

The benefits criteria were weighted as follows for each investment objective, as part of the PBC. Specific qualitative benefits have been added for Phase 1 of the DPMC but maintaining the original percentages. These benefits relate to the overall Phase 1 DPMC project over the course of its operation. The refurbishment contract will contribute to achieving these benefits.

Table 18: Qualitative Benefits Criteria

Investment Objectives	Qualitative benefits – DPMC	Phase 1 Qualitative Benefits	Weight
Establish the Digital Process Manufacturing Centre's facility infrastructure and ensure operational readiness	Building process manufacturing knowledge and capability within Scotland	Developing the skills base	25%

Create digital process manufacturing partnerships and establish new collaborations and supply chains	Strengthen existing partnerships and develop new collaboration opportunities between industry and research. Expand supply chains, especially within North Ayrshire, and strengthen regional connections	Strengthening supply chains	25%
Develop a national digital process manufacturing research agenda	The i3 centre will be a strategic part of the national innovation network and support the transformation of manufacturing to capitalise on Industry 4.0	Carbon efficiency savings	25%
Build a digital manufacturing training and skills programme tailored to the process manufacturing sector	Increase collaboration with local and regional education partners to expand pathways to industry. Accelerate the transition of local people into high skill and high value jobs	Developing the skills base	25%

Each investment objective has been assigned equal weighting to ensure fair consideration within the analysis, as each objective is essential to delivering transformational benefits to the North Ayrshire.

3.7.3 Qualitative Benefits Scoring

The tender assessment for the refurbishment contract included a quality assessment of the bids based on a 40% quality / 60% cost ratio. NAC received competent submissions in relation to this aspect and were able to score bidders against a set of agreed criterion.

3.7.4 Analysis of Key Results

NAC's Corporate Procurement Unit were able to provide a completed tender score sheet for five bidders, providing scores related to the quality and cost aspects, identifying a preferred bidder.

3.8 Risk Appraisal – Unquantifiables

The refurbishment tender for Phase 1 poses a number of risks which are contained in the main risk register for the project. In summary, the main risks related to this project are considered to be:

- Failure to obtain approval for the project's Business Case.
- Failure to commit to the project by all project partners.
- Similar projects are developed that reduce the requirement for the project's services
- All sources of capital and revenue funding for the project are insufficient to deliver and operate the project.
- Delays to the project timescales caused by issues such as partner approvals, land acquisition, protected species, statutory consents, procurement or construction.
- The project fails to attract enough of its target audience to generate sufficient income.

A key project mitigation is the delivery of Phase 1 of the project to test the feasibility and sustainability of the Phase 2 permanent facility. However, it is worth noting that Phase 1 also has a number of specific risks that are of concern to the partners. In particular, these include significant delays to the approvals process for the FBC which has multiple approval /

endorsement stages and the award of the refurbishment tender which if delayed, Scottish Enterprise has flagged up could jeopardise the award of their funding for the refurbishment works. In this respect, an additional risk has been added (R37) to highlight this.

No specific risks have been identified should the recommended preferred bidder be selected.

3.9 The preferred option – selected supplier

As a result of the Quick Quote procurement process to select a supplier to undertake refurbishment works to the proposed DPMC Phase 1 location, a preferred supplier has been selected to be appointed, who submitted a competent bid and will be appointed following the FBC approval process.

3.10 Sensitivity Analysis

Sensitivity analysis has not been undertaken as part of this FBC process, due to the purpose of this tender which is for fairly small-scale refurbishment works and is only one element of the DPMC Phase 1 project and is not specialist

3.11 Preferred option

The preferred option is to select the recommended supplier in accordance with the tender assessment of the refurbishment works as part of Phase 1. This option offers value for money at approximately 30% below the available budget for the project and will create the space for the delivery of DPMC Phase 1.

4. Commercial Case

4.1 Introduction

This section of the FBC sets out the negotiated arrangements. This is for the provision of refurbishment works to Booth Welsh at 3 Riverside Way in Irvine, to create Phase 1 of the DPMC project, under a contract with the selected bidder to refurbish the location in preparation for its launch and in order to provide the required services.

4.2 Required services

At this stage of the FBC project, the products and services under contract are for internal alterations to the ground floor and mezzanine area of a vacant warehouse space at Booth Welsh in Irvine, Ayrshire. Additional services for Phase 1 relate to investment in equipment and staff for which the FBC will be updated in due course.

4.3 Agreed risk transfer

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 E. This includes details of risk owners, risk evaluation and mitigation measures. In terms of this FBC, the general principle of 'risk passed to the party best able to manage them' subject to value for money, has been applied. It has been agreed that service risks will be apportioned in the design, build and operational phases of Phase 1, as set out within the table below:

Table 19: Risk Allocation

Risk Category	Potential Allocation		
	Public	Private	Shared
1. Design Risk	✓		
2. Construction & development risk			✓
3. Transition and implementation risk			✓
4. Availability & performance risk			✓
5. Operating risk	✓		
6. Variability of revenue risks	✓		
7. Termination risks			✓
8. Technology and obsolescence risks	✓		
9. Control risks			✓
10. Residual value risks			✓
11. Financing risks			✓
12. Legislative risks	✓		
13. Other project risks			✓

4.4 Agreed charging mechanisms

The payment mechanism agreed with the service provider with respect to the planned refurbishment works will involve submission of invoices by the contractor at agreed stages of the works, which will be certified by the consultant's team to NAC for payment. NAC will then submit a grant claim to Scottish Enterprise in retrospect for the works.

4.5 Agreed contract length

The agreed contract length for the refurbishment works will take place over the course of approximately 16 weeks with completion likely to be by December 2022.

4.6 Key contract clauses

The contract is SBCC Standard Building Contract with Quantities for use in Scotland (SBC/Q/Scot), 2026 Edition. A copy of the contract can be provided should this be required. The key contractual clauses are:

- Retention Percentage – 5%
- Contractors Insurance – injury to persons or property - £2,000,000
- Insurance – Liability of Employer - £5,000,000
- Insurance Options
- Contractors Designed Portion Professional Indemnity Insurance
- Joint Fire Code

There are no personnel implications and TUPE does not apply.

4.7 Personnel Implications (including TUPE)

The partners for DPMC do not expect Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE) to apply to any aspect of this project.

4.8 Procurement route and implementation timescales

The procurement of various aspects of the DPMC Phase 1 project will be shared between University of Strathclyde and North Ayrshire Council. This FBC focusses on the procurement of refurbishment works, with plans for the procurement of other aspects of the project set out in the Management Case of this FBC.

The refurbishment works were procured through the Quick Quote system on Public Contracts Scotland.

The implementation milestones for the scheme are to be discussed with the selected service provider. Tenderers have been made aware that the timescales are subject to a number of approvals which will extend the standard approval timescales process but will remain within the 120 day period that the tenders remain open. The dates shown below are critical in terms of how quickly the FBC can be endorsed and approved in order to award the contract before the 120 day period expires, to enable the works to commence and the Council to claim the majority of funds for the works from Scottish Enterprise.

Stage	Date
Tender returns	01 June 2022
DPMC PBC Approval	29 June 2022
Tender Outcome Report	22 July 2022
FBC endorsement	Tbc

NAC Cabinet	23 August 2022
Ayrshire Joint Committee approval	August 2022 (tbc)
Contract award	August 2022 (tbc)
Contract start	September 2022
Contract end	December 2022
NAC submit grant claim to Scottish Enterprise	December 2022

4.9 FRS Accountancy Treatment

The assets underpinning delivery of this service will be on the balance sheet of the partner organisations. As project lead, the University of Strathclyde's Annual Reports comprise the Statement of Principal Accounting Policies, Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, and Statement of Cash Flows. The financial reporting framework applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

5. Financial Case

5.1 Introduction

The purpose of this section is to set out firm financial implications of this contracted solution. It should be noted that there has been no change to the financial implications, which remain the same as those within the recently approved Programme Business Case.

5.2 Impact on the organisation's income and expenditure account

The anticipated payment stream for the project in relation to the Ayrshire Growth Deal funding and its intended life span is set out in the following table. which shows Phase 1 and Phase 2. NAC is using its contribution to pilot the project and accelerate the provision of services

This FBC focusses on the procurement of certain aspects of Phase 1 and in particular, the refurbishment works. The payment stream in relation to these works, is shown against 22/23 from Scottish Enterprise (£515,000) and Partners (£145,000), including NAC. The £1M AGD allocation for equipment will be made to University of Strathclyde in the form of a grant.

The tender for the refurbishment works has come back within the budget available enabling the works to progress.

Table 20: DPMC Financial Profile

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	£	£	£	£	£	£	£	£	£	£	£	£
UK Govt	0	0	0	0	1.104	3.397	0.499	0	0	0	0	5.000
NAC	0	0	0	0.700	0.050	0.250	0	0	0	0	0	1.000
NAC*	0.013	0.090	0.082	0	(0.185)	0	0	0	0	0	0	0
AGD Total	0.013	0.090	0.082	0.700	0.969	3.647	0.499	0	0	0	0	6.000
Scot. Ent.	0	0	0	0.515	0	0	0	0	0	0	0	0.515
Partners	0	0	0	0.145	0	0	0	0	0	0	0	0.145
DPMC Total	0.013	0.090	0.082	1.360	0.969	3.647	0.499	0	0	0	0	6.660

*funding to be claimed after FBC approval

5.3 Impact on the Balance Sheet

The proposed capital expenditure for the refurbishment works is supported by funding from Scottish Enterprise and the project partners and is affordable and within the budget available. The remaining £1m capital budget for equipment is North Ayrshire Council's contribution to the AGD and has been previously agreed by Cabinet.

5.4 Overall Affordability

The DPMC project Phase 1 has support of **£1.66M** in capital. This comprises of £1m from the AGD, £515,100 from Scottish Enterprise and £48,300 from each of the three partners. This will support the investment in the refurbishment of the Phase 1 location, specific equipment and cover staff costs during the initial 5 years of the centre's operations. A key aspect to the next stage of work as mentioned in the previous section, is further engagement with industry which is necessary to secure interest and collaboration with process manufacturing companies. A tender has been received for the refurbishment aspect of the works which is

Digital Process Manufacturing Centre, Full Business Case, Phase 1 – V0.3

competent, affordable and well within the available budget (£0.66M). The process for procuring the other aspects of the Phase 1 project is set out within the Management Case.

ASSURANCE STATEMENT

This is to confirm that the financial profile for the project outlined in Section 5.2 above reflects the position of North Ayrshire Council as at the date stated below.

Name of Council's S95 Officer in block capitals: MARK BOYD

Signed:

Date: 3 August 2022

6. Management Case

6.1 Introduction

This section of the FBC addresses how the scheme will be delivered successfully.

6.2 Programme management arrangements

Monitoring of the overall DPMC programme will be undertaken in accordance with the NMIS Quality Management System. Within the Quality Management System, quality procedures have been established, documented and implemented across NMIS for providing research products and services which meet or exceed KPI requirements, whilst satisfying the requirements of BS EN ISO 9001:2008. This includes the co-ordination and management of projects in order to achieve the agreed DPMC objectives; and maintain control over a multiple project environment.

The DPMC project includes funding from the Ayrshire Growth Deal. 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. The governance for the AGD programme includes the following:

- The Economic Joint Committee – comprising Elected Members, representatives from Scottish Enterprise, Skills Development Scotland, 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.

6.3 Project management arrangements

Successful delivery of DPMC will be in accordance with University of Strathclyde and NMIS best practice, including review and update of the project management strategy as required. NMIS has established project management arrangements.

DPMC project management arrangement will:

- Communicate the management framework for the successful delivery of all programmes and projects undertaken within DPMC.
- Provide templates and guidance for appropriate use.
- Identify and link other business management system processes.
- Provide guidance and good practice to be followed when planning and delivering programmes and projects.

Phase 1 of the DPMC project comprises of a number of procurement processes related to refurbishment works, the purchase and installation of equipment and the recruitment of staff for the facility. The roles and responsibilities for each of these aspects are set out in 6.3.2 below. This FBC includes the details of the procurement process for the refurbishment contract. Subsequent detail related to the remaining procurement packages will be included

as addendums to the FBC and approved through the Ayrshire Joint Committee. Further information related to these future processes are set out below.

DPMC Phase 1, Equipment Procurement

The procurement of equipment will be supported through a grant of £1M from North Ayrshire Council to the University of Strathclyde. This will be drawn down in tranches, as not all equipment will be required at the commencement of Phase 1 and some equipment may be provided in kind from companies. In this respect it will be prudent to retain some funding for future years and as technology is changing rapidly. The NMIS procurement process will be managed through financial controls within NMIS, control and selection of suppliers and contractors. NMIS quality procedures provides templates and guidance for appropriate use including 'requisition' (formal documented request, which allows the organisation to obtain goods) and 'procurement' (formal documented request, which allows the organisation to obtain goods), identifying roles and responsibilities, and identifying links to other business management system processes within NMIS.

Due to the rapidly advancing nature of Industry 4.0, DPMC will proactively manage the obsolescence of capital equipment through a phased procurement process. This will be carried out in conjunction with strategic planning of demonstrator technology based on industry needs, NMIS and CPI expertise, and market intelligence.

Where possible, NMIS will procure equipment through its framework agreements. These will cover key DPMC items including ICT, Multi Functional Devices (All in one photocopying, printing, scanners and faxes), Audio Visual Equipment & Installations. DPMC will utilise existing University of Strathclyde agreements which satisfy their requirements and deliver value for money where possible. Specialist process equipment with no framework agreements will be procured in line with Scottish Government's Public Sector Procurement Guidance. High value tenders will be conducted using guidance from Scottish Government's Procurement Journey.

DPMC Phase 1, Staff Recruitment Process

DPMC is committed to providing equality and opportunity for all irrespective of their protected characteristics. DPMC will appoint such members of staff as may be deemed necessary to deliver its strategic objectives. Positions shall be publicly advertised, in the interests of ensuring open and transparent recruitment practices, to ensure recruitment of the best talent and to promote equality and diversity. The DPMC Managing Director will play a fundamental role in delivering the centre's strategic objectives and will have direct influence on its success. The MD will provide the leadership, management and vision necessary to ensure DPMC has the operational controls, administrative and reporting procedures, people, and systems in place to effectively grow the organisation and ensure financial strength and operating efficiency. The Managing Director will also lead the implementation of DPMC strategy and operational management activities. This will be undertaken by working closely with DPMC partners, industrial members, funding bodies and University staff. The role will be responsible ensuring the ongoing financial sustainability of the Centre through membership, grant funding, and commercial income by engaging with local and international industrial partners, funding agencies and prospective partners/client.

In order to minimise external recruitment risks including those inherent in searching for workers via the external labour market, the DPMC Strategy Board will ensure the proper quorum consists of at least:

- University of Strathclyde
 - The Principal / nominee (Convener)
 - Lay Member of Court
 - Associate Principal & Executive Dean / nominee
 - Head of Department
 - Professorial Senate representative
 - HR representative
 -
- CPI
 - Senior subject area specialist
 - up to 2 external assessors may attend (advisory capacity only / not part of quorum)

The diversity of the quorum is intended to assess various aspects of a candidate including technical expertise, operational experience, and industrial relationships. The MD role will require as a minimum a degree or PhD in a relevant technology area, or substantial professional experience and an established track record at management level within a relevant professional environment.

DPMC Phase 1, Lease Procedures

In order to deliver a sustained location for Phase 1, a five year lease will be signed within Ayrshire's i3 Enterprise Area. This lease will be for a newly refurbished area within an existing Ayrshire engineering services company, Booth Welsh. Due to the collaborative nature of DPMC, the partners have worked closely to mitigate any risks associated with the lease and refurbishment. This includes input from all partners on the lease and license for works, joint assessment of refurbishment tenders, and appointment of a single CDM Client. The lease is currently in a final and agreed form.

6.3.1 Project reporting structure

Project reporting arrangements will be established as details of the commercial and funding model for programme delivery are finalised. These arrangements will be in line with consortium best practices. Reporting to stakeholders will be delivered via a managed monthly project reporting timetable to a standard template, providing a monthly status report covering progress, issues and risks, key project metrics, change and cost control. A report delivering performance against budget will form part of the package.

In terms of Phase 1, there is a number of reporting structures in place at the moment to oversee the delivery of Phase 1, prior to a more formal reporting structure being in place once the Managing Director is in post and the project is operational. This includes a monthly Steering Group meeting with partner representatives and representatives from Ayrshire College, Skills Development Scotland and Scottish Enterprise. There is also an internal Project Board, managed by NAC which meets every two weeks at the moment and has representation from the Council's Growth and Investment, Legal, Finance, Communications teams and also Business Development, Procurement and Employability teams as required. This particular

group oversees progress with the refurbishment works, legal and financial matters and reporting requirements. The AGD reporting structure is shown below

Figure 3: DPMC Reporting linked to AGD Reporting Structure

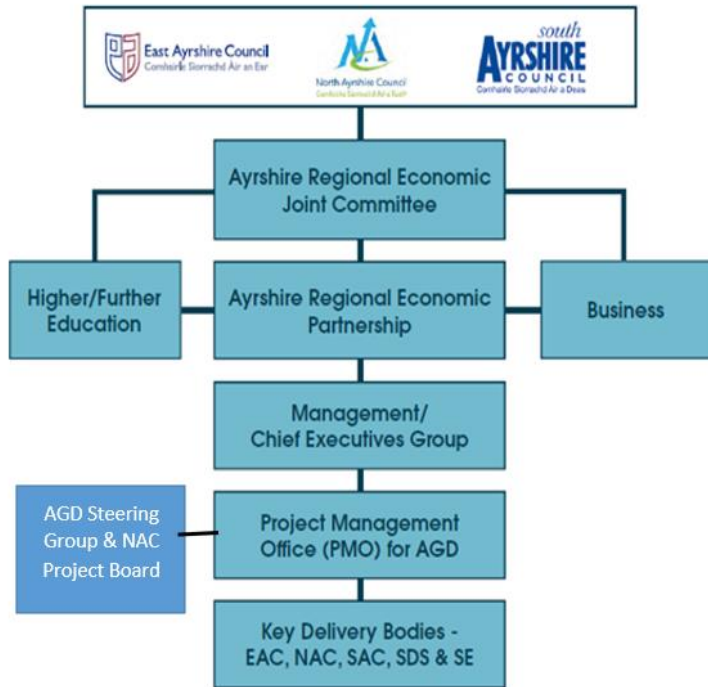
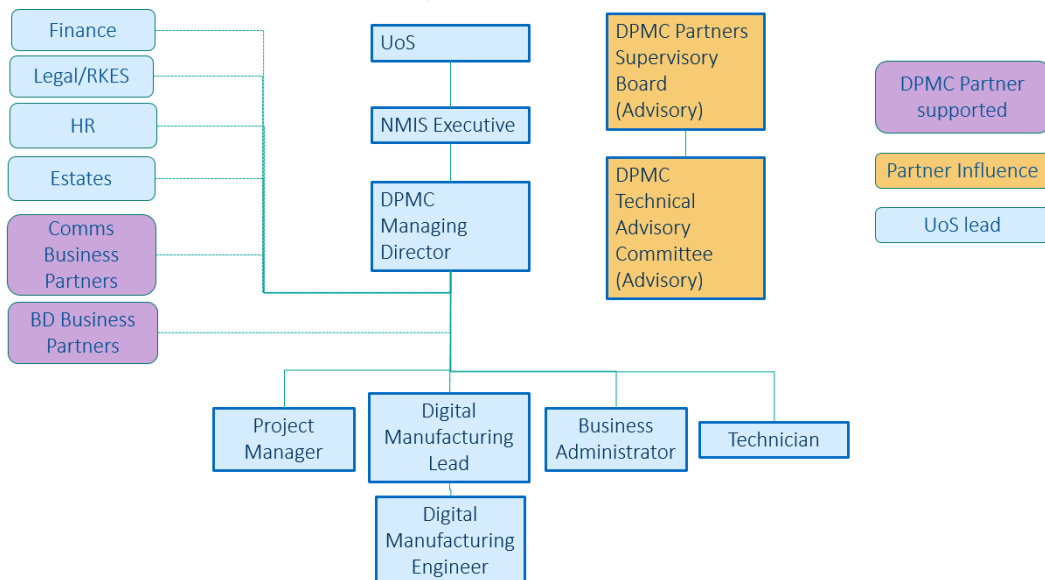


Figure 4: DPMC Reporting and Governance Structure to be established once Managing Director in post



6.3.2 Project roles and responsibilities

The DPMC project is a specialist project across Phases 1 and 2 and has a project manager (David Hernandez) appointed by the University of Strathclyde, responsible for its day-to-day delivery and who reports to Keith Ridgway, Executive Chair of NMIS. For the purposes of the Ayrshire Growth Deal processes, the SRO is Karen Yeomans, Director, Growth & Investment North Ayrshire Council and Project Lead is Marnie Ritchie, Regeneration Manager, North Ayrshire Council. Phase 0 training and demonstration has been run by the NMIS Manufacturing Skills Academy project team. The overall Project Team includes the Project Manager and representatives from North Ayrshire Council and CPI and other partner organisations, to support completing specific project activities. The table below sets out roles and responsibilities mostly in relation to Phase 1 of the project which is the focus of this FBC:

Table 21: Roles & Responsibilities

Partner	Role / Responsibility	Contact Details
University of Strathclyde	<u>Project Lead</u> Leaseholder for Phase 1 Recruitment of staff Procurement of Equipment Operator of Phase 1 pilot DPMC Supervisory Board administrator	David Hernandez, DPMC Project Manager
North Ayrshire Council	<u>Project Partner</u> Procurement of Phase 1 refurb Grant applicant to SE Grant award to UoS for equipment	Marnie Ritchie, Regeneration Manager, Growth & Investment, NAC
Centre for Process Innovation	<u>Project Partner</u> Business development support Membership development	Dr Neil Sheddan, Business Development Director, MMIC & CPI

6.3.3 Project Plan

The Project Plan for Phase 1 of the DPMC is set out in the following table:

Table 5: DPMC project milestone activity – Phase 1

Ref.	DPMC PHASE 1: Milestone Activity	Est. Date	Quarter (financial year)	Status
1-M1	NMIS & CPI obtain Board endorsements for project.	Jun 21	Q1 21/22	Complete
1-M2	Submit OBC to Scottish Enterprise seeking capital investment in Phase 1	Aug 21	Q2 21/22	Complete
1-M3	Third party land and building purchase process from landlord is completed.	Oct 21	Q1 21/22	Complete
1-M4	NAC Cabinet Approval of Phase 1 & £1m capital	Nov 21	Q3 21/22	Complete
1-M5	NMIS procurement and appointment of consultants to develop detailed Ph1 spec.	Nov 21	Q3 21/22	Complete
1-M6	NMIS conclude heads of terms and lease agreement for Ph1 building with third party.	Mar 22	Q4 21/22	Ongoing
1-M7	Partners signing of Collaboration Agreement	Mar 22	Q4 21/22	Complete
1-M8	NAC completes partner funding agreements	Mar 22	Q4 21/22	Ongoing
1-M9	NMIS submit building warrant	May 22	Q4 21/22	Complete

Ref.	DPMC PHASE 1: Milestone Activity	Est. Date	Quarter (financial year)	Status
1-M10	Partners develop and agree spec and procurement approach for equipment	Aug 22	Q2 22/23	Ongoing
1-M11	Submit Programme Business Case to PMO	May 22	Q1 22/23	Complete
1-M12	Procurement of equipment (tbc)	Oct 22	Q4 22/23	Ongoing
1-M13	NAC tender refurb works through Quick Quote	May 22	Q1 22/23	Complete
1-M14	NAC submits FBC to Government for endorsement	May 22	Q1 22/23	Not Started
1-M15	PBC approved by Government	Jun 22	Q1 22/23	Complete
1-M16	NMIS receive tender returns for equipment	Sep 22	Q3 22/23	Ongoing
1-M17	Endorsement of FBC by Government	Aug 22	Q2 22/23	Not started
1-M18	Approval of FBC for Phase 1 by Joint Committee & award to contractor	Aug 22	Q2 22/23	Not Started
1-M19	Contractor commences refurb works to Phase 1 space	Sept 22	Q2 22/23	Not Started
1-M20	NMIS staffing recruitment	Dec 22	Q3 22/23	Ongoing
1-M21	NMIS install and test equipment in Ph 1 space	Dec 22	Q3 22/23	Not Started
1-M22	NAC complete refurb works to Phase 1 space & submit grant claim	Dec 22	Q3 22/23	Not Started
1-M23	NMIS commence operation of Phase 1 (5 yrs)	Dec 22	Q3 22/23	Not Started
1-M24	Official launch of Phase 1	Jan 23	Q4 22/23	Not Started
1-M25	Annual reporting, reviews and monitoring	til Apr 27	Q4 26/27	Not Started
1-M26	NMIS completes operations at Pilot facility	Apr 27	Q1 27/28	Not Started

6.4 Use of special advisers

Special advisers are being used for Phase 1 of the project as follows:

Table 22: Special Advisers

Specialist Area	Adviser
Technical	Wylie Shanks, Architect & Principal Designer Hawthorn Boyle, Mechanical & Electrical Civic Engineers, Structural Currie & Brown, Cost Advisers University of Strathclyde, PM & Clerk of Works Centre for Process Innovation – specialist advisers Equipment advisors – to be confirmed
Legal	Harper MacLeod Anderson Strathern

6.5 Arrangements for change management

The change control process will be managed by NMIS, according to University of Strathclyde procedures. This procedure will be used to control all changes or other events, which may arise during the delivery of DPMC phases. In relation to Ayrshire Growth Deal funds that support the project, arrangements for change management are set out within the Ayrshire

Growth Deal Governance Document (v14) and are summarised in the flow chart in Appendix P.

6.6 Arrangements for benefits realisation

Benefits will be managed and monitored throughout the project delivery phases and after project closure via a formal evaluation process. This will also consider other aspects of the project such as management processes and project efficiency as well as impact. This will be undertaken by University of Strathclyde through periodic monitoring as part of a consistent approach to actively manage opportunities and dependencies.

A Benefits Realisation Plan for the Ayrshire Growth has been prepared and has identified the outcomes, outputs and impacts that could be measured for this project as set out below. This will be further developed for all measures to include measurement methodology and targets at Final Business Case for Phase 2. This will also ensure alignment of information across the AGD documentation of the Implementation Plan and Benefits Realisation Plan.

Table 23: DPMC Outputs, Outcomes and Impacts within Benefits Realisation Plan

Ref	Indicator	DPMC
	Outputs	
AGD/O/1	Direct/Indirect jobs	✓
AGD/O/2	Construction jobs	✓
AGD/O/3	Safeguarded jobs	✓
AGD/O/4	Community Benefits	✓
AGD/O/5	Jobs retained	
AGD/O/6	Jobs secured	
AGD/O/7	New or upgraded roads/junctions/cycle pathways	✓
AGD/O/8	Journey time savings/modal shifts	
AGD/O/9	Development space unlocked	✓
AGD/O/10	Reduced vacant & derelict land	✓
AGD/O/11	Digital Infrastructure	
AGD/O/12	New Residential Energy Supply	
AGD/O/13	Visitors	
AGD/O/14	Start-Ups	✓
AGD/O/15	Private sector investment	✓
AGD/O/16	Leverage: (including LA, HE/FE, Private Sector and any other leverage)	✓
AGD/O/17	Income Levels	
AGD/CB/O/1	Training places / Weeks	✓
AGD/CB/O/2	Training places / accredited qualification main-contractor	✓
AGD/CB/O/3	Training places / accredited qualification sub-contractor	
AGD/CB/O/4	Schools Outreach	✓
AGD/CB/O/5	CWB Support Places	✓
AGD/CB/O/6	Fair Work Accreditation	
AGD/CB/O/7	SME's supported	✓
AGD/CB/O/8	Regional Supplier Spend	✓
AGD/CB/O/9	Work Experience	✓
AGD/CB/O/10	Total jobs created by NSAfC projects (Apprentices)	
AGD/CB/O/11	Total jobs created by NSAfC projects (Graduates)	
AGD/CB/O/12	Total jobs created by NSAfC projects (New Entrants)	
AGD/CB/O/13	Construction Careers Information, Advice & Guidance (CCIAG) Events	

AGD/CB/O/14	Number of learners receiving an Industry certification – main contractor	
AGD/CB/O/15	Number of learners receiving an Industry certification – sub-contractor	
AGD/CB/O/16	Number of Training Plans for sub-contractors	
AGD/CB/O/17	Site visits by Colleges	✓
AGD/CB/O/18	Supply Chain Briefings to sub-contractors	
AGD/CB/O/19	Business Skills Supports for sub-contractors	
AGD/CB/O/20	Support for the Third Sector	
AGD/CB/O/21	Softer community benefits delivered to Ayrshire as part of the project	✓
Outcomes		
AGD/OT/1	Job Levels (new and maintained)	✓
AGD/OT/2	Development Space uptake	✓
AGD/OT/3	Digital usage patterns	
AGD/OT/4	Reduced (net) Fuel Poverty	
AGD/OT/5	Increase in visitor spend	
AGD/OT/6	Start-up performance/survival	✓
AGD/OT/7	Additional investment (including FDI)	✓
AGD/OT/8	Improved business productivity	✓
AGD/CB/OT/1	CWB participant well-being uplifts	
AGD/CB/OT/2	Fair Work implementation	
Impacts		
AGD/I/1	Net additional jobs created/ maintained	✓
AGD/I/2	Net additional returns on investment	✓
AGD/I/3	Net changes in Fuel Poverty	
AGD/I/4	Net additional user productivity	
AGD/I/5	Follow on investment	✓
AGD/I/6	Reduced levels of deprivation within the region	
AGD/I/7	Increased income levels	
AGD/CB/I/1	Wider uptake of Well Being/Fair work	
AGD/CB/I/2	Net uplifts in regional supplier spend	✓

6.7 Arrangements for risk management

DPMC will follow the Risk Management Procedure of NMIS Quality Management System Quality Procedure 11. This procedure will:

- Communicate the process involved with Risk Management.
- Provide templates and guidance for appropriate use.
- Identify roles and responsibilities.
- Identify and link other business management system processes.

A copy of the project risk register is attached at Appendix E. This sets out who is responsible for the management of risks and the required counter measures.

6.8 Arrangements for contract management

The refurbishment aspect of Phase 1 will be managed by consultants on behalf of NAC subsequent procurement stages for equipment and recruitment of staff, will be managed by

Digital Process Manufacturing Centre, Full Business Case, Phase 1 – V0.3

the University of Strathclyde. This will include regular progress meetings and reports by the contractor for the refurbishment works which will include partner representation and representation from Booth Welsh who are hosting the project. The University's Estates Team's Project Manager will oversee and monitor the works on behalf of North Ayrshire Council and will be responsible for resolving any issues that arise with the contractor. As the works are relatively low in value and are not of a complex nature its anticipated that these arrangements will be sufficient.

6.9 Arrangements for post project evaluation

An evaluation of the project will take place and will be coordinated by the partners. Key lessons learned will be shared across the partnership and will inform the development of DPMC Phase 2.

The AGD PMO recently produced a Benefits Realisation Plan for the AGD projects. The purpose of the Plan is to demonstrate, to local, regional and national stakeholders, how the AGD will capture the outputs, outcomes, impacts and community benefits resulting from Deal investments including the DPMC project at i3. It sets out approaches to project monitoring and reporting, including definitions guidance and deal programme and project evaluation

The partners' Supervisory Group will be responsible for managing risk and benefits realisation for Phase 1 of the project. NAC will manage benefits realisation through reporting to the PMO and Government. Day to day management will, however, be the responsibility of the DPMC Project Manager.

6.10 OGC Gateway Review Arrangements

The Office of Government Commerce (OGC) Gateway Process is designed to provide independent guidance to Senior Responsible Owners (SROs), programme and project teams and to the departments who commission their work, on how best to ensure that their programmes and projects are successful. This process examines programmes and projects at key decision points in their lifecycle. It looks ahead to provide assurance that they can progress successfully to the next stage. These key stages or 'Gates' are:

- Gate 0 – Strategic Assessment
- Gate 1 – Business Justification
- Gate 2 – Delivery Strategy
- Gate 3 – Investment decision
- Gate 4 – Ready for Service
- Gate 5 – Benefits Realisation and Operational Review

The below diagram illustrates how these 'Gates' are used at key decision points throughout a project life-cycle, and how this fits in the context of wider programmes. The intention for this project is for the University Court and NMIS Board to review to Gate 2 with future assurance to be conducted around Gate 4-5.

In terms of Phase 1 and this specific FBC, the internal project board discussed the aspects of the refurbishment tender at a meeting on 21st July 2022 and are satisfied with the outcome of the process outlined to them at the meeting.

The wider context of the OGC Gateway™ Process

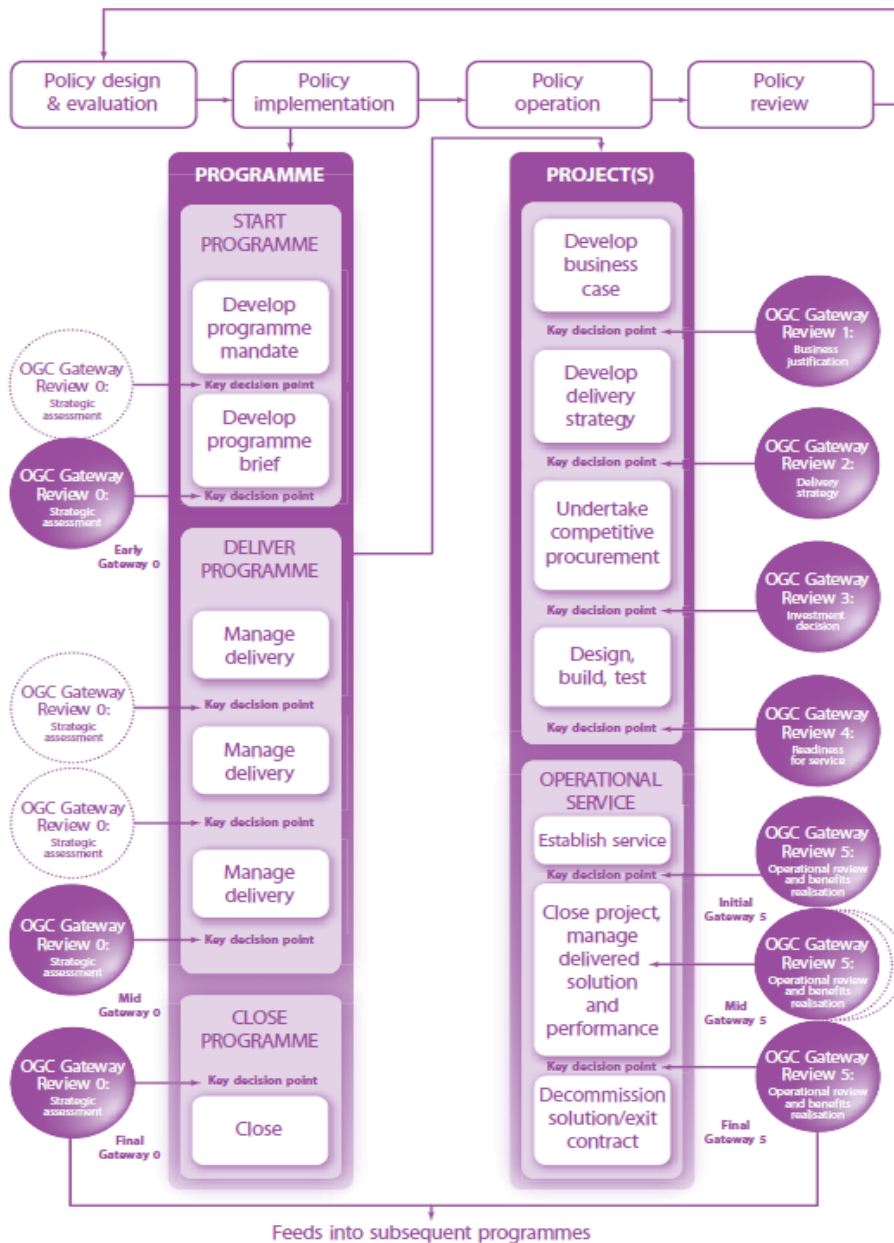


Figure 3: OGC Gateway Process

The impacts / risks associated with Phase 1 of the project have been considered and are set out within this Full Business Case and covered within the Risk Appendix.

6.11 Contingency Plans

The partners have signed a Collaboration Agreement to support the delivery of Phase 1 of the DPMC. An online phase was launched in October 2021. Should there be an issue with the delivery of the refurbishment aspect of the project, some services can be delivered online until the refurbishment is completed.

Signed:

Date: 3 August 2022

**Senior Responsible Owner
Project Team**

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PART C: APPENDICES

Appendices

The following documents listed below have been included or will be included in subsequent business cases or have been provided separately due to their large size, as stated below.

Table 1: List of appendices

Ref.	Appendices	Comments
A	Inclusive Growth and Community Wealth Building	included
B	AGD project linkages to key policy strategies	Shown in table 7 and table 8
C	SQW Research Report	Provided as a separate document
D	Demand assessment	Provided as a separate document
E	Risk Register	Included
F	Ayrshire Growth Deal Projects Heat Map	Included
G	AGD Project Links	Included
H	Long-list options appraisal	Included
I	Economic Appraisal	Provided as a separate document
J	Community Benefits Statement	Included
K	Financial Appraisal	Provided as a separate document
L	Benefits Realisation Logic Chain	Included
M	Equality Impact Assessment (Draft)	Included
N	Carbon Analysis	Included
O	PMO Economic Modelling	Included
P	Change Management Process	Included
Q	Phase 1, Collaboration Agreement	Provided as a separate document
R	UoS standard terms and conditions	To be included for Phase 2 FBC
S	Financial appraisal	To be included for Phase 2.FBC
T	Benefits register	To be included for Phase 2.FBC
U	Risk potential assessment (RPA)	To be included for Phase 2.FBC
V	Letters of stakeholder support	To be included for Phase 2.FBC
W	Draft OJEU notice	To be included for Phase 2.FBC
X	SOP/ strategic business plans.	To be included for Phase 2.FBC

APPENDIX A: INCLUSIVE GROWTH & COMMUNITY WEALTH BUILDING

I3 Digital Processing Manufacturing Centre: 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 digital services and training to businesses on a phased basis through the creation of Digital Hub.	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 research and development 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	
Improving skills	Creating pre-employment learning pathways for identified priority groups eg females, living in Ayrshire. Support skills needs of businesses taking space within i3.	Intermediate & Advanced Skills, Structure of economy, Advanced digital skills,	Maximising benefits for people – Fair Work. Maximising benefits for places/communities.	Fair employment	supporting in work progression, and training and skills pipeline	

APPENDIX E: DPMC RISK REGISTER

AYRSHIRE GROWTH DEAL RISK REGISTER: i3 Digital Processing Manufacturing Centre Outline Business Case Stage, Updated July 2022							
Risk Ref	Risk Type	Risk Description	Impact	Probability	Counter Measure	Owner	Date Reviewed
R1	Socio-economic	Impact of Covid pandemic on the project, including delay to project development and reduction in demand for facility.	Medium	Medium	Moderately low risk of impact predicted due to Covid. Economic research emerging indicates appetite to accelerate key infrastructure projects to support recovery and renewal. Reliance on technology leading to businesses reassessing their needs for digital. Work streams have been activated to provide regional support.	Project Partners	Monthly
R2	Business	Not all partners can commit to project.	Low	Low	Steering Group established with Partners. MoU Signed August 2021. Collaboration Agreement being prepared. Agree partner roles and responsibilities. Development of pilot to test project feasibility. Scope out other potential partnerships.	Project Partners	Monthly
R3	Political	Detailed Business Case fails	High	Low	Develop OBC in accordance with Green Book. Strong supporting evidence provided for demand. Govts have seen first draft. Identify project costs & confirm funding sources.	NAC / NMIS	Monthly
R4	Political	Related i3 Flexible Space Business Case fails & overall impact of i3 AGD programme is limited.	Low	Low	Project has strong evidence base. Commissioned masterplan will provide overall vision. Flex Space OBC approved June 2021. Both projects are not dependent on each.	NAC	Monthly
R5	Business / Timescales	Potential delays in Full Business Case approval	Medium	Medium	Seek clarity on FBC timescales from AGD PMO. Include FBC preparation in project programme. Develop FBC in accordance with Green Book. Partner/Stakeholder Risk Assessment. Early Market Input/ Partner & Commercial Input. Review CAPEX and OPEX costs. Review Governance Arrangements.	Project Partners / SG	Monthly

AYRSHIRE GROWTH DEAL RISK REGISTER: i3 Digital Processing Manufacturing Centre
Outline Business Case Stage, Updated July 2022

Risk Ref	Risk Type	Risk Description	Impact	Probability	Counter Measure	Owner	Date Reviewed
R6	Business	Service is provided by another facility reducing / negating demand for project.	High	Medium	Establishment of virtual and pilot phases to provide early services. Phase 0 established. Ensure OBC includes overview of other existing / proposed centres and articulates differences and complementarity.	Project Partners	Monthly
R7	Business	Pilot demonstrates that main project is not commercially viable.	High	Low	Partners agree extent of project development that's at risk. Partners instruct pilot monitoring and evaluation to inform commitment to Phase 2 Partners agree to legally commit to project prior to legal commitments on project contracts.	Project Partners	Monthly
R8	Financial	Design / technical studies result in additional costs beyond contingencies and optimism bias.	High	Medium	Develop & validate project brief & specification. Benchmark costs. Ensure early infrastructure costs tested and informed by SI work. Provide Green Book compliant Optimism Bias allowances. Provide for contingency & inflation.	Project Partners / Design Team	Monthly
R9	Regulatory	Compliance with State Aid / Subsidy regulations	High	Low	Engage with State Aid Unit at appropriate stage. Partners to identify specific Subsidy Risks within the project Include as task within programme.	NAC / NMIS	Monthly
R10	Timescales / Business / Professional	Delays caused by resource management / project management issues.	High	Medium	Internal AGD team created. Regular review of project resource/skills needs. Specialist support provided by partner agencies. Ensure external teams have robust procedures in place for replacing resource if required.	Project Partners	Monthly
R11	Contractual/ Professional	Change management issues	Medium	Medium	Clear and agreed procedures to be set in place for internal change management and for external processes with design team and contractor.	Project Partners / Design Team	Monthly
R12	Timescales / Programme	Delays to overall project programme and key milestones.	High	Medium	Prepare a detailed project programme with considered time allowances. Allow for regular reviews.	Project Lead / Design Team	Monthly

AYRSHIRE GROWTH DEAL RISK REGISTER: i3 Digital Processing Manufacturing Centre
Outline Business Case Stage, Updated July 2022

Risk Ref	Risk Type	Risk Description	Impact	Probability	Counter Measure	Owner	Date Reviewed
R13	Timescales / Regulatory	Delays caused by land acquisition / lease agreement processes.	Medium	Low	Early engagement with land/building owners. Ensure programme allows for third party approvals	NAC / NMIS	Monthly
R14	Timescales / Environment	Delays caused by environmental considerations.	High	Medium	Assess Protected Species/Habitat risk at early stage Review & commission all site studies required. Ensure seasonal work/study requirements accounted for in programme.	NAC	Monthly
R15	Timescales / Environment	Delays caused by site investigation work and findings	High	Medium	Instruct SI work at early stage of project.	NAC	Monthly
R16	Timescales / Regulatory	Delays caused by objections.	Medium	Low	Advance programme of Local & Stakeholder Engagement	NAC	Monthly
R17	Timescales / Regulatory	Delays caused by statutory consent processes.	Medium	Medium	Early engagement with planning and building standards to agree timetable for award and identify potential issues	NAC	Monthly
R18	Regulatory	Planning / building warrants not granted.	High	Low	LDP supports development of site for this use. Ensure local members and partner boards well briefed and updated on project. Hold pre-app discussion with NAC Planning Assess Protected Species/Habitat risk and other relevant constraints Formally agree programme for consents Advance programme of local & stakeholder Engagement.	NAC	Monthly
R19	Timescales / Procurement	Delays cause by procurement process.	Medium	High	Seek early agreement on appropriate procurement routes and early notification of contract opportunities. Partners to reach agreement on who procures what project elements.	Project Partners	Monthly
R20	Timescales / Contractual	Delays caused by contractor on site.	High	High	Identify appropriate construction contract to remove/ reduce risk of cost over-run. Appoint experienced contract Project Manager to oversee delivery of contract as client representative.	Contractor	Monthly

AYRSHIRE GROWTH DEAL RISK REGISTER: i3 Digital Processing Manufacturing Centre
Outline Business Case Stage, Updated July 2022

Risk Ref	Risk Type	Risk Description	Impact	Probability	Counter Measure	Owner	Date Reviewed
R21	Financial	Slippage / delay in the programme incurs additional costs.	High	High	Instruct appointed project team to address this within Risk Register. Select procurement route to ensure contract type has less risk for client.	Project Partners	Monthly
R22	Financial	Unforeseen project complexities that require additional funding.	High	Low	Provide for contingency. Provide Green Book compliant Optimism Bias allowances. Similar projects have been delivered elsewhere	Project Partners	Monthly
R23	Contractual / Political	Failure to deliver community benefits – training, employment	Medium	Medium	Incorporate appropriate community benefits into contract terms and resource appropriately.	NAC/NMIS	Monthly
R24	Operational	The project fails to attract enough of its target audience	High	Low	Recent research has established demand. Continue to review demand and business needs with Partners. Prepare project marketing particulars. Involve relevant business engagement partners. Appoint BD Manager. Ensure flexible design of space and building to ensure its robust over time. Continue to establish strategic relationship with national sector.	Project Partners	Monthly
R25	Financial / Operational	The project fails to generate sufficient income that was forecast	Medium	Low	Comparator analysis to be undertaken to identify appropriate charging mechanisms.		Monthly
R26	Operational	Operational issues with the new building or equipment	High	Low	Programme will allow for a testing phase for operations within building and for equipment. Instruct the preparation of an Operational Plan. Obtain maintenance contracts for equipment. Recruit appropriately qualified staff to operate equipment.	NMIS	Monthly
R27	Outputs & Outcomes	Failure to deliver anticipated outputs and outcomes.	High	Medium	Ensure BC addresses sensitivity of outcomes. Prepare a clear Evaluation & Monitoring Framework	NAC	Monthly

AYRSHIRE GROWTH DEAL RISK REGISTER: i3 Digital Processing Manufacturing Centre
Outline Business Case Stage, Updated July 2022

Risk Ref	Risk Type	Risk Description	Impact	Probability	Counter Measure	Owner	Date Reviewed
R28	External	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	Analyse other tender information and issues experienced by others and incorporate allowances within risk register, programme and budget. Review likely impact.	Project Partners	Monthly
R29	Outputs & Outcomes	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	Review Monthly
R30	Reputational	Phase 0 is not successful	High	Low	Phase 0 launched. Demand Survey identified interest	Project Partners	Review Monthly
R31	Outputs and Outcomes	Phase 1 cannot be located within the existing business premises	Medium	Low	Business has now purchase building and land. UoS to agree lease.	UoS	Review Monthly
R32	Financial	Lack of funding to operate Phase 1	Medium	Medium	Capital costs mostly available. Revenue costs part available to commence Phase 1.	Project Partners	Review Monthly
R33	Financial	Cost over-runs to Phase 1	Medium	Medium	Outline costs provided from consultant for refurbishment. Estimated costs provided for equipment	Project Partners	Review Monthly
R34	Operational	Lack of interest in staff posts for Phase 1	Medium	Medium	Posts to be widely promoted	Project Partners	Review Monthly
R35	Operational/ Reputational	Closure of Phase 1 and no progress to Phase 2	High	Medium	Ongoing monitoring and promotion of phase 1 facility	Project Partners	Review Monthly
R36	Financial	Insufficient funding secured to progress to Phase 2	High	Medium	Partners actively seeking funding from Community Renewal Fund, North Ayrshire Ventures Trust, Nuclear Decommissioning Authority.	Project Partners	Review Monthly

AYRSHIRE GROWTH DEAL RISK REGISTER: i3 Digital Processing Manufacturing Centre Outline Business Case Stage, Updated July 2022							
Risk Ref	Risk Type	Risk Description	Impact	Probability	Counter Measure	Owner	Date Reviewed
R37	Financial	Project delays threaten funding awards.			Keep funders updated on progress and flag any issues to them as early as possible.	Project Partners	Review Monthly

APPENDIX F: INCLUSIVE GROWTH HEAT MAP

Ayrshire Growth Deal Project Name	Regional Drivers to Inclusive Growth
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Digital Process Manufacturing Centre, Full Business Case, Phase 1 – V0.3

	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 G: AGD PROJECT LINKS

Project Link	What is the Link?	Key Actions to Maximise Link	Expected benefits of the link	Targets
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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 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. This will help attract and be of benefit to new businesses occupying flexible space at i3 and for the DPMC project.	<ul style="list-style-type: none"> Ensure attendance of Officer representing Flex 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
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 Infrastructure & Workspace	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	No. of Points																	
Primary Relationship (Absolutely Contingent)	3																	
Secondary Relationship (Strong obvious link)	2																	
Tertiary Relationship (Weak link)	1																	
No Relationship	0																	

APPENDIX H: LONG LIST OPTIONS APPRAISAL

Option	Description	Appraisal	Score
1	Do Nothing	No investment objectives or critical success factors achieved.	0
2	NMIS undertaking the DPMC at a reduced scope	This option satisfied all but one of the investment objectives and partially met the investment objective of establishing the facility, as it would be of a reduced scope within an existing NMIS facility. Whilst this option satisfied four out of seven critical success factors, it would fail to increase capabilities in Ayrshire, as the project would not be located there, it would not ensure that the project is affordable using AGD sources as the AGD fund would not apply and as it would not be delivered in partnership with North Ayrshire Council and Ayrshire College. This option also mainly satisfied the other criteria apart from only partially in relation to the impact for industry and jobs created.	39 Short-listed
3	NMIS own/operate DPMC, located in Irvine	This option satisfied all of the investment objectives and nearly all of the critical success factors, apart from ensuring the project is affordable matching AGD sources with other sources, which it partially met due to the challenge to find additional sources of funds.	47 Short-listed PREFERRED
4	Ayrshire College own/operate DPMC with a reduced scope	This was discounted as an option, as the College has insufficient experience to operate such a centre. Whilst this option would satisfy the investment objective of building a training and skills programme, it only partially meets the objective of establishing collaborations and supply chains and would fail to establish the DPMC with operational readiness and a national research agenda.	28
5	North Ayrshire Council own DPMC and tender for an operator	This was discounted as an option as NAC has insufficient experience to operate an innovation centre and would fail or partially satisfy the criteria, objectives and critical success factors.	25

6	Delivery through a trade association	This was discounted as an option, on the basis that it would not drive innovation or research or create the required positive impact for industry. Whilst there was less doubt around risk and cost and collaboration and supply chains, this option failed or partially satisfied the other criteria, success factors and objectives.	17
7	CPI own/operate DPMC	This was discounted as an option as it is not a strategic propriety for CPI to lead on the development of the DPMC but will be a strategic partner. In this respect the option failed on the length of time and risk to deliver and the combination of partners.	38
8	Locate DPMC at another location	Whilst this option would satisfy all of the investment objectives, and a number of the critical success factors it would not be in line with key partners strategic objectives to establish a centre in North Ayrshire. Whilst it would satisfy the impact for industry and jobs created it there would be challenges around funding as the AGD could not support it.	35
9	Deliver DPMC Phase 1 only	This option was carried forward to the shortlist on the basis that this option satisfied all of the critical success factors and other criteria and partially met all of the criteria for the investment objectives, as it would only deliver Phase 1.	47 Short-listed

APPENDIX J: 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.

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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.

APPENDIX L: 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 £6million: UK Govt £5m NAC £1m</p> <p>Additional Funding: to be confirmed.</p>	<ul style="list-style-type: none"> • Development of partnership and business cases to deliver DPMC project in phases. • Site investigations • Land assembly • Funding bids • Development of project specifications and evidence • Submission of planning applications • Site remediation work • New link/access roads developed • Construction of SUDS/sewerage systems • Improved junctions to enhance access to sites • New junctions to <u>open up</u> access to sites • Construction of DPMC in phases. 	<ul style="list-style-type: none"> • Total Area reclaimed, (re)developed or assembled (20 Ha) as a result of overall i3 AGD projects • Total Area of Opportunity Sites (20 Ha) • 649m2 of R&D business space created (Phase 1) • 1,100m2 of new R&D business space created (Phase 2) • Creation of partnerships and supply chains • Development of R&D agenda • Training and skills programmes • Private businesses supported • Individuals supported into work • Engagement with schools and colleges • Jobs safeguarded • Wide range of employment opportunities • Improved pedestrian linkages • Vacant and Derelict Land brought back into use/removed from SVDL Register (20 ha) 	<ul style="list-style-type: none"> • Creation of a key industrial and business cluster • Securing an important academic anchor institution in the area • Improved perception and market sentiment in Ayrshire's advance manufacturing and digital offer. • Increased levels of investment, including FDI • Uplift in commercial rental/sales values (£) • Increased employment and development of skills in local workforce • Increased GVA • Reduced levels of deprivation in local areas • 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 	<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 M: 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	I3 Digital Processing Manufacturing Centre
Lead Officer (Name/Position)	Marnie Ritchie, Manager, Growth and Investment
Support Team (Names/Positions)	Growth and Investment Team, North Ayrshire Council

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including Critical Friend	
What are the main aims of the project?	To create a Digital Processing Manufacturing Centre at i3, in partnership with NMIS and CPI, creating an overall cluster of research, innovation, accommodation and services for industry and business focussed around the processing industries. The project will be delivered in phases with Phase 0 as an online facility, Phase 1 as a pilot in an existing building and Phase 2 in a purpose-built building. This will complement the delivery of approximately 9,000m2 of flexible advanced manufacturing space at i3 over a number of phases, to meet market demand in an area of market failure.
What are the intended outcomes of the project	The intended outcomes of the project are the delivery of much needed training to adapt businesses to digital technology, improving their productivity and innovation, research and development around a new anchor institution at i3, new jobs and construction jobs, supported SMEs, additional GVA, access to related employability and skills programmes for local people and removal of sites from the vacant and derelict land register.

Section Two: What are the Likely Impacts of the Project?

Will the project impact upon all three Ayrshire councils areas or a specific council area and/or particular groups within the population (please specify the equality groups)	The project has the potential to impact on all three Ayrshire Council areas and beyond becoming a national centre for digital processing. It has the potential to positively impact on particular groups in terms of opportunities for employment and training for disadvantaged people or people within Protected Characteristic groups.
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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 project is about creating a digital hub, therefore due to the nature of the project, it is not considered that this key need is relevant to the project.

Which aspects of the project advance equality of opportunity between people who share a relevant protected characteristic and those who do not?

- The design of the project space will be modern and fully accessible, complying with EA 2010 standards and enabling potential employees or trainees that are mobility impaired or disabled to access the buildings and the surrounding space.
- The procurement process for the Phase 2 building will require construction companies to provide opportunities for trainees and job seekers from disadvantaged or Protected Characteristic groups.
- It is intended that the project will seek to improve active travel links to the site, to make the location more accessible to people without access to a car and who may be reliant on affordable and accessible public transport services.

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 design of the buildings and job/skills/training opportunities for protected characteristic groups will help tackle prejudice and promote a better understanding of equality issues, through the integration of these requirements as standard practice.

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 cross-cutting impacts have been identified at this stage.

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.

The project is focussed on a specific location at i3 Irvine Enterprise Area. It is not considered that the particular needs and circumstances of island communities would be detrimentally affected by this particular project.

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?

If you require further information in relation to evidence, the [Equality Evidence Finder](#) brings together the latest statistics and research for Scotland across different themes for age, disability, ethnicity, gender, religion, sexual orientation, socio-economic status and transgender status.

The Equality Evidence Finder is updated monthly with a summary of the key official statistics, social research and National Performance Framework equality analysis. Links to further datasets, statistics and research are provided to help find the full range of available equality evidence for Scotland.

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Protected Characteristics	Evidence	Positive/Negative Impacts	Mitigating Factors
Age: Issues relating to different age groups e.g. older people or children and young people	Young people are particularly excluded from manufacturing growth areas.		
Disability: Issues relating to disabled people	Limited access to employment opportunities due to limited scope to work in ageing industrial buildings and limited access to transport to i3.		
Gender Reassignment – Trans/Transgender: Issues relating to people who have proposed, started or completed a process to change his or her sex	No issues identified.		
Marriage and Civil Partnership: Issues relating to people who are married or are in a civil partnership	No issues identified.		
Pregnancy and Maternity: Issues relating to woman who are pregnant and/or on maternity leave	No issues identified.		

Race: Issues relating to people from different racial groups,(BME) ethnic minorities, including Gypsy/Travellers	No issues identified.		
Religion or Belief: Issues relating to a person's religion or belief (including non-belief)	No issues identified.		
Sex: Gender identity: Issues specific to women and men/or girls and boys	Women are particularly excluded from manufacturing growth areas.		
Sexual Orientation: Issues relating to a person's sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	No issues identified.		
<u>Children's Rights</u> Issues and impacts affecting children's rights* *for more information please email – andrewhale@north-ayrshire.gov.uk	No issues identified.		

<p>Health Issues and impacts affecting people's health</p>	<p>No issues identified.</p>		
<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>	<p>No issues identified.</p>		

Fairer Scotland Duty – Scio Economic Disadvantage			
	Evidence	Positive/Negative Impacts	Mitigating Factors
Low Income/Income Poverty: Issues: cannot afford to maintain regular payments such as bills, food and clothing.			
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			
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			
Area Deprivation: Issues: where you live (rural areas), where you work (accessibility of transport)	Accessibility and affordability of transport to i3.	Access to I3 Enterprise Area is currently limited by public transport.	Action to progress discussions with public transport provider to consider improved services.

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>	
<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>	
<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>	
<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>	

Section Four: Detailed Action Plan to address identified gaps in:

- a) evidence and
- b) to mitigate negative impact

No.	Action	Responsible Officer(s)	Timescale
1	Ensure the proposed build space and general project location is fully accessible and where appropriate, compliant with EA2010.	Project Designers	Over the course of the various phases of the project.
2	Progress discussions with public transport provider	AGD Project Lead	December 2022
3	Develop initiatives with colleagues and other Council teams to ensure young people and women will benefit from the project.	AGD Project Lead	Over the course of the various phases of the project.

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?	The project has started and will be delivered in a series of phases.
When will the project be reviewed?	At various Gateway Stages. Timescales for Gateway 1 require to be confirmed between partners.
Which Panel will have oversight of the project?	The Project Board and Partnership of NMIS, NAC and CPI and particular Gateway Review meetings. Following which the project will be reported to AGD Update Meeting involving NAC's Chief Executive, Directors and Heads of Service.

Section 6

Ayrshire Growth Deal



Summary Equality Impact Assessment Implications & Mitigating Actions

Name of Project:

Name of Project Lead:.....

Email of Project Lead:.....

Date of Assessment:.....

This project will assist or inhibit the Council’s ability to eliminate discrimination; advance equality of opportunity; and foster good relations as follows:

Please see information contained above.

1. Summary of project aims
2. Summary of how the project will eliminate discrimination
3. Summary of how the project will advance equality of opportunity
4. Summary of how the project will foster good relations
5. Summary of how the project considers Socio-Economic Disadvantage (Fairer Scotland Duty)
6. Summary of how the project considers the needs of island communities
7. Summary of Key Action to Mitigate Negative Impacts

a. Actions and Timescales

Project Lead: Marnie Ritchie, Regeneration Manager, Growth and Investment

Signed: 14 July 2021

APPENDIX N: CARBON ANALYSIS

Item	Project Owner Response
1. Project Name	i3 Digital Processing Manufacturing Centre
2. Deal Region	Ayrshire
3. Brief Description of Project	The creation of a Digital Laboratory (Digilab) at i3, Irvine Enterprise Area to provide a centre of excellence for digital automation
4. Expected Carbon Emissions Impact CONTROL Category (1-5)	3 - Cap + then Zero
5. Expected Carbon Emissions Impact INFLUENCE Category (A-C)	A
6. Justification of Expected Carbon Emissions Impact Category e.g. a short narrative outlining the key carbon emission sources and their relationship to capital and operational net zero following the Deals Carbon Emissions Impact Categorisation Process.	Carbon emissions are anticipated through the construction of the facility, related access roads, parking and landscaping. The design specification will consider use of sustainably and locally sourced materials and will consider measures to reduce carbon at the operational stage, including solar panels, heat pumps, EV charging points, permeable surfaces, incorporation of new active travel routes, suds ponds. Tenders will be partly assessed on carbon impact in terms of source of materials and use of local trades.
7. Could the Carbon Emissions Impact Category be improved? e.g. from Category 4B to Category 3A	
8. Could the carbon performance of the project be improved? e.g. reducing emissions further, achieving net zero faster.	The project team will seek to explore this further as the project develops.
9. How will carbon be managed? e.g. through PAS 2080: Carbon Management in Infrastructure for infrastructure projects or the RICS Whole Life-Cycle Carbon Professional Statement for buildings projects	PAS 2080
10. What other carbon savings are expected to result from the project? e.g. wider carbon savings across the economy resulting from project output	The project will support businesses across Ayrshire, Scotland and the UK, to adopt digital technologies within their manufacturing processes, which in turn will have a positive impact on reducing their carbon emissions. By offering demonstrations, it will also ensure businesses make informed choices on equipment purchases, reducing the chance of waste.
<p>A - Leads to wider carbon emissions reductions; B - Will have a negligible effect on wider carbon emissions; or, C - Leads to an increase in wider carbon emissions</p>	

APPENDIX O: PMO MODELLING

PMO Economic Modelling, Phase 1

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 (BCR) are calculated. The BCR shows vary between the options chosen to be assessed.

The details are as follows:

The Preferred Option provides a Benefits Cost Ratio (BCR) of £1.29:£1. Which potentially generates 19 direct and indirect jobs, 9 construction jobs and an estimated total GVA (25 year NPV) of approximately £3.4m. Sensitivity testing of the Preferred Option was undertaken, with variations in costs (increase of 20%) and in the extension of the occupancy of the facility beyond the original 5 year fix (increase to 23 year occupancy). The impact upon the BCR was significant with increased costs reducing the BCR to £1.07:£1. Whilst increased occupancy raised the BCR to £2.29:£1. In all three cases the Preferred Option provided a positive result.

For each Option modelled spatial adjustment analysis is undertaken. This 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. This is in line with the Scottish Government view of the importance of Inclusive Growth (after the spatial distributive sensitivity analysis is undertaken).

In addition, 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.

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 .

The Preferred Option and its sensitivity test was further reviewed through the above described spatial adjustment factors. The outcome was that the Scottish BCR for the Preferred Option stands at £1.78:£1, with a sensitivity testing producing a range of £1.93:£1 to £1.40:£1.

However looking deeper in to the outcomes from the spatial analysis it is clear that the Preferred Option including when tested, provides results that are relatively poor. First against productivity adjustment factors all three scenarios do not provide Value for Money (VfM). Second when comparing Overall UK adjustment factors with Scottish BCR factors (+1) only in the case of increased occupancy does the Preferred Option potentially deliver a positive impact through “better” jobs weighted in light of distributional impacts. This means that encouragement should be given to ensuring the occupancy of the invested facility goes beyond the fixed 5 years.

The Alternative Option when modelled fared no better than the Preferred Option.

Digital Process Manufacturing Centre, Full Business Case, Phase 1 – V0.3

Both Alternative Options performed poorly, with the first Alternative increasing the Capital Expenditure to £15.1m and floorspace to 1396 sqm (for Option 3 NMIS in Irvine Phase 1&2). The second Alternative proposes increasing the Capital Expenditure to £6m and the floorspace to 640 sqm (for Option NAC Operate Phase 1 only). The result is that the both cases generated very poor BCRs at £0.78:£1 and £0.77:£1 respectively.

However once spatial adjustment analysis had been undertaken the final Scottish BCRs for both Alternative Options appear to outperform the Preferred Option with £2.28:£1 and £2.43:£1 respectively. This may be due to the fact that the scale and proportionality of the investment compared to the floorspace created is much greater than that proposed for the Preferred Option, which is more modest (e.g. £1.6m investment for 516 sqm of floorspace)

In addition and similar to the Preferred Option, it was found that when looking deeper at the outcomes of the modelling, it is noted that neither Alternative Options delivered VfM nor provide a positive outcome (e.g. in providing “better” jobs post distributional impacts) when comparing with the Overall UK adjustment factor with the Scottish BCR factor.

So when viewing the options in the round the Preferred Option delivers proportionally a more effective outcome that demonstrates clear benefits at minimum costs. This is still the case when tested against sensitivity elements such as increased costs and increased occupancy (when viewed solely at the BCR). Out of all of the options and sensitivity testing undertaken, it was found that only in the case of the increased occupancy testing of the Preferred Option was it possible to demonstrate VfM. In all other cases none of the options or testing scenarios delivered a positive outcome e.g. “better” jobs weighted following distributional impacts.

With the above in mind, it is clear that the best proposal in the round is the Preferred Option. However this provides limited benefits and there are questions over all of the Options modelled in terms of the added beneficial value they will deliver.

It is therefore important to consider the above findings against those produced by the Project Consultants, in order to understand the assumptions and options used in order to see if the economic outputs expected from the investment can be appropriately justified.

Option appraisal conclusion:

The key findings are as follows:

Option 1 – do nothing/do minimum/status quo

This option ranks fourth. It provides no development or build out.

Option 2 –Preferred Option.

This option ranks first in terms of BCR and third in Overall UKG adjustment Factors.

- Delivers 14 net jobs (Direct and Indirect)
- Delivers 9 construction jobs
- This option delivers £3.4m GVA (excluding construction) discounted over the next 25 years
- The GVA per head for the project is £65,366
- It provides a positive economic impact with an estimated Benefit Cost ratio of £1.29:£1

- After spatial adjustment, the estimated Benefit Cost ratio increases to £1.78:£1
- A distributional weight of 1.22 (d) > 1 shows a positive impact from the component
- A productivity adjustment factor > 1 SHOULD show a positive impact from the component. CURRENTLY 1.34 - 1 is NOT > β (0.778) which means that VfM DOES NOT hold.
- As γ is NOT $\geq 1+\beta$ (1.778) or $1.64(\gamma) - 1 = 0.64 \geq 0.778$ this CURRENTLY demonstrates that the proportional impact in productivity through "better" jobs weighted for distributional impacts is NOT sufficient to ensure a BCR > 1 under 100% displacement.

Alternative 1 (Option 3, NMIS in Irvine, Phase 1 & 2)

This option ranks second in terms of BCR and second in Overall UKG adjustment Factors.

- Delivers 39 net jobs (Direct and Indirect)
- Delivers 84 construction jobs
- This option delivers £18.2m GVA (excluding construction) discounted over the next 25 years
- The GVA per head for the project is £65,366
- It provides a positive economic impact with an estimated Benefit-Cost ratio of £0.78:£1
- After spatial adjustment, the estimated Benefit Cost ratio increases to £2.28:£1
- A distributional weight of 1.22 (d) > 1 shows a positive impact from the component
- A productivity adjustment factor > 1 SHOULD show a positive impact from the component. CURRENTLY 1.34 - 1 is NOT > β (1.275) this means that VfM DOES NOT hold.
- As γ is NOT $\geq 1+\beta$ (2.275) or $1.64(\gamma) - 1 = 0.64 \geq 1.275$ this CURRENTLY demonstrates that the proportional impact in productivity through "better" jobs weighted for distributional impacts is NOT sufficient to ensure a BCR > 1 under 100% displacement.

Alternative 2 (NAC Operate, Phase 1 only)

This option ranks second.

- Delivers 18 net jobs (Direct and Indirect)
- Delivers 33 construction jobs
- This option delivers £7.2m GVA (excluding construction) discounted over the next 25 years
- The GVA per head for the project is £65,366
- It provides a positive economic impact with an estimated Benefit-Cost ratio of £0.77:£1
- After spatial adjustment, the estimated Benefit Cost ratio increases to £2.43:£1
- A distributional weight of 1.22 (d) > 1 shows a positive impact from the component
- A productivity adjustment factor > 1 SHOULD show a positive impact from the component. CURRENTLY 1.34 - 1 is NOT > β (1.300) this means that VfM DOES NOT hold.
- As γ is NOT $\geq 1+\beta$ (2.300) or $1.64(\gamma) - 1 = 0.64 \geq 1.3$ this CURRENTLY demonstrates that the proportional impact in productivity through "better" jobs weighted for distributional impacts is NOT sufficient to ensure a BCR > 1 under 100% displacement.

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:

$$\text{Distributional Weight } d = \left[\frac{\text{Median earnings}^{\text{Scotland}}}{\text{Median earnings Area of impact}} \right]^{1.3}$$

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:

$$\text{Distributional Weight } d = \sum_{i=1}^n \left[\frac{\text{Median earnings}^{\text{Scott}}}{\text{Median earnings Area of impact } i} \right]^{1.3} \cdot \alpha_i, \text{ where } \alpha_i \text{ is the proportion of impact in area of impact } i.$$

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 l 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;

$$\text{Distributional Weight } d = \sum_{i=1}^n \left[\frac{\text{Median earnings}^{\text{UK}}}{\text{Median earnings Area of impact } i} \right]^{1.3} \cdot \alpha_i, \text{ where } \alpha_i \text{ is the proportion of impact in area of impact } i.$$

Stage 5

Combining the analysis and presenting the results

The overall adjustment factor, γ , is given by:

$$\gamma = (\rho) \cdot (d)$$

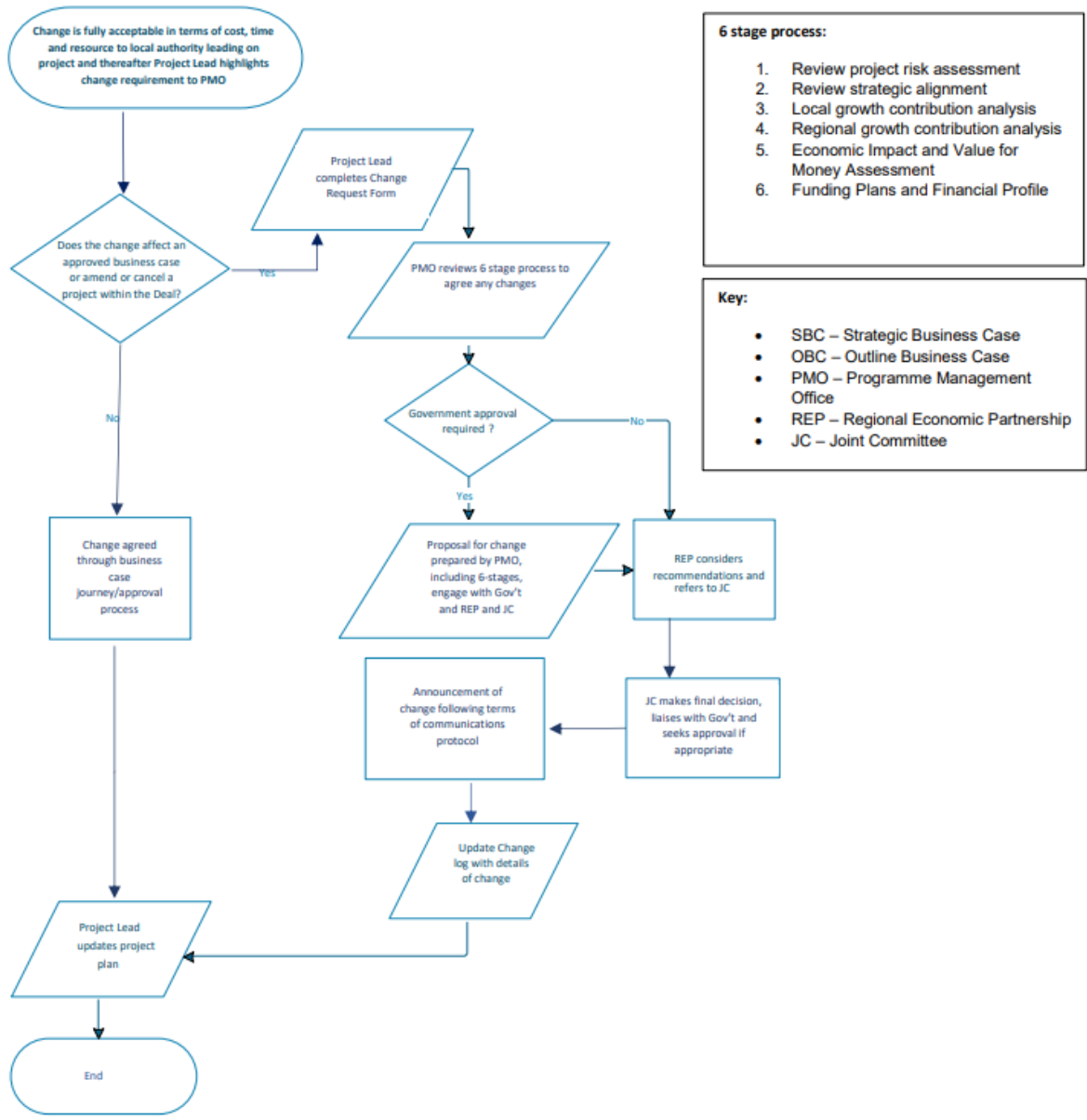
This should be compared with the inverse BCR or β parameter discussed above and the value for money condition is if:

$$VFM \text{ if } \gamma \geq 1 + \beta \text{ or } \gamma - 1 \geq \beta$$

STAGE 1 - Scotland Impacts - Standard Analysis as calculated before (traditional)						
Outcome	Short Listed Options					
	Option 1 Do nothing	Preferred Option (Option 3, Phase 1 Only)	Preferred (sensitivity check - 20% increase in costs)	Preferred (sensitivity check - increase in occupancy costs)	Alternative 1 (Option 3, NMIS in Irvine Ph 1 & 2)	Alternative 2 (MAC Operate, Phase 1 only)
Business space created	0	516	516	516	1336	640
Capital Expenditure	n/a	£1,660,000	£1,392,000	£1,660,000	£15,160,000	£6,000,000
Net Present Cost		£1,474,607	£1,763,523	£1,474,607	£12,835,326	£5,214,350
Direct Jobs	0	8	8	8	22	10
Indirect Jobs	0	6	4	4	17	8
Total Jobs	0	14	12	12	39	18
Construction jobs	0	3	11	3	84	33
Construction GVA	£0	£358,673	£430,407	£358,673	£3,121,371	£1,268,446
Direct GVA (Present Value of Benefits)	£0	£1,896,234	£1,896,234	£3,665,567	£10,066,022	£4,003,396
25 year NPV						
Indirect GVA	£0	£1,536,366	£977,191	£1,888,986	£8,155,796	£3,243,020
25 year NPV						
Total GVA	£0	£3,432,620	£2,873,425	£5,554,553	£18,221,818	£7,253,016
25 year NPV						
Present Value of Costs to Government	n/a	£1,474,607	£1,763,523	£1,474,607	£12,835,326	£5,214,350
NPV		£421,627	£126,705	£2,180,960	-£2,763,304	-£1,204,354
BCR (ex construction)		1.29	1.07	2.43	0.78	0.77
Rank based on BCR		1	n/a	n/a	2	3
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	1.03	1.03	1.03	1.03	1.03
NPV		£531,075	£236,153	£2,528,515	-£1,863,803	-£646,621
BCR		1.40	1.17	2.71	0.85	0.84
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	n/a	1.22	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	8	8	8	22	10
Steady State Direct GVA	£0	£521,541	£521,541	£521,541	£1,410,391	£646,873
GVA per head for project	£0	£65,366	£65,366	£65,366	£65,366	£65,366
Productivity Adjustment factor (r)	n/a	1.34	1.34	1.34	1.34	1.34
Overall UKG Adjustment Factor (UKAF) (g)		1.64	1.64	1.64	1.64	1.68
Scottish BCR Factor (b)		1.78	1.93	1.40	2.28	2.43
Rank based on Overall UKG Adjustment		3	n/a	n/a	2	1

Assumption	Option 1 Do Nothing	Preferred Option [Option 3, Phase 1 Only]	Preferred [assessing] shock - 20X increase in annual	Preferred [assessing] shock - increase in annual	Alternative 1 [Option 3, MHS in Interim Ph 1 & 2]	Alternative 2 [MHC Operate, Phase 1 only]	Source
Capital Expenditure	0	61,658,000	61,335,000	61,658,000	615,168,000	66,888,000	HAC
Disposal value	3.5X	3.5X	3.5X	3.5X	3.5X	3.5X	SourceDesk
Model length	25 years	25 years	25 years	25 years	25 years	25 years	EY
Payment profile	0	Years 2022/23 - 2024/25 (Years 3-5)	Years 2022/23 - 2024/25 (Years 3-5)	Years 2022/23 - 2024/25 (Years 3-5)	Years 2019/20 - 2026/27 (Years 0-7)	Years 2022/23 - 2024/25 (Years 3-5)	HAC
Project specifications							
Build-out - R&D (Class 4k)	0	516	516	516	1,936	648	HAC
Total	0	516	516	516	1,936	648	HAC
Project Build-out							
Build-out - R&D (Class 4k)	0	Year 3	Year 3	Year 3	Years 3 - 5 37X; Years 6 100X wards	Year 5	HAC
Project Occupancy							
R&D (Class 4k)	0	Year 3 - 7 Fixed 100X	Year 3 - 7 Fixed 100X	Year 3 - 100X wards	Year 3 - 5 37X; Year 6 - 100X wards	Year 5 - 100X wards	HAC
Employment multipliers							
Scientific Activities (Research and Dev) (SIC 72)	0	0.81823825	0.81823825	0.81823825	0.81823825	0.81823825	Source: Scottish Government, Type 1 Employment Multiplier, Scotland, 1998-2017 https://www.gov.scot/publications/inputs-output-table/
Employment multipliers (assessing)							
Scientific Activities (Research and Dev) (SIC 72)	n/a	n/a	0.515932493	0.515932493	n/a	n/a	Source: Scottish Government, Type 1 Employment Multiplier, Scotland, 1998-2017 https://www.gov.scot/publications/inputs-output-table/
GVA per head							
Scientific Activities (Research and Dev) (SIC 72)			665,366				Source: SABS 2018, Scottish Government, Local Authority Tables https://www.gov.scot/publications/scottish-annual-business-statistics-2018/
GVA per head (split)			0.38X				HMT GDP Deflator https://www.gov.scot/publications/gdp-deflator-annual-prices-and-monthly-gdp-month-2020-budget/
Part-time adjustment			87.5X				RPS Scotland from www.scot.nhs.uk, 2015-20 and Health Commission (2015) Employment Density Guide https://www.gov.scot/publications/inputs-output-table/attachment_data/file/484133/employment_density_guide_3rd_edition.pdf
Employment Density							
Scientific Activities (Research and Dev) (SIC 72)			58				Source: Health Commission Report (2015) https://www.gov.scot/publications/inputs-output-table/attachment_data/file/484133/employment_density_guide_3rd_edition.pdf
Construction							
Spent per FTE			6181,000				Scottish Government / Community Development Guide for 2000 https://www.gov.scot/publications/scottish-government-community-development-guide-for-2000/
Construction GVA per FTE			45,566				Scottish Government RPI Statistics https://www.gov.scot/publications/scottish-annual-business-statistics-2018/
Additionality			85.5X				Source: Health Commission Report, Additionality Guide, 4th Edition 2014 https://www.gov.scot/publications/inputs-output-table/attachment_data/file/378177/additionality_guide_2014_full.pdf
Personneling			38X				EY
Geography							
			Median Earnings				
LOCAL (MUTS 3 - East, North - or Islands, South)			618,337				https://www.gov.scot/publications/inputs-output-table/attachment_data/file/378177/additionality_guide_2014_full.pdf https://www.scotland.gov.uk/inputs-output-table/attachment_data/file/378177/additionality_guide_2014_full.pdf
REGIONAL (MUTS 2 - Southern Scotland)			618,000				
SCOTLAND			619,649				Regional Gross Household Disposable Income 2015
UK			624,433				
Distributional/Wright Curve			1.38				

APPENDIX P: AYRSHIRE GROWTH DEAL CHANGE MANAGEMENT PROCESS



NORTH AYRSHIRE COUNCIL**23 August 2022****Cabinet**

Title: **Ardrossan Strategic Regeneration Programme and advanced works infrastructure update**

Purpose: The purpose of the report is to update Cabinet on the Ardrossan Strategic Regeneration Programme and the package of infrastructure works to enable construction of the Ardrossan Community Campus, marine, commercial and residential development.

Recommendation: That Cabinet:

- Notes the update to the Ardrossan Strategic Regeneration programme
- Notes a detailed update will be brought to Cabinet in November 2022.

1. Executive Summary

- 1.1 The Ardrossan Strategic Regeneration Programme is an ambitious initiative which is anticipated will deliver investment of c.£170m over the next 10 years and will lead to a major transformation of the local area and beyond. This nationally significant regeneration programme will establish Ardrossan as a major centre for lifelong learning and academic achievement, a tourism destination of choice, a multi-modal transport hub, the gateway to Arran and the Clyde Islands and recognition as an exemplar in marine innovation and the blue economy.
- 1.2 The paper to Council at its meeting on the 8th September 2020 set out that a package of advanced works would be required including the construction of a revetment (sea wall) to address flood risk, the remediation of the site, construction of new roads and drainage, the infill of land to create a commercial development site, new utilities provision and the development of a coastal path. These works are required to facilitate the construction of the Ardrossan Community Campus, marine, residential and commercial buildings to be developed as part of the programme. It was anticipated that these advanced works would commence on site in Spring 2022 with a view to completion in 2023 to align with the construction works of the Ardrossan Campus which is due to for completion in January 2025.

- 1.3 A tender for the advance works package was published in November 2021. Following the close of the tender period in March 2022, only two submissions were received from contractors. The submissions suggested a contract value well in excess of cost estimates and the budget available. In addition, the lowest cost (and highest quality) bid included a significant number of clarifications that would have increased the risk profile to the Council in terms of both cost and programme. Ultimately both bids have been deemed to be non-compliant within the current procurement exercise and have not been accepted.
- 1.4 Following the conclusion of the tender process, discussions have been held with Scottish Futures Trust as key funders to the Ardrossan community campus project to ascertain their continued support and involvement in the project. They have been very engaged in on-going discussions and recently facilitated a workshop to scope out the key areas of work to be progressed to determine options and recommendations for the way forwards. From this workshop a plan has been developed to progress strands of work to inform future options and recommendations.

This paper provides an update on the Ardrossan strategic regeneration programme, a more detailed update on the tender process for the advanced works and the work that is under way to support the analysis of options and recommendations for the way forward.

2. Background

- 2.1 The Council paper from 8th September 2020 sets out the component projects in the Ardrossan Strategic Regeneration Programme. Table 1 below has been updated to reflect the current status of individual projects.

Table 1

Ardrossan: Strategic Regeneration Element	Description of Project	Current Status of Project
Site enabling Infrastructure works	Construction of a sea wall, remediation of the North Shore Site, provision of onsite road and utilities.	<ul style="list-style-type: none"> • Tender process undertaken between November 2021 and March 2022. • Two bids were received but both were deemed to be non-compliant following extensive evaluation.
Ardrossan Community Campus	A new community campus, which will replace Ardrossan Academy and Winton Primary School including early learning and childcare provision, public swimming pool and library and accommodation for health and social care staff.	<ul style="list-style-type: none"> • Statutory Public Consultation completed. • Funding approved via Phase One of the Learning Estate Investment. • Programme (LEIP) Design team appointed

Ardrossan Harbour	Significant harbour improvements to ensure the long-term resilience of Ardrossan as the mainland port for the Arran and Campbeltown ferries.	<ul style="list-style-type: none"> • Consultation undertaken with some adjustments to the design following feedback. • Further discussions required in the context of the pre-tender exercise. • Agreement from the Transport Minister to proceed to tender.
Ardrossan Connections	A new coastal path and improved links to the town centre.	<ul style="list-style-type: none"> • Design of coastal path complete and within scope of enabling works • Recent consultation on Ardrossan Connections being considered
International Marine Science Centre (IMSE)	An innovation, research and development centre of excellence focusing on marine and environmental sustainability as part of a wider focus to create a blue economy innovation ecosystem. AGD project in deal documents.	<ul style="list-style-type: none"> • Working towards an Outline Business Case. • MoU agreed with University of Stirling to develop proposals.
Marina	A proposed extension to the existing marina as part of a wider programme of works to support the development of marine tourism. AGD project in deal documents	<ul style="list-style-type: none"> • Programme Business case submitted to Scottish Government. Some further work required. • Further design and cost assessment being undertaken • Progress to FBC with detailed design and tender of project in 2023.
Residential Development	An opportunity to introduce a range of housing types and tenures.	<ul style="list-style-type: none"> • To be taken forwards once the campus is progressed
Commercial Development	Development proposals include the potential for a hotel, commercial and retail use	<ul style="list-style-type: none"> • To be marketed once IMSE and

		Marina further developed
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- 2.2 As indicated above, an enabling works package is required to facilitate the development of the Ardrossan Community Campus, marine, residential and commercial development. A planning application for the works was approved by the Council's planning committee subject to conditions in March 2022. To align the advanced works with the target date for completion of the Ardrossan Community Campus in early 2025, the procurement process commenced on 30 November 2021 when a Contract Notice was published on the Public Contract Scotland portal. The tender package was issued on the basis of an open tender process.
- 2.3 At the close of the tender period in late March, two bids were received. While the majority of the 63 contractors who had registered interest in the project did not have the required scale or experience to undertake the works, five or six responses from major contractors were expected. Corporate Procurement sought feedback from contactors that did not submit a bid, with this identifying the following main issues:
- lack of capacity by contractors
 - level of contractor risk
 - short tender return period
 - the varied scope and nature of the works
 - requirements for contractor to meet required minimum annual turnover
- 2.4 Following an extensive evaluation, it was determined that the two tenders were non-compliant so that NAC were unable to award the contract. The highly challenging environment including contractors being very selective in projects that they bid for, skills shortages, volatility in the price of materials, uncertainty in supply chains, global market uncertainties and construction inflation have undoubtedly played a part in this particular tender process. The level of contractor risk may also be a significant issue as the Council sought to transfer as much of the risk as possible in this highly complex programme. The immediate concern has been the impact on the programme of construction of particularly the Ardrossan Community Campus given that tight timelines have been established as part of the funding package.
- 2.5 Consequently, discussions have been held with Scottish Futures Trust (who provide c50% of the funding for the campus development). SFT have been very constructive in their support recognising that the issues that have been faced are common to many construction and infrastructure projects across Scotland. Several discussions and a facilitated workshop by SFT have culminated in the development of a plan which is designed to ascertain options and a preferred route forwards.

Specifically, the plan has been designed to determine:

- if a fresh procurement process and repackaging of projects would lead to a competent tender in current market conditions and would be informed by early engagement with potential contractors to improve understanding of market conditions;
- how risk sharing and transfer could be improved;
- the efficiency and effectiveness of current designs, specifications and technical solutions with amendments as appropriate.

2.6 The work is now in progress and a more detailed position can be presented to the Cabinet in November. SFT continue to be involved in this work as their on-going support is critical. SFT have also raised the prospect of accessing additional funding to reflect the complexities of the site conditions and current market conditions. This is being further explored with SFT.

3. Proposals

3.1 That Cabinet:

- Notes the update to the Ardrossan Strategic Regeneration programme
- Notes a detailed update will be brought to Cabinet in November 2022.

4. Implications/Socio-economic Duty

Financial

4.1 The financial implications of the work being undertaken are still to be determined.

Human Resources

4.2 The human resource implications of the work being undertaken are still to be determined.

Legal

4.3 The legal implications of the work being undertaken are still to be determined.

Equality/Socio-economic

4.4 A detailed review of the socio-economic implications is being undertaken.

Climate Change and Carbon

4.5 The climate change and carbon implications of the work being undertake are still to be determined.

Key Priorities

4.6 The site remediation proposals will help contribute to several of the Council Plan key priorities including:

- Inclusive, growing, and enterprising local economy.
- Developing North Ayrshire as a coastal and Island destination, attracting tourism investment and visitors.
- Best start in life for children and young people

- People enjoy good life-long health and well-being.
- Effective infrastructure and digital connectivity.
- Affordable, modern, and well-designed homes that meets residents' needs.
- Vibrant, welcoming, and attractive places.
- A sustainable environment

Community Wealth Building

- 4.7 The Ardrossan Programme is the most significant regeneration proposal in the local area for many years, and is identified as a strategic site within the Regeneration Delivery Plan and provide opportunities for significant improvements in Community Wealth Building and Placemaking.
- 4.8 The site remediation proposals will contribute to the Community Wealth Building objective of making the best use of our land and assets by bringing back into economic use one of the largest vacant and derelict sites in North Ayrshire. The developments will see the creation of good quality jobs for local people and through the investment into the campus and IMSE a range of skills and education opportunities. IMSE has the potential to bring a new anchor institution to the area and the construction contracts will be procured adopting CWB principles.

5. Consultation

- 5.1 Communication with stakeholders is an important part of explaining why the advanced works have not already commenced and a communications strategy has been developed. It is intended that appropriate communications will now take place to explain the current circumstances and actions.

Karen Yeomans
Director, Growth & Investment

For further information please contact Karen Yeomans, **Director, Growth & Investment**, on 01294 324131.

Background Papers

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NORTH AYRSHIRE COUNCIL
23rd August 2022
Cabinet

Title: **The Promise in North Ayrshire – Update on Progress**
Purpose: To update Cabinet on the ongoing work within North Ayrshire to deliver “The Promise” to our children and young people.

Recommendation:

1. Note the progress in North Ayrshire to lay the foundations to deliver on the ambitions of The Promise and note the further areas of work planned during Phase 1 to 2024.
2. Note that a further progress report and action plan will be remitted to Cabinet following the The Promise Conference to be held in November 2022.

1. Executive Summary

- 1.1 North Ayrshire has welcomed the findings of the Independent Care Review and subsequent publication of the “The Promise” and the call to action that lies within. We are committed to improving outcomes for children, young people and families in our North Ayrshire communities and recognise that, whilst progress has been made in the first two years, there are many areas we will continue to develop and improve in the years to come.
- 1.2 Substantial work has been undertaken to progress the commitment to lay the foundations to deliver on The Promise in North Ayrshire during the ‘bedding down phase’ (Phase 1) of a 10-year implementation plan. This report updates and assures members progress is being made both nationally and locally, and it also outlines key next steps until March 2024. The calls for action in The Promise are significant and involve whole system change with an agreed timeframe of no later than 2030.
- 1.3 This update report does not seek to outline all of the supports, interventions and plans in place across multiple agencies - including North Ayrshire Council - to support care experienced young people, but rather provides Cabinet with an update on some of the specific pieces of work completed and planned to lay the foundations, scaffolding and governance arrangements as set out in the 5 priority areas. There are further reports presented to the Council which contribute to the delivery of the Council’s commitment to The Promise, for example the annual report presented to Cabinet in relation to Educational Attainment for Care Experienced children and the annual Child Poverty Action Plan.

- 1.4 This report sets out how the foundations have been laid in North Ayrshire for the delivery of The Promise. These include governance and oversight arrangements (illustrated in Appendix 1), engagement across services and with young people, capacity and resources to support our workforce in line with the five priority areas of:
- A Good Childhood
 - Whole Family Support
 - Supporting the Workforce
 - Planning
 - Building Capacity
- 1.5 The funding available to realise the full ambitions of The Promise is unclear at this stage. £190k has been received to support the change programme and deliver a specific North Ayrshire project in relation to siblings. More recently funding has been allocated to the Children's Services Strategic Partnership for Whole Family Wellbeing. This recent allocation is to date the most significant investment provided to local areas to deliver on The Promise. There remains a risk that the scale and pace of change locally could be constrained by resources being made available to deliver, for example, the transfer of resources to early intervention services and approaches.
- 1.6 The work to embed and implement the principles of The Promise is ongoing, the next most significant milestone being The Promise conference which will be held in November 2022 where the voices of children and young people will be central. This engagement will inform a more detailed progress report and action plan to be presented at a future Cabinet.

2. Background

- 2.1 The Scottish Government announced in 2016 that an independent, root and branch review of Scotland's care system would be undertaken, following extensive lobbying from care experienced people and advocacy organisations. Commencing in 2017, the review examined the underpinning legislation, practices, culture and ethos of the care system. The Care Review concluded at the end of March 2020 with the publication of "The Promise".
- 2.2 The National Independent Care Review heard that Scotland needed to change how it cares for children, young people and their families, and concluded that the care system required a radical overhaul. "[The Promise](#)" was subsequently developed; consisting of 80 changes to support the whole system redesign required and narrating a vision for Scotland. Built on five foundations of Voice, Family, Care, People and Scaffolding, it made a promise that all children in Scotland will grow up loved, safe and respected. The calls for action in The Promise are significant and involve whole system change with an agreed timeframe of no later than 2030.
- 2.3 The Promise is a large-scale, complex 10-year change programme with multiple objectives and interlinked activities, across multiple partners. Building for the future takes time. To maximise impact and ensure sustainability of approach, a firm foundation needs to be built to give assurance of governance and accountability; to allow all partners to be clear of their own, and collective, roles and responsibilities; and on which to build all future developments.

- 2.4 Delivery of The Promise does not sit in isolation and also cannot be delivered by North Ayrshire Council alone. Delivery sits alongside the commitment to incorporation of the United Nations Convention on the Rights of the Child (UNCRC), our Corporate Parenting Plan, North Ayrshire's Child Poverty Strategy, the Children's Services Plan and work in relation to children and young people's mental health and wellbeing. Delivery and progress with all of these plans require multi-agency working across a number of partners.
- 2.5 The timeline below provides a high-level illustration of the implementation of the plan by 2030 and the expectations at each phase of delivery:

Years Two to Four – Bedding Down
April 2021–March 2024

- Early intervention and prevention will become standard with obsolescence of crisis services commenced.
- The necessary legislative reform will be underway to make sure The Rules are enabling.
- A practice and culture change programme will be embedded.

Years Five to Seven – Consolidation
April 2024–March 2027

- A midpoint review of The Plan will be carried out to ensure pace and performance is on track.
- The Promise will be being realised and the impact felt by children and families.

Years Eight to Ten – Continuous improvement
April 2027–March 2030

- All targets will be achieved.
- The majority of crisis services will have become obsolete.
- The Promise will be delivered across Voice, Family, Care, People and Scaffolding.
- The independent oversight body will cease to exist, giving way to a new standard of care.

- 2.6 The National Promise Team has published a [National Plan for 2021-2024](#) and the Promise '[Change One Programme](#)', highlighting their expectations around what should be accomplished by 2024, which is illustrated below:



- 2.7 Building this foundation and the subsequent scaffolding around the change programme, has been the major focus for North Ayrshire in the last two years. To make sure that we get it right for North Ayrshire's care experienced community, we need to be clear of the linkages between different parts of the system, the intended and unintended impact of introducing new ways of working, and making sure that the child, young person and their families understand and are central to this, in addition to feeling heard and supported by all parts of "the system".
- 2.8 The Promise sets out a clear commitment for all corporate parents to have an enhanced understanding of the experiences of those who have spent time in care, and to drive forward the findings and recommendations. Examples include: separation from their brothers and sisters during their time in care; multiple placement changes; and the provision of mental health support. The Promise challenges all of us to make sure the necessary changes are made across a wide range of areas to ensure we #KeepThePromise to all North Ayrshire's care experienced people.
- 2.9 The last two years have coincided with the global COVID-19 pandemic which has impacted our ability to progress some aspects as originally planned. This includes opportunities to work alongside children and young people face to face. Despite this, partners have remained strongly committed to progressing The Promise and have

sought creative and innovative ways to overcome some of the additional challenges presented by the pandemic.

Governance

2.10 Formal Governance arrangements are in place to oversee and drive the delivery of The Promise. A Promise Oversight Board and Promise Operational Groups (PrOG) have been established to ensure consistency and involvement across partners at a strategic and operational level. These forums include all key strategic partners, frontline staff and care experienced individuals and have met regularly throughout the last two years. The Oversight Board meets once every three months and is attended by Senior Managers and two care experienced young people; one of whom co-chairs the meetings.

2.11 The PrOG meets every six weeks and is attended by front line managers, front line staff and six care experienced young people; one of whom co-chairs the meetings. It has four subgroups progressing work around:

- Language and Communications
- Alternative Care
- Trauma Informed Practice, and
- Data and Discovery Mapping

Each of these sub-groups have agreed their own priorities for Phase 1 which include:

- Developing a multi-agency social media platform
- An anti-stigma campaign
- Strengthening representation by young people
- Developing mentoring pathways
- Roll out of trauma aware and trauma skilled resources and training
- Mapping early intervention services to prevent young people coming into the care system
- Data mapping across multiple agencies
- Developing a Performance Management Framework

Examples of Achievements and Actions to Date

2.12 Whilst not an exhaustive list some specific examples of achievements and actions to date across delivery partners as part of the bedding down phase are highlighted below:

- Over 100 awareness raising sessions have been delivered to a variety of services and partners including: Police Scotland, Third Sector Forums, Private Provider Forums, Housing, Education, Youth Services, Health, Scottish Fire & Rescue, all of Children, Families & Justice Services Teams and Active Schools. The purpose of these sessions is to raise awareness of care experience, share the message about the aims of the Promise and suggest ways in which individual service areas can be good corporate

parents and better understand their role in making changes to align with The Promise vision and principles.

- Our Champions Board have drafted a glossary of preferred terms to be used when describing the 'Care System' and to be used in paperwork, meetings and written material.
- A new 'Cost of the School Day' policy was approved and a conference was held to look at mitigating the impact the cost of the school day has on families and individuals' finances.
- Education services continue to focus on closing the poverty-related attainment gap and raising the educational attainment and achievement of care experienced children and young people, including through nurture.
- Education have employed an additional Home Tutor to provide one to one tuition for care experienced children and young people.
- Care experienced young people have played a crucial part in interviews for new Health and Social Care staff, where that role could potentially impact of the lives of the care experienced community.
- Provision of employability support for care experienced people through group work sessions and one to one support with resilience, interview skills and employability skills.
- All teams and departments have appointed a Promise Champion to be the central point of contact for all consultations, views and to disseminate information and developments to their teams. A 'Promise Champions' SharePoint site has been established and has 25 Champions as members.
- Offering mental health and wellbeing support for care experienced young people through Mental Health Project workers, this has included full mapping of mental health services and group work/ one to one sessions.
- A Welfare Rights Officer has been appointed to work with families to deliver welfare rights services and signpost to other support services in 7 of North Ayrshire Council's Secondary Schools, more than £150k has been secured for families in the past year.
- The Signs of Safety model and Safe and Together models are currently being implemented across Health and Social Care and wider partners. Both models take a rights-based approach and fully align with the principles and shift in culture and practice required to deliver on the ambitions of The Promise. 'Signs of Safety' being a relationship-based model working within the context of child welfare and protection. The approach develops a shared and explicit understanding between professionals and families of where the risk from harm lies, in what set of circumstances it may arise and how these risks will be mitigated through effective safety planning.
- A care experienced housing officer is in place to be a single point of contact for Care Experienced Young People, improving the housing service and minimising their need to repeat their story to multiple people.
- The Active Schools Team work closely with key school staff to target care experienced young people to access all sport and physical activity opportunities, both in the school environment and their local communities.
- Care experienced young people are embedded within the Youth Participation and Citizenship Strategy with the inclusion of young people from the Champions Board as part of our Executive Youth Council, Joint Youth Forum Meetings and other voice and rights structures.
- Our Champions Board have produced an Anti-Discrimination and Stigma Policy for Corporate Parents.

- The Family Centred Wellbeing Service was introduced in October 2021 and is a collaborative partnership between the Health and Social Care Partnership and Education. The service is predicated on early intervention approaches.
- The Health and Social Care Partnership have developed and implemented their 'Keeping Brothers and Sisters Together' guidance (a key focus of The Promise). The key principles of this guidance are to ensure we take all possible steps to place siblings together should they need to be received into care with careful consideration will be given to the best interests of each individual child.

Key Next steps

2.13 The following key areas will continue to be progressed in Phase 1 to 2024:

- Continue to be engage in and be active participants in the National Promise Leads and Sharing Practice Networks, liaising with the National Promise Oversight Board, Promise Development Partners and Children's Services Strategic Leads networks to share best practice and learn from other areas regarding their Promise developments.
- Work closely with key national partners including Social Work Scotland, to influence their approaches on the current planning on legislative changes to progress outcomes regarding the Children's Hearings System, Youth Justice and Inspection and Regulation.
- Organise and hold our first Promise Conference in November 2022, a key milestone in engaging and listening to the experience and views of children and young people.
- Progress with ongoing work to reduce the number of children and young people coming into the care system and increase the number of children and young people coming back to North Ayrshire from external placements, through active review and identification of local alternatives, where appropriate.
- Further develop, expand and roll out The Family Centred Wellbeing Service.
- Develop creative and transformative plans with partners to bolster existing services and initiate innovative new projects in line with the criteria for the new Whole Family Wellbeing Fund, ensuring resource allocation decisions are aligned with investment in early intervention and prevention approaches.
- Implement and embed the 'Signs of Safety' and 'Safe and Together' models across the Health and Social Care Partnership and wider partners.
- Review and improve current practice in relation to promoting and managing school attendance and preventing and managing school exclusions.
- Continue to target actions to close the poverty-related attainment gap and raise educational attainment and achievement of care experienced children and young people.
- Build on the network of Promise Champions from staff teams and departments across all services in North Ayrshire and raise awareness/spread the message of The Promise.
- Provide ongoing employability support and funding for training and events.
- Provide further opportunities for care experienced young people to express their views and opinions through workshop spaces at events and inputs to larger youth voice forums.
- Further develop models of care for young people transitioning from care into adulthood and independent/supported living, including for those young people

who request continuing care (whereby an individual can continue to reside within their current placement, if appropriate, until age 21 years).

Resources

- 2.14 The GIRFEC and Corporate Parenting Lead is North Ayrshire's Promise Operational Lead. Hearing the voice of the care experienced community is integral to The Promise and since 2021 there is a full time Engagement and Participation Lead and a Corporate Parenting Youth Worker, with plans to recruit to the role of Participation Assistant. Further plans include appointing a Family Wellbeing support worker and Trauma informed support worker to support with work focused on keeping siblings together.
- 2.15 Limited financial resources have been allocated to deliver on The Promise so far. A total of £190k has been received from the Corra Foundation and the Promise Partnership Fund to support the role of Promise Lead, and to support work in relation to keeping siblings together within their own homes and out of care. This funding has supported a focus on prevention and early intervention work, the roll out trauma-informed training and nurture approaches across services and realigning resources and services to work with families on the edges of care.
- 2.16 On 1 July 2022 the Scottish Government allocated £32m from the Whole Family Wellbeing Funding to Children's Services Planning Partnerships (CSPPs) to build local capacity for transformational whole system change and to scale up and drive the delivery of holistic whole family support services. This funding has a multi-year commitment to 2025-26 and sets out the ambition that by 2030, at least 5% of community-based health and social care spend should be spent on preventative whole family support measures. This funding is the most significant investment received to date and will support and drive forward a key element of how The Promise can be delivered. The North Ayrshire allocation of funding for 2022-23 is £959k.
- 2.17 2022-23 is the first year of this funding and the purpose is to support Children's Services Planning Partnerships (CSPPs) to:
- Build transformational capacity within the CSPP – for example by setting up a dedicated team to consider whole system change; buying in specific transformational expertise; training and learning to develop skills and capacity for change; supporting the development of collaborative leadership.
 - Test new system approaches to family support in line with strategic plans i.e. tests of change, implementation activity, or development of new approaches identified within strategic development plans; support to establish long term sustainable engagement with children and families.
 - Scale existing transformative and effective approaches which align with the National Principles of Holistic Whole Family Support, with a view to making the case for their integration into longer term local investment plans (noting that the expectation is the Whole Family Wellbeing Funding will end in 2025-26).
- 2.18 North Ayrshire CSPP are required to submit and share plans for spend with the Scottish Government by 3 October 2022. Future updates to Cabinet will provide further information on the plans for use of this resource.

Summary

- 2.19 Good progress has been made in relation delivering on the ambitions of The Promise and North Ayrshire has laid strong foundations to take forward these ambitions by 2030, which will radically redesign the whole care system. Local activity has focused on building the foundations, strengthening partnership working and securing multi-agency and multi-disciplinary commitment. A number of service and practice developments are underway and links have been made with other major projects and programmes which are related to care experienced children and young people both locally and nationally.

3. Proposals

- 3.1 Note the progress in North Ayrshire to lay the foundations to deliver on the ambitions of The Promise, and the further areas of work planned during Phase 1 to 2024.
- 3.2 Note that a further progress report and action plan will be remitted to Cabinet following The Promise Conference to be held in November 2022.

4. Implications/Socio-economic Duty

Financial

- 4.1 The report details specific funding received to date. Further financial implications are likely and expected as services undergo various stages of re-design to meet our commitment to The Promise. Financial implications will be identified at the earliest stage in planning and development processes as our work towards achieving The Promise actions are progressed. There is a significant risk of realising the full ambitions of The Promise if the system is not sufficiently resourced or funded to respond and change.

Human Resources

- 4.2 There will be an impact on staff as we reframe how some our services support care experienced children and young people. The specifics of this will be clarified as more detailed plans emerge.

Legal

- 4.3 Unknown at this time however it is likely that legislation will follow as The Promise contains the commitment to legislative reform.

Equality/Socio-economic

- 4.4 The vision of The Promise seeks to address the inequality of outcome experienced by our children and young people who have been or are in the care system. If the ambitions of The Promise are realised, not only will there be improved outcomes but also a reduction, and ideally, an elimination of the inequity that exists between care

experienced children and young people and children and young people with no experience of care.

Climate Change and Carbon

4.5 None.

Key Priorities

4.6 Implementation of The Promise aligns to the following priorities:

- North Ayrshire’s vision that Children and young people experience the best start in life.
- North Ayrshire’s residents and communities enjoy good life-long health and wellbeing ensuring our communities are inclusive for all.
- Community Planning Partnership strategic vision of: Working together to improve well-being, prosperity and equity in North Ayrshire, through Aspiring Communities and Inspiring Place.
- Implementation of The Promise is a key ambition of the HSCP Tackling Inequalities Strategic Commissioning Plan 2022-2030: Caring Together.
- The Promise features heavily as part of North Ayrshire’s work to tackle poverty.
- The Promise is a key aspect of the work of NHS Ayrshire and Arran’s Corporate Parenting Steering Group, Corporate Parenting Taskforce, Infant Children and Young People’s Board and Poverty Taskforce.

Community Wealth Building

4.7 None.

5. Consultation

5.1 As evidenced through the work progressed and planned to date ensuring the voices of care experienced children, young people and their families is integral to the delivery of The Promise in North Ayrshire. We have described many examples of where young people have been at the heart of decision making, including through the governance arrangements locally, and also in service developments such as recruitment processes. This will continue and be an integral part of delivery of North Ayrshire’s commitment to The Promise, with the voices of children and young people being central.

Caroline Cameron
Director, North Ayrshire Health and Social Care Partnership

For further information please contact **Alison Sutherland, Head of Children, Families and Justice Services**, on **01294 317727**.

Background Papers

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Appendices

Appendix 1 – North Ayrshire’s The Promise Governance Chart

North Ayrshire's The Promise Governance Chart

