

AYRSHIRE ECONOMIC PARTNERSHIP BOARD**MEETING – 26 JANUARY 2023****Report by the Ayrshire Regional Strategy Working Group**

AYRSHIRE REGIONAL ECONOMIC STRATEGY

PURPOSE

1. To present the final draft Ayrshire Regional Economic Strategy for endorsement and seek authorisation to take the strategy to the Ayrshire Economic Joint Committee for approval.

RECOMMENDATIONS

2. It is recommended that Members:
 - (i) Note the progress of the Regional Strategy Working Group in developing a new Regional Economic Strategy for Ayrshire;
 - (ii) Endorse the final draft Ayrshire Regional Economic Strategy and agree its submission to the Ayrshire Economic Joint Committee for approval;
 - (iii) Note that the Working Group will progress the production of an action plan and appropriate delivery/governance arrangements for future consideration of the Partnership Board to promote effective delivery of the strategy's emerging actions;
 - (iv) Otherwise, note the contents of this report.

BACKGROUND

3. The Ayrshire Economic Joint Committee took the decision to further progress the development of an Ayrshire Regional Economic Strategy, for consideration at a future Committee meeting. It was further agreed that the three Councils would commission external expertise to support the development of the strategy, with a particular focus on expertise in Community Wealth Building and the wellbeing economy. An industry-led Regional Strategy Working Group was created to lead this process, with representation from the six recovery and renewal workstreams and other stakeholders.
4. Following a competitive tendering exercise, the Centre for Local Economic Strategies (CLES) were appointed to take forward the development of the strategy. The purpose of the strategy is to set out a vision for a wellbeing economy, to deliver this vision through facilitating the deployment of investment, and to provide investors with a clear signal of the strategic economic priorities of the region. Funding was awarded from the Scottish Government and Skills Development Scotland.

5. Extensive research and engagement with appropriate stakeholders has provided the essential data and evidence for the Working Group to take forward into a draft strategy document. Various draft iterations were developed by the Working Group, with a final draft presented to the Regional Economic Partnership Board at this meeting. Key headline information from the strategy highlights that Ayrshire's economy has a number of strengths and opportunities but also has significant threats and weaknesses. The draft Regional Economic Strategy takes these into account and will deliver a number of benefits from its collaborative delivery which:
 - Gives greater clarity of purpose to help provide direction and help decision makers;
 - Strengthens the economy's capacity to deal with uncertainty and become more resilient;
 - Prioritises good lives for the residents of Ayrshire by tackling deprivation and poverty;
 - Co-ordinates efforts to support business, to target investment and deliver good jobs;
 - Maximises the potential of anchor organisations.

6. The region must build on the foundations of its significant strengths and ensure that future public and private investment works hard to maximise opportunities for local spend, employment and a just transition to net zero. The strategy outlines and approach through Community Wealth Building that provides the opportunity to leverage jobs, place-based investment and social/economic benefits through a partnership approach.

7. The strategic vision for Ayrshire considers the opportunities, engages the enablers such as the Ayrshire Growth Deal and strong existing regional partnership working, and sets out a series of outcomes to create a wellbeing economy. Six priority themes have been developed to allow for delivery of this vision:
 - Support for enterprise;
 - Fair work;
 - Innovation;
 - Good health and wellbeing;
 - Stronger places and communities;
 - Enhancing natural capital.

8. The final draft strategy has been endorsed by the three Council Chief Executives. The Working Group is seeking:
 - Endorsement of the final draft strategy by the Partnership Board;
 - Authorisation from the Partnership Board to take the final draft strategy to the Ayrshire Economic Joint Committee for approval.

9. In parallel to the approval process, the Working Group has commenced the action planning process in order to produce a robust delivery plan to accompany the strategy. Further progress on the production of an action plan and appropriate

delivery/governance arrangements, designed to promote the effective delivery and coordination of the Strategy, will be presented to a future Partnership Board for consideration.

FINANCIAL IMPLICATIONS

10. There are no financial implications directly arising from this report, however as the action planning and delivery/governance work continues, an assessment of available and required resources and financial implications will be undertaken.

HUMAN RESOURCE IMPLICATIONS

11. There are no human resource implications.

LEGAL IMPLICATIONS

12. There are no legal implications.

EQUALITY IMPACT ASSESSMENT

13. The strategy aims to tackle disadvantage, reduce inequalities at a regional level and promote inclusion, through the creation of a wellbeing economy. As part of the action planning process, each Council's equalities officer will input into the process and the final delivery plan will be subject to an Equality Impact Assessment if required.

CONCLUSION

14. Much has been achieved in Ayrshire to date through a regional approach, including the Ayrshire Growth Deal and the Community Wealth Building Commission. The Regional Economic Strategy offers the opportunity to build on this work to address the economic challenges now faced by the region and to deliver this in a unique and pioneering way that focuses on creating a wellbeing economy.

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Ayrshire Regional Economic Strategy



**Building Wealth for Everyone in Ayrshire
Our Vision for Ayrshire 2033**

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EXECUTIVE SUMMARY

CHALLENGES AND STRENGTHS

The Ayrshire region offers a wealth of opportunities, with strengths in sectors of national significance and a stunning natural landscape. Our new Regional Economic Strategy (RES) captures these strengths and our ambitions to make Ayrshire a unique destination in which to live, work, invest and visit. In order to achieve this, we must address the **key challenges** facing our economy:

- **Delivering a wellbeing economy:** addressing high incidences of deprivation and child poverty by connecting communities to opportunities, whilst achieving a just transition to net zero.
- **Enhancing economic activity and productivity:** addressing low economic activity rates, high unemployment rates and skills mismatch/shortages to make the most of inward investment opportunities.
- **Improving physical infrastructure:** addressing poor road linkages, reduced and unreliable public transport, high levels of vacant and derelict land and island and rural specific challenges, whilst capitalising on significant blue economy/marine environment opportunities.

We have a number of **strengths** as a region to help us address these challenges:

- A **strong foundational economy**
- An **entrepreneurial culture**
- **Sectors of national significance** including aerospace, tourism and food and drink
- A **rich array of natural capital**
- A **strong sense of identity** amongst businesses and residents
- **Existing strong regional governance** including a pioneering Community Wealth Building approach to economic development.

WORKING TOGETHER TO BUILD A STRONGER AYRSHIRE: OUR VISION

Our regional vision has been shaped by the key partners driving forward the strategy, in engagement with wider stakeholders. It is externally positioned within a national policy context at Scottish and UK levels, including the National Strategy for Economic Transformation (NSET) and

the Levelling Up White Paper. It reflects the desire of Ayrshire to take a different approach to regional economic development; an inclusive approach based on the principles of Community Wealth Building. Our shared vision is:

Ayrshire will be a region where wealth is shared fairly, to enable people of all ages to live full and healthy lives. Our region will be outward looking, attractive to investors and visitors, making a major contribution to Scotland’s economic development. We will also prioritise the protection of our natural wealth and culture. This is how our residents, communities, institutions and enterprises will rise to the opportunities and adapt to the challenges of the future.

PRIORITIES

Following extensive engagement across the Ayrshire region, we have developed six **key priority themes**:

- **Support for Enterprise:** A region where businesses can grow, entrepreneurship and creativity can flourish.
- **Fair Work:** A region which offers all individuals an effective voice, opportunity, security, fulfilment and respect in work.
- **Innovation:** A region where enterprises and the public sector adopt innovative solutions to address economic problems.
- **Good Health and Wellbeing:** A region where people of all ages have the access to resources to live a healthy, full and purposeful life.
- **Stronger Places and Communities:** Local economies can sustain thriving communities and deliver good public and private services to residents and visitors.
- **Enhancing Natural Capital:** Preserving and enhancing Ayrshire’s natural capital, meeting Scotland’s commitments to net zero and protection of biodiversity.

OUR DELIVERY APPROACH

We already have in place a series of ‘enablers’ to help us deliver the vision under the priority themes:

- **Ayrshire Growth Deal**
- UK and Scottish **Government funding**
- **CWB Commission, Anchor Charter and Anchor Network**
- **Recovery and Renewal workstreams**
- **Regional Economic Partnership Board.**

An emerging theme from our consultation with stakeholders has highlighted the opportunity for a regional governance review. Successful delivery of this strategy will demand a culture of delivery and accountability in which objectives are shared and responsibilities are clearly allocated and accepted across the public, private and third sector. A refresh and rewiring of these systems will help us to deliver our vision for Ayrshire 2033.

ACTION PLANS

In order to deliver our strategic vision, a parallel Action Plan document is required, which will be developed to set out more detail under each priority outcome and identify a series of actions to be achieved over the next ten years to 2033. The action planning process will commence following production of the RES.

A CULTURE OF DELIVERY

Our RES is ambitious- we have a vision for Ayrshire by 2033 and outcomes that we want to achieve. In order for us to chart progress over the next ten years and know that what we are doing is working, we have set a series of ambitious long-term priorities that are aligned to our priority themes and outcomes. These have been developed with reference to our Ayrshire Inclusive Growth Diagnostic and the Scottish Government's Wellbeing Economy Toolkit. Our actions to be developed will sit under each of these long-term priorities to allow us to work towards achieving these.

We are committed to developing a wellbeing economy in Ayrshire which generates:

- A **better life** for our youngest citizens
- Higher number of **good quality jobs**
- A **rise in economic activity** where people are more connected to opportunities
- **Stronger business start-up and survival** rates
- A greater proportion of **public sector spend on local businesses**
- More **vacant and derelict land** brought into **productive use**
- The region's natural **assets are becoming more biodiverse** and net carbon emissions are falling
- Evidence of some **improvements in health inequalities**.

Forewords

Joint statement by: Chair of AEPB and Chair of RSWG

The strategy has been developed by the Ayrshire Regional Strategy Working Group on behalf of the Ayrshire Economic Joint Committee with support from the Centre for Local Economic Strategies.



1. Our Ayrshire Regional Vision

Building Wealth for Everyone in Ayrshire

The Ayrshire region offers a wealth of opportunities, with strengths in sectors of national significance and a stunning natural landscape. Our new Regional Economic Strategy captures these strengths and our ambitions to make Ayrshire a unique destination in which to live, work, invest and visit.

Our regional vision has been shaped by the key partners driving forward the strategy, in engagement with wider stakeholders including private and third sector enterprises, and young people. It reflects the desire of Ayrshire to take a different approach to regional economic development; an inclusive approach based on the principles of Community Wealth Building.

"Ayrshire will be a region where wealth is shared fairly, to enable people of all ages to live full and healthy lives. Our region will be outward looking, attractive to investors and visitors, making a major contribution to Scotland's economic development. We will also prioritise the protection of our natural wealth and culture. This is how our residents, communities, institutions and enterprises will rise to the opportunities and adapt to the challenges of the future."

WHY NOW?

As we emerge from the COVID-19 pandemic and respond to economic uncertainty at a national level, it is of central importance that Ayrshire has a bold and ambitious Regional Economic Strategy (RES) to enable us to uphold our reputation as the first Community Wealth Building (CWB) region in Scotland. By co-ordinating current regional CWB activity, valuing the strength of the region's economy, and encouraging and supporting new investment, our strategy can deliver economic renewal across our region. In parallel to the development of our RES, the Scottish Government is developing CWB legislation which will place a requirement on all local authorities and wider partners to embed a CWB approach into strategic delivery going forward.

With the emergence of new regional economic strategies such as the Ayrshire Growth Deal (which currently has a number of projects either in delivery or moving into the delivery phase) and the Ayrshire Regional Skills Investment Plan, now is the time to capitalise on the momentum of existing partnership working to deliver a RES that works for people, businesses and industry across Ayrshire.

The leading objectives of Ayrshire's new RES are:

- To set out a vision for a wellbeing economy in Ayrshire that places the wellbeing of people, communities and the environment at its centre;
- To consider how we can maximise the impact of local, regional, national and international investment using CWB principles;
- To provide a steer which is evidence driven as to the strategic economic priorities of the region in order to maximise the energy and resources available.

Following an extensive engagement process with people across all communities in Ayrshire, a set of six foundational principles that define what the strategy will be and what it will aim to achieve over the longer term has been identified:

1. **Building wealth for the benefit of local communities:** Community wealth principle at the heart of a strategy to build wealth for all.
2. **Inclusive yet targeted:** Focused on the development of a wellbeing regional economy yet targeted at those who most need support.
3. **Collaborative yet respectful:** The strategy and its future implementation must be jointly owned by partners across Ayrshire.
4. **Evidence based yet imaginative:** Decisions must be evidence based yet there must also be room for innovation in a time of flux.
5. **Ambitious yet responsive:** Whilst the strategy sets out a long-term plan, our plans must be responsive to immediate economic challenges including the current cost of living and doing business crisis.

6. **Place based yet speaking powerfully with one voice:** The strategy is an opportunity to articulate what the region's places, businesses and people can achieve together as a region.

Our RES sets an ambitious course for the Ayrshire Economy during the next ten years as we work together to develop a wellbeing economy. This ambition recognises that it will take time to shift the dial on some of the region's most difficult challenges including child poverty, vacant and derelict land and transport connectivity. Whilst the ambition is long term, delivery must begin now. Indeed, delivery has already begun through the implementation of the workstreams and associated investment alongside the work being done by Ayrshire Councils and other anchor organisations across the region to work together to address both the immediate challenges presented by the cost of living crisis, rising energy costs and skills gaps alongside the longer term impact of climate change and demography. Our RES focuses on a wide set of measures and an associated programme of action. There will be an opportunity to undertake a strategy refresh after five years, in order to ensure that we are on track for meeting our objectives.

HOW DO WE KNOW THIS IS THE RIGHT VISION?

In the development of our RES, we consulted and engaged widely across our region. We engaged with public, private and third sector organisations, with Elected Members, with young people who will become the next generation of major contributors to our local economy, with individual enterprises through our Chamber of Commerce and with a series of global wellbeing economy experts. A full list of consultees is provided in the Appendix.

Our consultants, the Centre for Local Economic Strategies (CLES), undertook an extensive literature review, assessing the existing policy network to ensure that our RES aligns to other national and regional initiatives. The full literature review is presented in the appendix. In addition, CLES, along with BiGGAR Consulting, undertook a socio-economic baseline study reflecting key statistical data for the region in addition to reviewing our regional Inclusive Growth Diagnostic. Again, this document is included in the appendix to the RES.

OUR PRIORITY THEMES

| SUPPORT FOR ENTERPRISE | FAIR WORK | INNOVATION | GOOD HEALTH AND WELLBEING | STRONGER PLACES AND COMMUNITIES | ENHANCING NATURAL CAPITAL |
|---|--|---|---|--|---|
| A region where businesses can grow, entrepreneurship and creativity can flourish. | A region which offers all individuals an effective voice, opportunity, security, fulfilment and respect in work. | A region where enterprises and the public sector adopt innovative solutions to address economic problems. | A region where people of all ages have the access to resources to live a healthy, full and purposeful life. | Local economies can sustain thriving communities and deliver good public and private services to residents and visitors. | Preserving and enhancing Ayrshire’s natural capital, meeting Scotland’s commitments to net zero and protection of biodiversity. |

COMMUNITY WEALTH BUILDING- AT THE HEART OF OUR STRATEGY

Community Wealth Building (CWB) is an overarching theme of our strategy and something that we see as central to enabling partners to achieve our vision. This reflects the lead role that Ayrshire has had at the forefront of CWB in Scotland, challenging traditional models of economic development and recognising that the status quo isn’t working.

WHAT IS COMMUNITY WEALTH BUILDING?

CWB involves a shift change in the way local organisations operate to generate more benefits for local communities, including residents and businesses (private and third sector). It is a different economic development model that looks beyond the traditional measurement of GDP (gross domestic product) as a means of gauging how well an area is performing. CWB focuses on maximising the impact of investment (public and private) by increasing the flow of wealth and retaining this in the region, as shown in the following diagram.



These are the five ‘pillars’ of CWB, developed by the Centre for Local Economic Strategies (CLES) for the UK by adapting a model invented by the Democracy Collaborative in the US. A sixth pillar of Net Zero has been adopted in Ayrshire in addition to the five core pillars, in recognition of the climate emergency. In Ayrshire, the CWB work of the region’s key public sector bodies, or Anchor Institutions, is co-ordinated through the Ayrshire CWB Commission. We use anchors’ economic influence to tackle long-standing challenges of skills, employability and jobs, working in partnership. We use investment and public sector spend to support and develop entrepreneurship, innovation and new businesses. Harnessing this approach on a wider regional scale is central to our RES and represents our innovative approach to regional economic development.

We also use the term wellbeing economy in our strategy. CWB is an economic development approach that can help to achieve a wellbeing economy.

WELLBEING ECONOMY

An economy that delivers social justice- fair distribution of wealth, opportunities and privileges within a society- on a healthy planet.

A REGIONAL APPROACH

Our CWB approach has increased the imperative for regional working whilst fostering strong and growing networks at organisational level. The UK and Scottish Governments have directed a desire to engage at regional levels on delivery of their key economic development policies, and it is therefore necessary to strengthen the regional strategic proposition and for local authorities to work beyond their administrative boundaries and with partners across sectors. This applies not only to public sector partners, but also takes account of the perspectives of businesses, communities and residents who do not necessarily relate to, or operate within such boundaries. This was evident from our engagement sessions in developing our strategy. Furthermore, some key Anchor Institutions already operate on a pan-Ayrshire basis, such as the NHS, Scottish Enterprise, Ayrshire College and other Regional Strategy Working Group partners.

This is the first time that partners have worked together to produce a regional economic strategy for Ayrshire. It reflects our growing need for a coordinated approach towards building an economy which generates good lives for people across this diverse and beautiful region.

2. Opportunities for Ayrshire²¹

Our Strengths and Opportunities

The Ayrshire region has significant strengths and opportunities. Our entrepreneurial culture, strong foundational economy, ample vacant land resources, strength in sectors of national significance including aerospace, tourism and food and drink, a rich array of natural capital and a strong sense of identity amongst businesses and residents, make the region attractive as a place to live, work, invest and visit.

The current regional investment through the Ayrshire Growth Deal represents a significant opportunity for economic development. This will be enhanced by planned Scottish and UK Government investment such as Levelling Up and Shared Prosperity Fund. At this time of economic crisis nationally, there is a desire from partners to do things differently; to create an economic system that works for the people- this is the definition of a wellbeing economy. Embedding the principles of Community Wealth Building throughout the strategy will help us to achieve this.



COMMUNITY WEALTH BUILDING AT A REGIONAL LEVEL

A key theme of our strategy is its commitment to build wealth for communities across the region. Our region has been at the forefront of implementing CWB in recent years. North Ayrshire Council became Scotland's first CWB council following the launch of its CWB strategy in 2020. A CWB Commission¹ of nine key regional Anchor Institutions across Ayrshire was established to drive collaboration and adoption of CWB within Anchor Institutions. The Commission launched the [CWB Anchor Charter](#) in October 2020 and agreed a workplan of three regional workstreams focussing on Fair Employment, Procurement and Land and Assets. Our nine key Anchor Institutions are:



¹ The CWB Commission is led by North Ayrshire Council and includes representation from North, South and East Ayrshire Councils, NHS Ayrshire and Arran, Ayrshire College, Scottish Enterprise, Police Scotland, Scottish Fire and Rescue Service and The Ayrshire Community Trust (TACT).

AYRSHIRE COMMUNITY WEALTH BUILDING COMMISSION AND ANCHOR CHARTER

Working collaboratively with other Anchor Institutions in the region is key to achieving transformational change through Community Wealth Building. To facilitate collaborative working the Community Wealth Building Commission was formed – a group of key local and regional Anchor Institutions with the aim of embedding CWB principles within their organisations to support a wellbeing economy. Nine organisations are included in the Commission: North, East and South Ayrshire Councils, NHS Ayrshire and Arran, Ayrshire College, Scottish Enterprise, Police Scotland, Scottish Fire and Rescue Service, and The Ayrshire Community Trust (TACT).

The Commission promotes a collaborative approach to CWB in Ayrshire by jointly delivering a workplan of activity and sharing examples of good practice and success with other Anchors. A Lead Officer Working Group delivers the workplan and is focussed on developing Anchor collaboration across three priority workstreams: Procurement, Fair Employment and Land and Assets.

In October 2020 the Commission launched the CWB Anchor Charter. The Charter has been signed by eleven Ayrshire organisations and commits them to a range of pledges across the five pillars of CWB and a ‘sixth pillar’ of Climate Action. The aim of the Charter is to embed CWB practices within Anchor Organisations to create a strong, resilient wellbeing local and regional economy.

Anchor Charter Mission Statement

To commit to long-term collaboration between Ayrshire Anchor Institutions, supporting shared Community Wealth Building goals to improve collective wellbeing and create a strong, resilient and inclusive local and regional economy. This includes a commitment to the embedding of Community Wealth Building principles and reporting on progress to the CWB Commission.

COMMUNITY WEALTH BUILDING CASE STUDIES

NORTH AYRSHIRE SOLAR PHOTOVOLTAIC FARMS

North Ayrshire Council has approved construction of solar photovoltaic (PV) farms as two former landfill sites in North Ayrshire- Shewalton and Nethermains. The farms demonstrate the alternative use of council owned land to generate renewable energy and will help the council to become one of the first local authorities in Scotland to reach net zero carbon emissions within the next decade. The solar farms are set to generate almost two-thirds of the Council's energy needs and reduce CO² emissions by over 850 tonnes per annum. It is anticipated that a 15% surplus from the solar farms will be allocated to community benefit projects. In addition to creating renewable energy and green employment opportunities, the solar farms will also support the following CWB principles:

Procurement: potential for local suppliers and supply chains to benefit from the significant investment through provision of services and materials both during construction and ongoing operational phases.

Land and Assets: explores alternative use of our land and assets that are currently not productive and re-purpose those assets.

Financial Power: commits capital investment to support actions to reduce carbon emissions across North Ayrshire and to help achieve carbon neutrality by 2030.

Plural Ownership: supports the Council's ambitions around municipalisation to safeguard and enhance public services for residents through innovative approaches and allows the Council to show green economic leadership.

FRESH AND ORGANIC FOOD FRAMEWORK- MOSSGIEL FARM

In 2021, East Ayrshire Council tendered for a contract for the supply of fresh and/or organic foodstuffs to over 40 schools in East Ayrshire. This is a pan-Ayrshire framework which is open for use by North and South Ayrshire Councils too. The contract was broken down into lots to encourage smaller local businesses to tender and various local suppliers across Ayrshire were subsequently awarded places on the framework, demonstrating the availability of high quality produce within Ayrshire.

Mossgiel Farm near Mauchline was awarded a place on the framework to supply organic milk to all schools within East Ayrshire. An organic farm, it aims to bring old-fashioned dairy products back to Scotland in a modern and environmentally friendly way using fairness in everything they do- from how farmers are paid, cattle are looked after, land is used and consumers are treated. Mossgiel received financial support from the Ayrshire Growth Deal CWB Programme to strengthen the business' sustainability credentials. The East Ayrshire Council CWB Team also supported Mossgiel Farm to:

- Apply for the Scottish Enterprise Food & Drink production pilot programme;
- Benefit from wider business support service with regards to procurement and marketing;
- Carry out feasibility studies to increase production capacity.

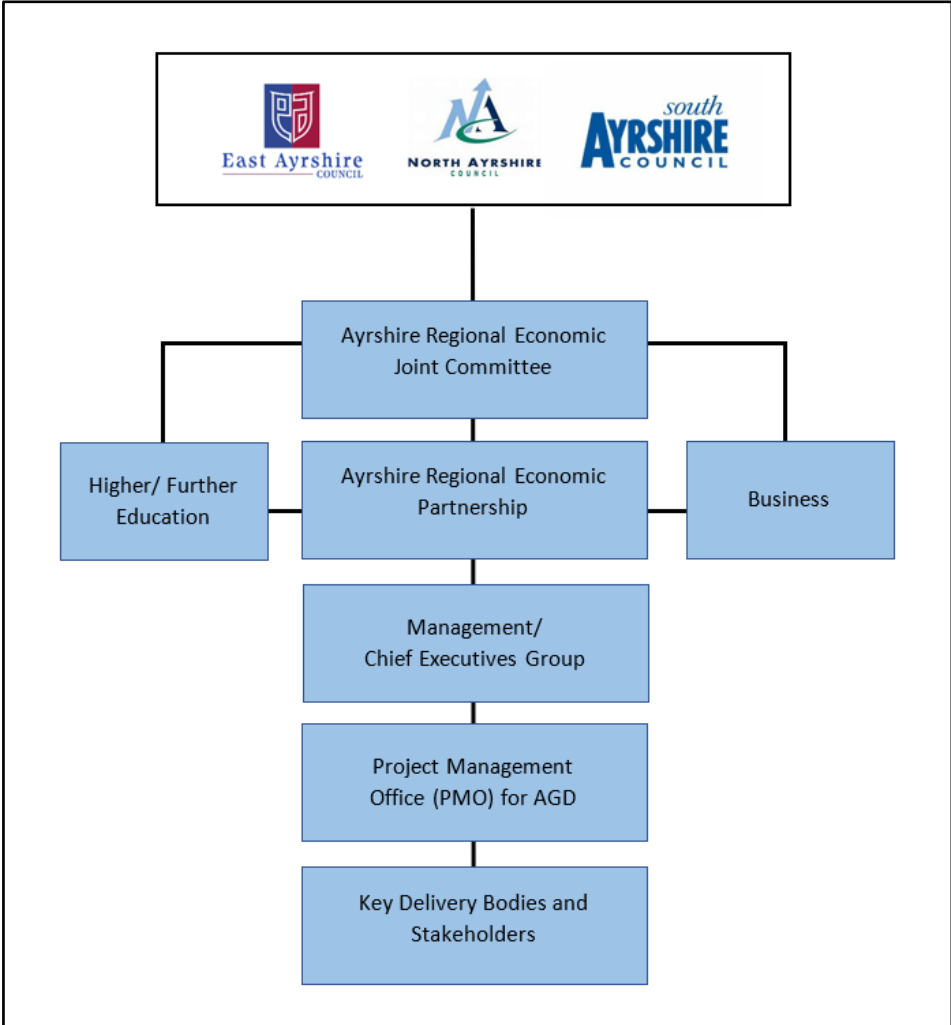
COMMUNITY GIFT EXCHANGE- AYR

Community Gift Exchange SCIO is a registered Scottish Charity helping to generate flourishing communities in Ayrshire. It seeks to overcome poverty by helping transition people with disadvantages in the open labour market into sustainable employment through the work skills, experience and wellbeing gained from restoring, recycling and reselling donated goods.

Fair Work Ayrshire (FWA) is a pan-Ayrshire service delivered as part of the Ayrshire Growth Deal CWB Programme. It works with employers across Ayrshire to support, enable and empower employers to introduce Fair Work into the workplace, and policy and practice to improve the prosperity of Ayrshire businesses and people. Already an employer demonstrating good practice, Community Gift Exchange pays employees more than the Real Living Wage, offers flexible working, is a Disability Confident Employer and provides employment and training opportunities to local people who face barriers to employment. FWA worked with Community Gift Exchange to undertake a Fair Work Assessment which identified actions to improve and enhance their practices including expanding the existing offer of health and wellbeing support available to staff, access to free online training courses, and starting a forward plan for creating Modern Apprenticeship opportunities.

OUR REGIONAL GOVERNANCE STRUCTURES

In Ayrshire we have well established governance structures that feed into the Ayrshire Regional Economic Joint Committee as the regional decision making body. The structure is highlighted in the diagram below. There are opportunities, through the development and delivery of the RES, to review the regional governance structure and consolidate regional reporting and decision making, taking good practice from delivery partnerships that work well such as our Local Employability and Community Planning Partnerships.



OUR AYRSHIRE GROWTH DEAL

Our commitment to a regional approach has already helped the region secure the Ayrshire Growth Deal, a £251.5 million deal brokered by our local authorities along with the Scottish Government and UK Government in 2019. Our RES draws on the strength of this commitment. Its aim is to provide greater clarity of vision and outcome as to how this investment can be used to generate good outcomes for people and businesses over the longer term.

The Ayrshire Growth Deal builds on the innovation and invention that has long been central to our regional economy. The Aerospace and Space Technology Application Centre (ASTAC) in Prestwick will create a focal point to innovate, collaborate, train and develop skills for today and tomorrow. The Halo Enterprise and Innovation Centre in Kilmarnock will support new digital and cyber security products and services, responding to the emerging needs of energy, health and the space/aerospace sector. From the i3 Flexible Business Space and Digital Processing Manufacturing Centre the local company Digital Technologies Group (DTG) will develop a new skills collaboration allowing for businesses to benefit from capabilities within the other organisations.

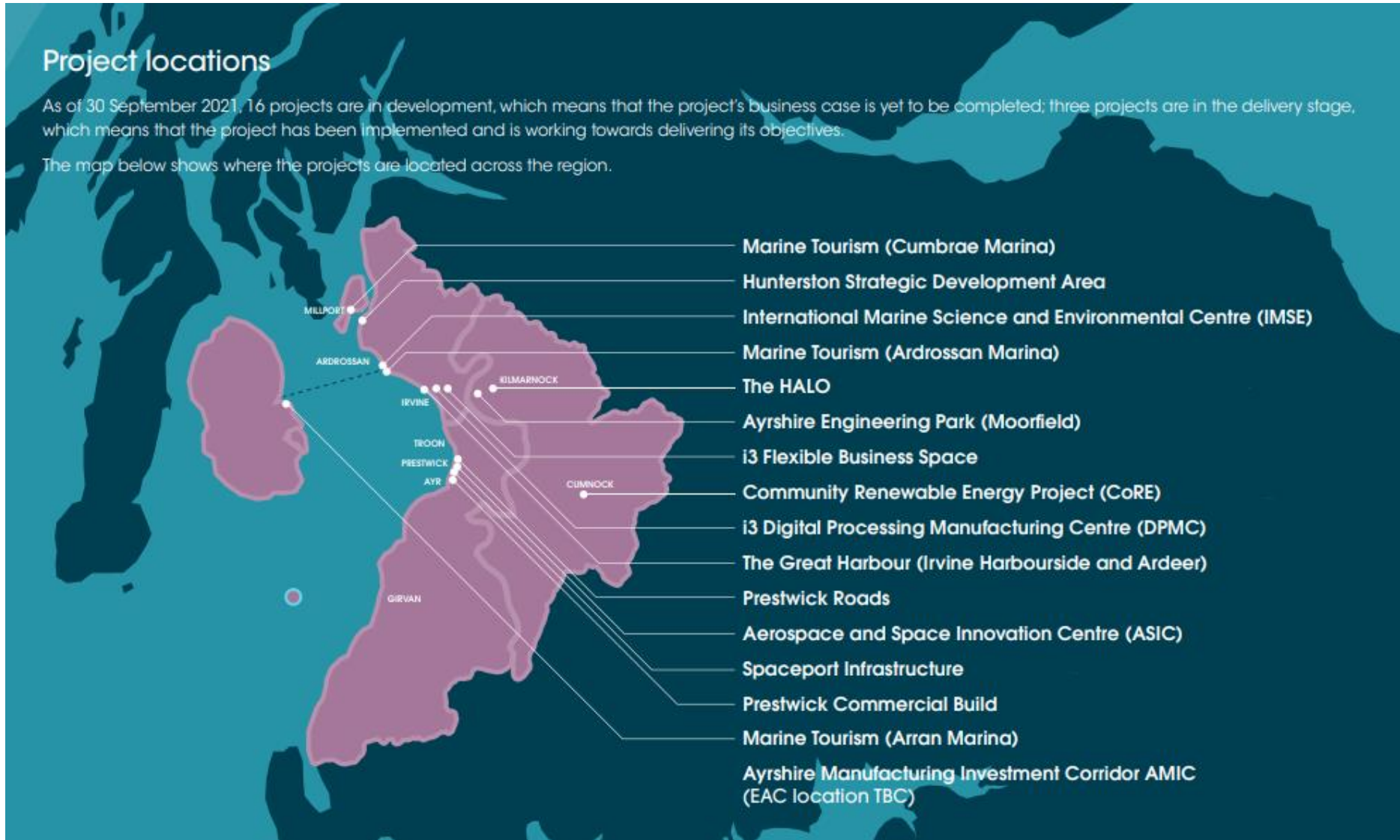
The three pan-Ayrshire revenue projects, Ayrshire Skills Investment Fund, Working for a Healthy Economy and Community Wealth Building, focus on support for skills development, employability skills, fair employment and supporting businesses to adopt CWB principles. These are just some of the projects that will help create a regional innovation ecosystem that stimulates new enterprise, attracts talent and provides facilities that will benefit not just businesses but the local community as well. The AGD provides an important opportunity to add value by applying CWB principles thus helping to shape the transition to a new era of sustainable green development and creating pathways for good quality jobs for everyone in Ayrshire.

The blue economy/marine environment is a significant economic, environmental and social asset to Ayrshire, but is currently poorly capitalised on. The marine environment could be a driver of economic activity, solutions to climate change and social participation in the marine economy. Many of the Growth Deal projects focus on harnessing this. A regional governance structure has been established to manage the delivery of the Growth Deal. A Programme Management Office (PMO) has been established, hosted by East Ayrshire Council. The PMO is responsible for the management of the AGD finance, reporting and ensuring compliance and progress towards achieving the agreed targets and benefits realisation. The PMO reports into the Regional Economic Partnership Sub Committee and the Ayrshire Economic Committee where approval is sought for decisions.

Project locations

As of 30 September 2021, 16 projects are in development, which means that the project's business case is yet to be completed; three projects are in the delivery stage, which means that the project has been implemented and is working towards delivering its objectives.

The map below shows where the projects are located across the region.



WORKING FOR A HEALTHY ECONOMY ²⁹

Working health services for people in Scotland

The Working for a Healthy Economy regional project is an Ayrshire Growth Deal revenue project. The project offers a single point of entry for any Ayrshire resident of working age who is experiencing health related barriers to gaining work, attending, or returning to their job. Working for a Healthy Economy supports:

- Individuals in employment (both at work and off sick) but at risk of falling out of employment or experiencing an extended absence period more than 3 weeks due to ill health and/or disability.
- Individuals who have recently become unemployed due to ill health and/or disability.
- Individuals who are longer term unemployed, are motivated to make progress to work and are experiencing health/disability related barriers.
- Small and Medium Enterprises (SME's) who require advice or support with regards to their employees' health & wellbeing.
- Employees of SME's/self-employed individuals who require support with their health and related circumstances to prevent absence/support return to work.
- Employees of larger employers if they are unable to gain access to the required support to prevent absence or support their return to work.

Through the creation of a single access point, Working for a Healthy Economy aims to improve the coordination and efficiency of the current support landscape for the target group in Ayrshire. It aims to raise awareness of the support available and make it easier for those who need support, and other key actors, to navigate the landscape and ensure people get cost-effective help when they need it. Success will be measured by an increase in the rate of return to and retention in work, reduced health-related absenteeism, job loss and subsequent welfare expenditure, and improved levels of productivity.

The Working for a Healthy Economy project commenced on 1st May 2021 and will support 7,500 individuals over a six year period with a current end date of 30th April 2027.



RECOVERY AND RENEWAL WORKSTREAMS

In addition to the CWB Commission and the Ayrshire Growth Deal, we have six regional recovery and renewal workstreams, bringing together organisations from across Ayrshire. These workstreams complement and enhance our other regional governance mechanisms. There is an opportunity through our RES to consider ways in which to rationalise regional governance to best deliver our vision and priority outcomes.

| WORKSTREAM | PROGRESS TO DATE |
|-------------------------|--|
| SKILLS | <ul style="list-style-type: none"> • COVID-19 impact evidence paper • Work to support the AGD lead to develop 'skills pathways' for AGD projects • Ayrshire Regional Skills Investment Plan 2022-2025 published (2022) |
| CLEAN GROWTH | <ul style="list-style-type: none"> • Ayrshire energy masterplan (in development) • Ayrshire Clean Growth Pact/Compact being revised |
| DIGITAL | <ul style="list-style-type: none"> • Masterplan to be developed • COVID-19 impact evidence paper to be developed • Digital infrastructure portal to be developed |
| AEROSPACE/ SPACE | <ul style="list-style-type: none"> • Features heavily in Levelling Up fund submission • Skypath training facility operational • Masterplan to be developed |
| VISITOR ECONOMY | <ul style="list-style-type: none"> • "State of the Nation" Covid19 Industry Research • Visitor Economy Strategy and Action Plan developed • Destination marketing partnership including support from VisitScotland Destination & Sector Marketing Fund |
| FOOD AND DRINK | <ul style="list-style-type: none"> • Food and Drink strategy and action plan (updated April 2022) • Sector net zero strategy (in development) • Use of funds (i.e. Destination Marketing Fund from VisitScotland; HIE Regional Food Funding; Tourism Leadership Fund) |

SKYPATH AERO TRAINING CENTRE

Skypath Aero Training Centre connecting industry with communities, education and young people in Ayrshire

The Skypath Aero Training Centre CIC was initially set up in Prestwick in 2021 in response to COVID-19, to provide courses in the rapidly emerging sector of aircraft decommissioning. It followed a successful application to the National Transition Training Fund (NTTF) by partners University of Strathclyde, South Ayrshire Council Economy & Regeneration service and Chevron Aircraft Maintenance.

With support from South Ayrshire Council Employability Team, DWP and PACE group, Skypath originally targeted those being made redundant from industry, people who were already unemployed and those over 25 - a requirement of NTTF funding. Enjoying early success, Skypath was awarded further funding from NTTF to continue providing courses for unemployed people over 25.

However, interest grew from the wider aerospace hub at Prestwick - Scotland's largest – with companies recognising the value of a facility in the heart of the cluster that could provide practical, hands-on, bespoke courses to help address skills and workforce challenges. In response to industry demand, the original decommissioning offering was expanded to provide broader training to a wider demographic. Between January and August 2022, Skypath ran almost 30 courses covering a range of areas, from hand skills and welding to an aerospace “taster” and First Aid, with over 200 people participating.

With the aerospace sector returning to growth faster than expected, together with a significant workforce demand, the entire aerospace cluster is engaging with Skypath in addressing the skills challenges that lie ahead for them.

The Skypath Board now includes industry leads from several of Prestwick's global companies, such as Spirit and Woodward, along with South Ayrshire Council Economy & Regeneration service, Ayrshire College and Strathclyde University.

Skypath is now focussed on connecting industry with communities, education and young people by offering bespoke, short courses needed by industry. It aims to break down barriers and change perceptions of the industry. As well as encouraging more females into aerospace, Skypath seeks to raise aspirations for young people - particularly those from deprived and rural communities - encouraging them to consider a career in aerospace, space or engineering. Skypath is also working with South Ayrshire Council's Education Department and teachers from local schools to develop STEM days which will be delivered at Skypath.



OTHER EXTERNAL FUNDING OPPORTUNITIES

The UK Government's 2019 Manifesto and its centrepiece policy, the Levelling Up White Paper, outlined the UK Government's vision of 'growing the pie everywhere for everyone' in recognition of the UK's deep regional inequality. Ayrshire stands amongst the highest priority areas for Levelling Up and has the potential to benefit from a reasonable allocation of funding from the £11bn of associated funding. This includes the Government's replacement for European Structural Funds such as ESF and ERDF, UK Shared Prosperity Fund. EU funds have been particularly important for our region. In April 2022, our region was allocated more than £17m of UK Shared Prosperity Fund funding, with approval of all Ayrshire Investment Plans in December 2023.

In addition, partners are waiting to hear the outcome of four Ayrshire Levelling Up Fund 2 capital bids valued at £100m (*check this figure and individual authority figures.*) East Ayrshire Council has submitted two bids, one for £10m for **Bellfield Interchange** and another for £20m (total project cost £31m) for **Cultural Kilmarnock**. North Ayrshire Council has submitted a bid for **Lochshore Park** to the value of £10m. A joint bid between North and South Ayrshire, entitled **Levelling Up for Ayrshire: Commercial and Low Carbon Infrastructure**, has a total request to Levelling Up Fund of £37.5m and in addition, South Ayrshire has submitted an individual bid for £20m for a **new leisure centre**. In October 2022, the UK Government announced plans for Investment Zones to be established in Scotland as part of Levelling up. Our RES will strengthen the preparedness and basis for future bids and discussions with the UK Government on the needs of the Ayrshire economy to support Levelling Up.

OUR STRENGTHS

| | | | | | |
|--|---|--|---|--|---|
| <p>Ayrshire has above average earnings for Scotland</p> <p>£642pw/ £622pw</p> | <p>Excellent existing and future external funding opportunities</p> <p>Ayrshire Growth Deal, Levelling Up Fund, Shared Prosperity Fund</p> | <p>Strong foundational economy (health, education, tourism, retail)</p> <p>61% of regional employment</p> | <p>Excellent track record in significant sectors</p> <p>Tourism, food and drink, space/aerospace</p> | <p>Existing strong regional governance</p> <p>Public, private and third sector partnerships</p> | <p>Developable sites of vacant and derelict land</p> <p>141 short term 165 medium term</p> |
| <p>A wealth of natural capital</p> <p>73 Sites of Special Scientific Interest, 5 country and regional parks, 1 national scenic area</p> | <p>A higher than average enterprise survival rate</p> <p>92% Ayrshire/ 90% Scotland</p> | <p>Opportunity to develop 'brand Ayrshire'</p> <p>Particularly for international visitors</p> | <p>Strong entrepreneurial culture</p> <p>Economy supported by small and micro businesses</p> | <p>Significant blue economy/ marine economy assets</p> <p>Opportunities for fishing, aquaculture, offshore renewables, leisure activities</p> | <p>Pioneer in Community Wealth Building</p> <p>CWB Commission, Anchor Charter</p> |

3. The Ayrshire Region- Our Challenges

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Situated in south west Scotland, our region comprises 3,400 km² of land and covers three local authority areas: East, North and South Ayrshire. It is characterised by a predominantly rural geography with three principal towns, Ayr, Irvine and Kilmarnock, as well as a diverse tapestry of small towns, villages and hamlets.

Ayrshire borders the Firth of Clyde for 60 miles to the west of its boundary and includes the populated islands of Arran and Great Cumbrae.



THE SCALE OF OUR CHALLENGE

'Now's the day and now's the hour'²

STRENGTHENING THE RESILIENCE OF COMMUNITIES AND PLACE

Like all parts of the UK, our economy in Ayrshire is being impacted by the national and international economic and political challenges that are continuing to reverberate across the UK including rising levels of inflation, energy and fuel costs, and the cost of living crisis. However, Ayrshire is more vulnerable to these external challenges than many other regions by its existing economic characteristics including a high level of rurality, and high concentrations of pre-existing deprivation and poverty, particularly in both North and East Ayrshire, stemming from the failure of the regional economy to deliver inclusion.

To strengthen community resilience, we need to ensure that people have the skills to access fair and good quality work. Investment is needed in skills and employability for the region, with reference to the Ayrshire Growth Deal opportunities and also inwards investment at significant levels at strategic sites such as Hunterston and Prestwick.

Our economy is also characterised by small businesses. Whilst this demonstrates our enterprising culture, this profile can also make our region vulnerable at a time when small and medium sized businesses are particularly at risk because of the energy crisis, particularly those operating in manufacturing, wholesale and retail, tourism and agriculture, food and farming. The post Brexit trading conditions will also continue to exert an impact in Ayrshire, particularly given our proximity to trading routes across to Ireland and beyond via Cairnryan Ferry Port and Prestwick Airport. However, the reduction of EU labour also provides potential new opportunities for residents of Ayrshire. The transition from EU structural funds including the introduction of the UKSPF will also have implications for Ayrshire, as will the outcome of the Scottish Government's proposals for agricultural transition.

Our region faces a much more fundamental and existential threat from planetary climate change. This is a key priority for young people in the region and subsequently, **enhancing natural capital** must be a key priority for all partners.

Whilst Ayrshire has little direct influence over many of these external factors, it reinforces the importance of this strategy in helping to prioritise **stronger places and communities**. The quality of our communities and neighbourhoods has a direct impact on our health and the

² Quote taken from Robert the Bruce's March to Bannockburn 1799

health of our local economies. It is therefore vital that in an era of crisis, this strategy provides a means to enable communities to adapt and cope in the short term whilst working collaboratively to ensure that our communities are well designed, sustainable, connected and offer somewhere people can feel safe and have a sense of belonging.

HELPING PEOPLE OF ALL AGES TO LIVE HEALTHY HAPPY LIVES

Whilst the wider context presents an immediate and considerable challenge, the priorities for our strategy are closer to home. This is why it is essential that this strategy prioritises **fair work** and **good health and wellbeing**. Whilst this is a region with many opportunities, instances of child poverty are unacceptably high. Figures from 2021 show that across Ayrshire, the percentage of children growing up in relative poverty exceeds the Scottish average of 20%. Within this, some families are more at risk of poverty including those who are from a minority ethnic household, have a disability, are single parents and where the mother is aged under 25.

As our children grow, there is evidence that recent years have seen an increase in the number of young people securing good qualifications. However too many young people are leaving school without the skills and qualifications they need to secure decent employment in the longer term and across Ayrshire, figures show that amongst the working age population, qualification levels are below the rates of Scotland. For example, North Ayrshire has a significantly higher proportion of the working age population without any qualifications (12% compared to a Scottish level of 9.7%).

More of our working age population are likely to be out of work than elsewhere in Scotland. Employment rates across Ayrshire are lower than the Scottish average and the unemployment rate is higher. Data for Ayrshire's labour market shows the region has a lower economic activity rate than Scotland as a whole, although within the region there is significant variation in economic activity, with North and South Ayrshire below the Scotland average.

Often, economic inactivity can be exacerbated by poor health and data for Ayrshire shows that there are real challenges for the region because of the high levels of poor mental health and wellbeing and that this is closely related to deprivation; i.e. if you live in an area with high levels of deprivation, you are more likely to experience poor mental health and wellbeing. Figures for North Ayrshire show that it has the lowest life satisfaction score for any local authority in Scotland. When the inclusive growth diagnostic was completed for our region in 2017, it identified poor health as the most significant barrier to an inclusive economy. There are important linkages to be made here with the Fair Work workstream of the CWB Commission, and the Working for a Healthy Economy and Fair Work Ayrshire AGD programmes.

EXTENDING OPPORTUNITIES FOR HEALTHY AGEING

An analysis of Ayrshire's demographic profile over time shows that the region has an ageing population, which means a declining number of people of working age (aged between 16-64). During the next two decades, the population is set to decline by 7.7% with 30% of the population expected to be aged 65 and over. By comparison, the figure for Scotland is expected to be 25%. The trajectory of ageing across the three local authority areas suggests that South Ayrshire will have oldest age profile (34% of the population aged 65 and over).

An ageing population raises concerns in terms of the working age population and increases the old age dependency ratio (the ratio of people of working age in comparison to those of state age pension). The effect is to reduce the working age capacity of the region, whilst increasing the pressure on services particularly in health and care. It also may exacerbate existing challenges in terms of skills shortages. Post Pandemic, there is emerging evidence of how our labour market is changing with data suggesting an acceleration in the number of people aged 50+ leaving the labour market. Research from the ONS suggest that this can be for a range of reasons including age, health, mental health, skills and disability. Whilst this presents a significant challenge for Ayrshire, it underscores the importance of prioritising **health and wellbeing** alongside **stronger communities and places**.

There is also a challenge to realise the economic potential of demographic change, particularly for health and social care because Ayrshire will continue to need to support a strong foundational economy in the longer term. A high percentage of jobs are supported through the health sector in the region and given the demographic profile, this is likely to be a growth sector in the future. It is important therefore that within this sector, efforts are made to secure fair work, appropriate and relevant skills and training. The region's strength in this sector should be celebrated and efforts should continue to raise awareness of potential career opportunities in the region's health and social care system in order to continue to attract young people to pursue careers in health and social care longer term. There are important linkages to be made with the work of NHS Ayrshire & Arran as one of the Anchor Institutions of the CWB Commission.

THE CHALLENGES FOR BUSINESS AND ENTERPRISE IN AYRSHIRE

Our region has approximately 10,000 businesses, the vast majority of which are small and medium sized businesses, often family owned and rooted in the local economy. Whilst the region has fewer large businesses, it is home to a small number of globally significant businesses including Glaxo Smith Kline and the largest aerospace cluster in Scotland and the planned NHS Ayrshire & Arran National Treatment Centre to open in Ayr in 2025 which will specialise in orthopaedics. Based on traditional measures of productivity, (as measured by GVA per head of

population) levels of productivity in Ayrshire are significantly lower than averages for the Scottish Borders, Scotland and the UK. This can be explained by a higher percentage of our residents being employed in lower paying sectors (including visitor economy jobs – hospitality, food and accommodation as well as in wholesale, retail and residential care).

Recent figures illustrate this with a high concentration of employment in sectors associated with the foundational economy, which includes health and social care, education, tourism and retail, with manufacturing also being a major employment sector in our region. Together these sectors account for 61% of all employment across Ayrshire, with ‘human health and social work activities’ accounting for almost a third of this total. Whilst this is considered to be a strength for the region, the challenge is how to raise levels of pay, skills and progression in these sectors, particularly those low pay sectors outlined above, so as to build wealth and support economic inclusion. Related to this is how this strategy can support public, private and social sectors to prioritise **innovation** in their supply chain engagement in order to raise productivity in these crucially important areas of the labour market.

When it comes to business support and engagement, there are challenges in how **support for enterprise** is accessed in the region, with a lack of clarity and consistency in how support is delivered. Part of this reflects the variety of support packages available to businesses depending on where they are based and this may have become more complex in the context of the Pandemic and Brexit. As business births are in decline in the region, this **support for enterprise** and how it is delivered effectively over the longer term, will be an important priority. Within this there will be a challenge to ensure how ‘enterprise’ is understood encompasses a wide range of different types of business including employee owned, social enterprise, co-operatives and community interest companies.

If **innovation** and **support for enterprise** is to be prioritised, the challenge of investing in research and development, skills and connectivity will need to be addressed- all of which are themes which feature heavily in the work of our Regional Economic Partnership. Transport and digital connectivity are of particular concern for enterprise and investment and these are prioritised in a number of our Growth Deal and Levelling Up projects. There will be a challenge to ensure that our region continues to make the case for investment in enterprise and innovation longer term as well as recognising the value of public expenditure as a potential source of enterprise support and innovation via supply chain engagement.

A STRONG NATURAL AND BUILT ENVIRONMENT

As a priority for the future, it is fundamentally important that our region rises to the challenge of climate change and does all that is possible to restore and **enhance our natural capital**. Our region has an abundance of natural capital. This is increasingly important at a time when the ability to store and absorb carbon in the context of climate change is becoming increasingly important. It also brings with it the opportunity to use carbon reduction as a means to support an increase in economic activity. As a region, Ayrshire contains 73 Sites of Special Scientific Interest, five country and regional parks and a national scenic area. Now, however, there is an increasing awareness that biodiversity loss not only contributes to climate change, but it is also an investment risk. Without specific thought towards, and actions to protect and preserve our natural capital, the region's commitments to net zero and protection of biodiversity may be put at risk.

In addition, there is an additional challenge of making best use of the region's existing built environment which in turn could have knock on benefits for reducing carbon. The Scottish Vacant and Derelict Land Survey (SVDLS) register identifies 432 areas of vacant derelict land across Ayrshire. Many of these sites have been this way for a long period of time, and are also categorised by their ability to be developable. This represents opportunities for investment in these buildings to be put to good use and develop local economies. In addition, Historic Environment Scotland's Buildings at Risk Register identifies 128 buildings at risk across our region. Many of these could represent the opportunity to be restored which could have a particularly significant impact on our town centres.

An analysis of our region's housing stock in terms of energy efficiency reveals that generally, the standard energy procedure scores for the three local authority areas vary significantly. This reflects the significant variation in stock. Retro fitting options should be considered for these housing units. Not only can this help to enhance natural capital but through community wealth building, can also support job creation and productivity.

STRATEGIC TRANSPORT AND INFRASTRUCTURE

Poor transport links and connectivity are key drivers for young people and those of working age moving to cities to access education and jobs. This further exacerbates our region's demographic challenges. The Ayrshire Inclusive Growth Diagnostic identified transport as a limiting factor, preventing people from accessing employment and training opportunities. Several contributing factors were identified by the diagnostic including the frequency of transport, connections between transport modes, cost, and shift patterns exacerbating transport constraints.

Challenges faced by our communities in relation to public transport include the affordability of and access to services, contraction of the bus network and withdrawal of services, ferry resilience and reliability, reliance to access services and healthcare; integration between transport modes; and limited service provision within rural areas. More recently, the Pandemic and the cost of living crisis has had a significant impact on public transport with much reduced patronage levels and confidence in using the public transport network. The provision of high-quality opportunities for active travel and public transport for everyday journeys is therefore vital to local communities, inclusive growth and supporting modal shift to sustainable travel. Without efficient and reliable transport services, many Ayrshire communities are getting left further and further behind.

North Ayrshire has several ferry routes which provide lifeline services to our island communities on Arran and Cumbrae. Decisions in regard to these services are made by central government and we would welcome more involvement at a local level. Bellfield Interchange is the most important traffic junction in East Ayrshire and is the gateway to North and South Ayrshire, but it is recognised as having significant capacity and safety challenges that need to be addressed to support strategic development and investment locally. An application has been made to the UK Government's Levelling Up Fund (LUF), which if successful, will lead to significant investment in the area's transport infrastructure. A successful LUF 1 application will result in £28m improvements to the B714 improving connections between Glasgow to the Ayrshire coast. In summary, there is a need for improvements on strategic road corridors that would support tackling spatial and regional socio-economic inequalities to support the delivery of our RES including improvements to road connections south to the M74/M6, southwest on the A77 and east to the M77.

The rail network for most of the area is considered to be good with high frequency services to from Ayr, Irvine, Kilwinning and Kilmarnock to Glasgow, and slightly lower levels of frequency on the Ardrossan and Largs and cross country between Kilmarnock and Ayr lines.

WHAT OUR REGIONAL ECONOMIC STRATEGY MEANS FOR YOUNG PEOPLE

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It is essential for our RES to take on board the views of the young people in our region, as the working age population of the future. We engaged widely, with children and young people of primary, secondary and further education age. Through facilitated discussions, we asked our young people to comment on how their future could be impacted by our RES, by asking them one key question:

'Do you see your future career in Ayrshire?'

Young people in secondary education were asked to envisage their dream job and if they felt finding this would be achievable in Ayrshire. A number of responses highlighted careers that young people felt they could not achieve in Ayrshire, including:

- Creative arts;
- Digital and STEM;
- Marine biology;
- Forensics;
- Games design.

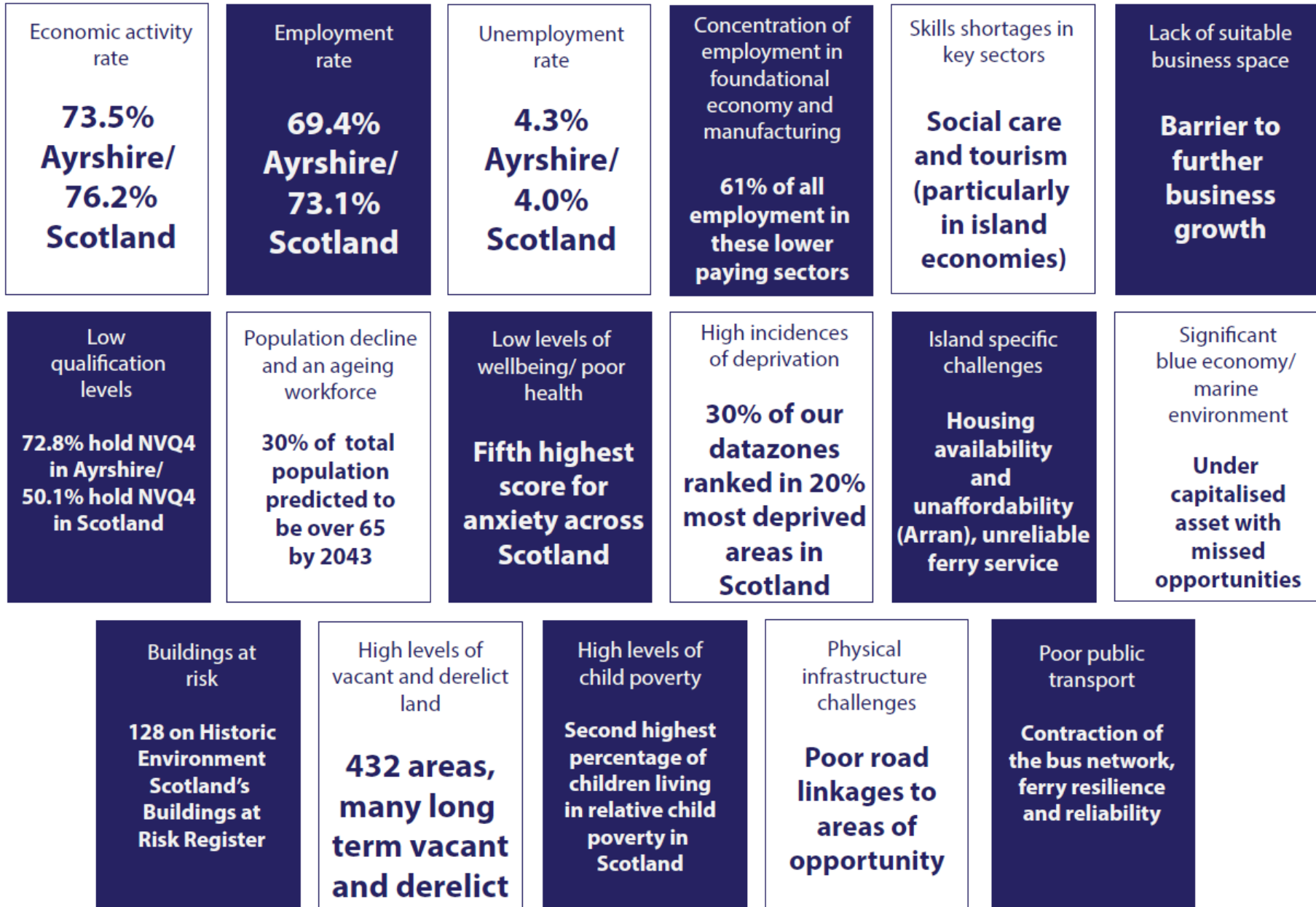
Some of these secondary aged respondents were not enthusiastic about the opportunities available to them within Ayrshire, commenting that opportunities in other areas were better for their career prospects. A number cited a desire to stay in the region but this not being possible due to perceived lack of opportunities. Ayrshire was considered to be unappealing to some. It was suggested that more support could be provided by their schools in terms of help with selecting stronger subjects that lead to careers and the provision of 'stepping stones' in relation to employment and careers. There was a suggestion that professionals working in Ayrshire in different sectors could be brought into schools and Ayrshire College to give an insight into possible careers to inspire our region's young people.

The majority of primary aged respondents stated that they would prefer to work outside of the region, however responses indicated the perceived opportunities of relocating to a different area (big city, opportunity to travel, learning new languages and cultures) as opposed to highlighting the negatives within our region. In consultation with students at Ayrshire College, the majority saw their future in Ayrshire, citing friends and family and work opportunities within their field of study.

It will be important for the RES to build in actions around skills, access to fair work and linking the future significant employment opportunities as a result of the Ayrshire Growth Deal and inward investment proposals, with our labour force of the future, through partnerships with schools, Ayrshire College and the University of the West of Scotland.



OUR CHALLENGES



4. Our Economic Focus: Inclusive, Ambitious, Achieving

A Shared Vision for Ayrshire's Future

Our vision has been shaped by engagement with key partners within the RES governance and wider stakeholder engagement, reflecting the desire in Ayrshire to take a different approach to economic development. The status quo isn't working; this strategy has bold ambitions to deliver an inclusive and wellbeing economy via the principles of Community Wealth Building.

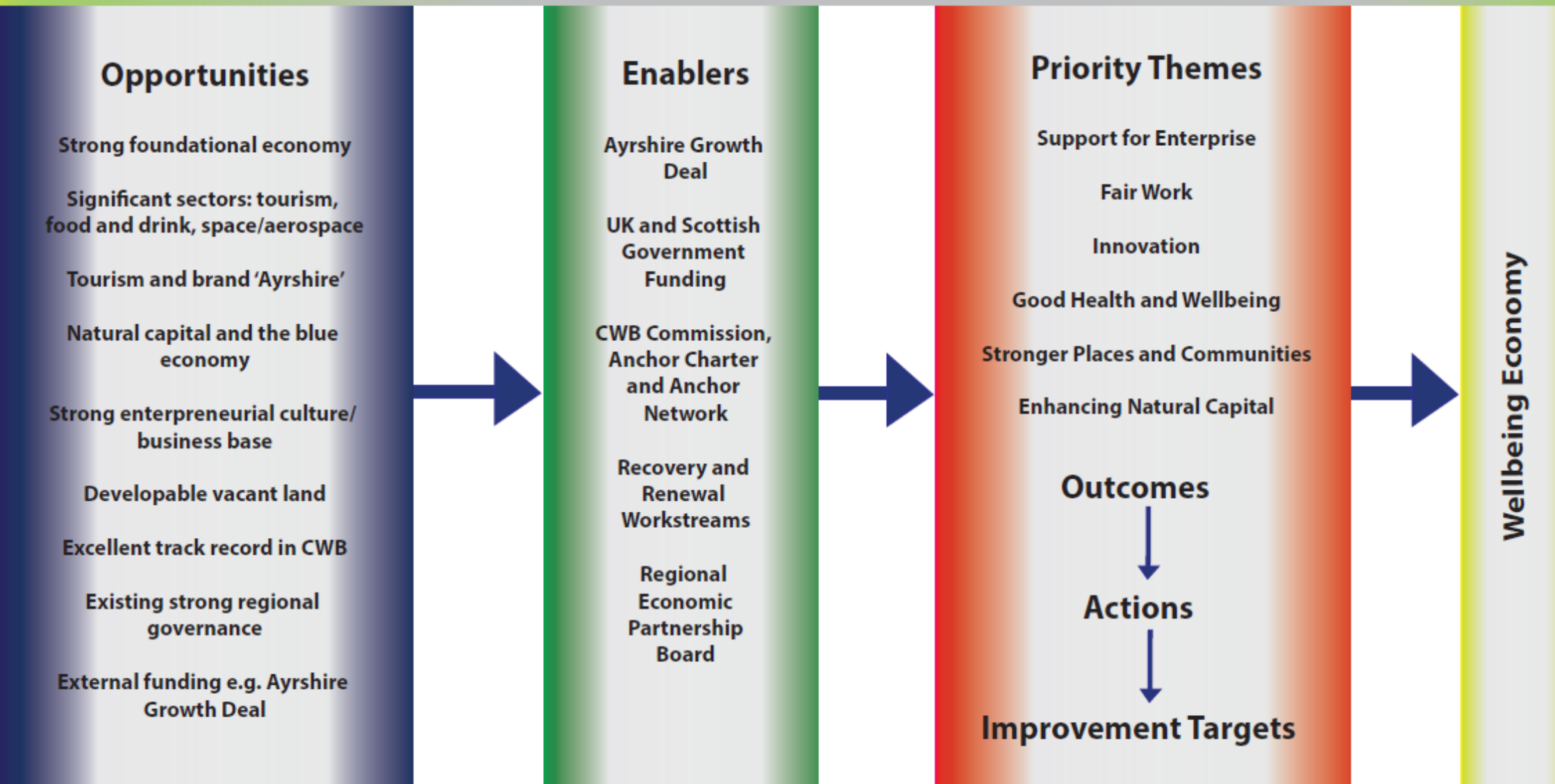


Our Vision

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Ayrshire will be a region where wealth is shared fairly, to enable people of all ages to live full and healthy lives. Our region will be outward looking, attractive to investors and visitors, making a major contribution to Scotland's economic development. We will also prioritise the protection of our natural wealth and culture. This is how our residents, communities, institutions and enterprises will rise to the opportunities and adapt to the challenges of the future.

Community Wealth Building cross cutting theme



OUR STRATEGIC FRAMEWORK

We have developed a strategic framework for our RES which outlines our vision and sets out the opportunities, enablers and priority themes that will help us achieve our end goal of a wellbeing economy for our region. This section of our strategy explains how we have used the evidence gathered in the development process to determine the priority themes and how the enablers can help us to achieve these. A series of outcomes has been developed under each theme, and these will be achieved by a set of actions, to be developed in due course. Success will be measured by tracking improvement targets.

OUR ENABLERS FOR BUILDING WEALTH

We have identified various ‘enablers’ that we can use to help us achieve the vision of our RES.

| ENABLER | DETAIL |
|---|---|
| Ayrshire Growth Deal | The Ayrshire Growth Deal represents investment of £251.5m into our region and builds on regional innovation and partnership working. A combination of place-based capital projects and three pan-Ayrshire revenue projects offers significant opportunities for the region. At a time of increasing costs across the board, it is unlikely that all Growth Deal projects as set out in the original bid can be completed within the approved funding agreed. In addition, some may no longer be fit for purpose or aligned to the region’s needs and demands given more recent global events (COVID pandemic, cost of living and doing business, war in Europe). There is an opportunity for the projects to be reviewed at a regional level, along with regional governance, and this provides opportunities for alignment with our RES. |
| UK and Scottish Government Funding | There is a considerable level of funding being made available from the UK Government for our region in the form of UK Shared Prosperity Fund (UKSPF) and Levelling Up Fund (LUF). These funds align well to the priorities of our RES and current and future rounds could be used to support the delivery of actions. The SPF Investment Plans approved for each local authority have aligned with the development of the RES in order to capitalise on these funding opportunities. In addition, LUF offers the opportunity for major transport infrastructure works which will better connect our region with areas of opportunity to the north and south, making Ayrshire even more attractive to inward investors. The Scottish Government is encouraging a regional approach to economic development, and has already |

| | |
|--|--|
| | provided funding to enable the production of our RES. It is anticipated that further funding may be forthcoming to allow for implementation of some of the strategy's actions, subject to central budget reviews. |
| CWB Commission, Anchor Charter and Anchor Network | The CWB Commission brings together nine Anchor Institutions from across our region in a pioneering model for economic development. By working in partnership in this way, benefits have already been delivered for the region, in terms of increased local spend through public sector procurement, creation of a map of surplus public sector assets to link these with demand from third sector organisations and promotion and adoption of Fair Work principles across the Anchors. The Commission will be an important forum and vehicle through which a number of the outcomes of our RES can be progressed. |
| Recovery and Renewal Workstreams | Our six regional recovery and renewal workstreams have been established to drive forward actions under the themes of skills, clean growth, digital, aerospace/space, visitor economy and food and drink. These have been successful in achieving a number of strategic actions as highlighted earlier in the RES. These workstreams remain relevant and essential to driving recovery and renewal, however there is a significant amount of cross-over between these workstreams, the Ayrshire Growth Deal projects and the new priorities outlined in our RES. A review of regional governance could help to streamline and enhance economic development efforts at a regional level. |
| Regional Economic Partnership Board | To facilitate a regional approach to build on our region's assets and key sectors to grow the economy, the Ayrshire Economic Partnership Board was established. This brings together the three councils and other partners both from the public and private sectors. The Board was successful in securing the Ayrshire Growth Deal and will ultimately guide delivery of the RES. |

OUR PRIORITY THEMES

| PRIORITY THEME 1: SUPPORT FOR ENTERPRISE |
|--|
| Definition: A region where businesses can grow, entrepreneurship and creativity can flourish. |
| <p>Evidence of Priority: Ayrshire has a number of strong industries including manufacturing and engineering and the visitor economy, all of which have a unique set of attributes. Businesses across Ayrshire make a valuable contribution to the wider Scottish and UK economy, but there is an opportunity to grow and develop business development further. This requires adequate support that is easily accessible and guaranteed to help create businesses that align with the future of the Ayrshire economy. This could be achieved by embedding the objectives of the RES into current work of partners delivering business support. Aligned with a more proactive approach to assisting newly formed businesses, Ayrshire can become an area known for its strong support and clear strategy on business development. The work of Scottish Development International in positioning Ayrshire as a regionally and nationally significant inward investment destination can be built upon, in collaboration with Scottish Enterprise. Alongside this, more business support specifically tailored for social enterprises and community groups is required, so they are equipped to take a more active role in the economy, with particular reference to bidding for public contracts.</p> |
| <p>Outcomes:</p> <p>SE01 Improved digital infrastructure for our region, encouraging new residents, new business start-ups and new investment.</p> <p>SE02 Enhanced business support services that focus on growth, innovation and retaining wealth locally.</p> <p>SE03 Improved quantity and quality of business space provision to meet evidenced demand, particularly for SMEs.</p> <p>SE04 Improved support for the third sector to deliver community wealth, through support, training and capacity building.</p> |
| <p>Link to Challenges: Economic activity rate, low productivity levels, lack of suitable business space.</p> |
| <p>Link to Opportunities: Strong foundational economy, significant sectors, strong entrepreneurial culture/business base.</p> |
| <p>Key Partners: Business Gateway, Scottish Enterprise, Social Enterprise Scotland, Skills Development Scotland, local businesses.</p> |

PRIORITY THEME 2: FAIR WORK

Definition: A region which offers all individuals an effective voice, opportunity, security, fulfilment, and respect in work.

Evidence of Priority: Across Ayrshire there is an existing and predicted future labour market shortage and skills gap. This causes concern for future growth and resilience of the local economy. There are initiatives that are working to tackle these issues and to create a skilled workforce accessing employment opportunities that are paid the real living wage and offer secure futures and routes for progression. We need to build on the work already being done with Anchors through the Community Wealth Building Commission Fair Work Workstream. In addition, the Ayrshire Skills Plan, Ayrshire Skills Investment Fund and Fair Work Ayrshire project are all new initiatives that will ensure the region is prepared for the economy, jobs and skills of the future. These take into consideration broader trends and requirements such as the long term decline in manufacturing, increasing demand from the health and social care sector, and opportunities emerging from efforts to transition to a Net Zero economy.

A mapping exercise, covering skills shortages and labour market gaps now and in the future with emerging opportunities in the green and digital economies, is an important piece of work that can be achieved through forthcoming priorities for the skills workstream. *(Check what is in the Ayrshire Skills Regional Investment Plan- does this cover the mapping exercise?)* Closer partnership working is required between schools, Business Support and employability, Ayrshire College, organisations such as Skills Development Scotland, Scottish Enterprise, the University of the West of Scotland, and local businesses to deliver priority actions under the Fair Work theme.

Outcomes:

FW01 Improved access to jobs and fair employment opportunities by addressing barriers faced by different groups.

FW02 Improved access to training and lifelong learning, enabling the workforce to adapt to changing requirements.

FW03 Employers in the region have adopted Fair Work principles, for example paying the living wage, offering secure employment contracts and jobs that are fulfilling and offer progression.

FW04 Public sector Anchor Institutions spend and employ progressively, setting a benchmark for other Ayrshire businesses to follow.

Link to Challenges: Economic activity rate, employment and unemployment rate, skills shortages, low qualification levels.

Link to Opportunities: Strong foundational economy, significant sectors, strong entrepreneurial culture/business base, excellent track record in CWB.

Key Partners: Local Authorities, Skills Development Scotland, Scottish Enterprise, University of the West of Scotland, Ayrshire College, local businesses, schools

PRIORITY THEME 3: INNOVATION

Definition: A region where enterprises and the public sector adopt innovative solutions to address economic problems.

Evidence of Priority: It has long been recognised that there are significant economic benefits to stimulating innovation activity within Ayrshire. Bodies such as SE, SDS, SFC, Innovate UK and UKTI all evidence the significant difference innovation can make in stimulating economic opportunity e.g. innovative firms grow twice as fast as those which do not. Innovation is seen as the engine of long-term economic development and has underpinned much of the UK's historic productivity growth. Yet as a region, business expenditure on R&D (BERD) across all local authorities in Ayrshire is well below the Scottish average. At present, BERD for Ayrshire is £73 per head of population, compared to £263 nationally. One of the priorities for the Ayrshire Growth Deal is the introduction of innovation through the transfer of good practice, the development and use of benchmarks and the adoption of new processes. Yet to fully embrace the benefits of the economic assets created through the AGD, there is a need for collaboration across partners both regionally and nationally, building strong relationships between the public and private sector, while embracing the role academia can play in furthering knowledge transfer and technology development. There is also a need to develop innovative capacity and capability within businesses, enabling them to embrace the opportunities that come through the introduction of new processes or equipment. The introduction of CWB within Ayrshire demonstrates the public sector seeking to introduce new systems to address long standing inequalities across communities, while offering tangible solutions to business e.g. through procurement practices.

Outcomes:

IN01 Adoption and utilisation of innovation assets created through successful delivery of Ayrshire Growth Deal projects

IN02 Development of effective partnerships across public, private and academic sectors with a view to fully enabling the transfer of knowledge and technology, stimulating economic opportunity and leveraging additional investment around innovation activity

IN03 Increased levels of R&D (encompassing Business, Higher Education, Government and Private Non-Profit) within Ayrshire, maximising specific sectoral opportunities and the development of Innovative Places.

IN04 Continued use of CWB as a mechanism to embrace new economic development practice and addressing where innovative public sector activity can support wider wellbeing outcomes.

Link to Challenges: Long standing low levels of innovation spend in region; large business population exists in sectors which are restricted in innovation capability.

Link to Opportunities: Strong entrepreneurial culture/business base, excellent track record in CWB, AGD projects strongly aligned to delivery of innovative practice.

Key Partners: Scottish Enterprise, Skills Development Scotland, Ayrshire Local Authorities, Ayrshire College, UWS, Private Sector

PRIORITY THEME 4: GOOD HEALTH AND WELLBEING

Definition: A region where people of all ages have the access to resources to live a healthy, full and purposeful life.

Evidence of Priority: A stronger and more inclusive economy will bring significant health benefits to Ayrshire residents. Inactivity rates in our region are high and of concern. This relates to people not in employment but not seeking work due to ill health. The mismatch between available employment and available workforce must be addressed, and this links to Priority Theme 2: Fair Work. The Ayrshire Growth Deal project Working for a Healthy Economy, is already making progress in this area and this regional approach to economic inactivity should continue. In addition, NHS Ayrshire and Arran must become key partners in our RES and work with partners to maximise the economic, social and environmental outputs. NHS Ayrshire and Arran is already operating as a CWB Anchor Institution and has appointed an NHS Community Wealth Building Officer. Future enhanced joint working could involve close collaboration with our Ayrshire authorities to ensure economic decision making is interlinked with health problems to address the deep-rooted issues that exist in many Ayrshire communities. In addition, the RES should take cognisance of Caring for Ayrshire which will act as a catalyst for alternative service delivery in healthcare and will offer significant opportunities for the region.

Outcomes:

HW01 Strengthened partnership working between agencies including NHS Ayrshire and Arran, to ensure a holistic and person-centred approach to support people to fully contribute to the local economy.

HW02 Improved access to childcare, transport and local jobs, to improve quality of life and allow for individuals' increased participation in the local economy.

HW03 More inclusive approach to recruitment by key employers in our region, to support those experiencing health related barriers to employment to enter or re-enter the labour market.

Link to Challenges: Low levels of wellbeing/poor health, high incidences of deprivation, high levels of child poverty.

Link to Opportunities: Strong foundational economy, strong entrepreneurial culture/business base, excellent track record in CWB.

Key Partners: NHS Ayrshire and Arran, Three Community Planning Partnerships, Local Authorities, Community Groups, Public Health Scotland.

PRIORITY THEME 5: STRONGER PLACES AND COMMUNITIES

Definition: Local economies can sustain thriving communities and deliver good public and private services to residents and visitors

Evidence of Priority: The pandemic saw an enormous response from our communities in the form of volunteering and mutual aid. People responded to the crisis, and in doing so developed new relationships and connections, whilst making use of local assets. There is a desire amongst communities and community groups to build on this and become involved in CWB and the wellbeing economy. Some examples of how this may happen include community-led regeneration, participatory budgeting and community asset transfer. However, at present many are unaware of how exactly they can do this. This requires collaboration between community groups, Community Planning Partnerships and our local authorities to initially understand the capacity building needs of these groups. This process can be supported by the three Third Sector Interfaces operating across our region. Any future work in this area should be informed by the outcome of the ongoing review of the Community Empowerment Act, which will have a particular focus on community ownership and strengthening decision-making to improve outcomes for the local community. In addition, there are a number of challenges faced by our communities in relation to public transport- and rural inequalities affordability, withdrawal of services, limited provision in rural areas and issues with connections to centres of employment. There is a requirement for the RES to address this.

Outcomes:

PC01 Improved infrastructure within our towns and villages, with consideration of 20 minute neighbourhoods.

PC02 Improved cultural and social infrastructure which boosts existing cultural and heritage assets, helps to improve regional identity and pride in place and contributes to growth in the visitor economy.

PC03 Empowerment for our residents and communities to have a stake in improving their place.

PC04 Improved public transport for rural communities.

Link to Challenges: Island specific challenges, high levels of vacant and derelict land, physical infrastructure challenges, poor public transport.

Link to Opportunities: Tourism and 'brand Ayrshire', natural capital and the blue economy, developable vacant land, excellent track record in CWB, external funding.

Key Partners: Community Planning Partnerships, Third Sector Interfaces, Local Authorities, VisitScotland

PRIORITY THEME 6: ENHANCING NATURAL CAPITAL

Definition: Preserving and enhancing Ayrshire’s natural capital, meeting Scotland’s commitments to Net Zero and protection of bio-diversity.

Evidence of Priority: Ayrshire has a rich natural landscape, and in order to preserve and continue to improve it, a clear understanding of what natural capital exists at a regional level is needed. This will allow for specific interventions where they are needed most. A visitor management strategy would identify where infrastructure and facility investment is required over long term. (*We have a Visitor Economy Strategy which isn’t referred to- does this cover aspirations for visitor management?*) As our region moves towards Net Zero targets, its natural assets will continue to underpin CWB. Alongside this clearer understanding of the natural capital there also needs to be the development of an energy masterplan. Without this, a clear plan on how Ayrshire will reach its Net Zero targets will not be possible. Community benefits deriving from green energy projects should be prioritised. Collaboration is needed between the local authorities, academics from the University of the West of Scotland and Scottish Government land bodies to develop the plan and then build on the recommendations.

Outcomes:

NC01 Better understanding of the natural capital that exists across our region, with proposals to enhance this for visitor use whilst preserving for future generations.

NC02 Development of a regional energy masterplan with a focus on meeting Net Zero targets.

Link to Challenges: Island specific challenges, natural capital- under utilised asset, physical infrastructure challenges.

Link to Opportunities: Tourism and ‘brand Ayrshire’, natural capital and the blue economy, external funding.

Key Partners: University of the West of Scotland, Local Authorities, Forestry and Land Scotland, Scottish Enterprise, Nature Scot, VisitScotland

5. Delivering Our Strategy

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Our Culture of Delivery



Our Regional Economic Strategy sets out a ten-year vision for developing a wellbeing economy for all residents in Ayrshire, present and future. There will be long-term, collaborative and sustained action required by individual partners to deliver the priority outcomes to achieve our vision across the next ten years.

OUR PRIORITY ACTIONS

In order to deliver our outcomes, which in turn will help us to achieve our strategic vision, a parallel Action Plan document is required which will be developed utilising data analysis to ensure actions and outcomes are based on evidence. This will set out more detail under each priority outcome and identify a series of actions to be achieved over the next ten years to 2033. Annual Action Plans will also be developed. The action planning process will commence following publication of the RES and will take the form of priority theme workshops with all key partners identified under the relevant outcome in attendance.

GOVERNANCE AND DELIVERY

We already have strong regional partnerships in Ayrshire, evidenced through the CWB Commission and work of Anchor Institutions, the Ayrshire Growth Deal, the regional recovery and renewal workstreams, and the Regional Economic Partnership Board. These are highlighted as our *enablers* in our strategy framework. However, an emerging theme from the consultation with stakeholders has highlighted the opportunity for a regional governance review, with specific reference to delivering our RES. The shared challenges and ambition we have requires partners to pioneer new and innovative forms of joint working and associated governance. Successful delivery of this strategy will demand a culture of delivery and accountability in which objectives are shared and responsibilities are clearly allocated and accepted across the public, private and third sector.

WHAT WILL SUCCESS LOOK LIKE

Our RES is ambitious- we have a vision for Ayrshire by 2033 and outcomes that we want to achieve. In order for us to chart progress over the next ten years and know that what we are doing is working, we have set a series of ambitious long-term priorities that are aligned to our priority themes and outcomes. These have been developed with reference to our Ayrshire Inclusive Growth Diagnostic and the Scottish Government's Wellbeing Economy Toolkit. Our actions to be developed will sit under each of these long-term priorities to allow us to work towards achieving these.

We are committed to developing a wellbeing economy in Ayrshire which generates:

A better life for our youngest citizens

There will be a downward trend in child poverty across the region but particularly in North Ayrshire

Higher number of good quality jobs

Jobs density will be growing with new investment creating opportunities for employment and local people will have the opportunity to start their own generative business including employee owned, co-operatives and social enterprises

A rise in economic activity where people are more connected to opportunities

Economic inactivity will be falling with more opportunities for people to take up skills, training and employment in their local area, including young and older people

Stronger business start-up and survival rates

There will be an effective system of co-ordinated support across the region to help promote business start-ups and expansion, including better access to funding and finance

A greater proportion of public sector spend on local businesses

Supported by the CWB Anchor Charter and action to drive forward collaboration and innovation, with private sector supply chains and social enterprises

More vacant and derelict land brought into productive use

Including attracting public and private investment to realise the potential assets, e.g. including energy, work space, housing and green space

The region's natural assets are becoming more biodiverse and net carbon emissions are falling

Helping to create innovation, business development and new jobs

Evidence of some improvements in health inequalities

Particularly in our most deprived communities or amongst our most vulnerable groups



APPENDICES

Appendix 1: Literature Review

Appendix 2: Economic Baseline

Ayrshire Policy review

As part of the preparation of the Ayrshire Regional Economic Strategy, the Centre for Local Economic Strategies (CLES) received and reviewed a range of policy documents, provided by key partners which set out the challenge and opportunities for Ayrshire from national, regional and local perspectives:

National/Regional:

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

South Ayrshire

1. South Ayrshire Strategic Economic Plan Vision 2030
2. South Ayrshire Active Travel Strategy 2021-31
3. South Ayrshire Proposed Local Development Plan 2 February 2022
4. Ayr Town Centre Strategy & Action Plan April 2019
5. Community Learning and Development Plan South Ayrshire
6. Locality Profiles for each of the areas – Ayr South & Coylton; Maybole & North Carrick; Girvan & South Carrick; Prestwick; Troon.
7. Thriving Communities Annual Statistics Report
8. Community Planning Partnership
9. Sustainable Development and Climate Change Strategy 2019-24
10. Council Plan 2018 – 2022
11. Food Growing Strategy 2020 – 25

East Ayrshire

1. East Ayrshire Community Plan (and Review Supplement 2021-24)
2. East Ayrshire Economic Development Strategy 2014-2025

3. East Ayrshire Tourism Strategy superseded by new Regional Tourism Strategy)
4. East Ayrshire Employability Cabinet Report (April 2022)
5. East Ayrshire Works
6. CCG Strategic Plan for Cumnock and Doon Valley - Research Report and Action Plan
7. East Ayrshire Proposed Local Development Plan

North Ayrshire

1. North Ayrshire Council Plan 2019-2024
2. Isle of Arran/Cumbrae 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
19. North Ayrshire Council's consultation response to National Transport Strategy, Strategic Transport Project's Review and Regional Transport Strategy.

An outline of the key findings from the literature review is set out below including an understanding of the purpose of the Regional Economic Strategy (thereafter referred to as 'the Strategy', a summary of the development of community wealth building in Ayrshire and then key themes identified from the review.

The purpose of the Regional Economic Strategy

The Strategy will set out a vision for a thriving inclusive economy in Ayrshire that places the wellbeing of people, communities and the environment at its centre. The Strategy will deliver this vision by facilitating the deployment of investment through the Ayrshire Growth Deal, and other funding streams such as the Shared Prosperity Fund, to where it

can have the most impact using community wealth building principles. It will also provide private investors with a clear signal of the strategic economic priorities of the region. It will orientate the energy and efforts of actors in the economy towards the creation of a wellbeing economy. This echoes the Scottish Government's ambitions for economic transformation which have been outlined in the National Strategy for Economic Transformation (NSET) which presents its vision of a wellbeing economy that is thriving socially, economically and environmentally³.

Community wealth building: an underlying principle for the Regional Strategy

The literature reviewed underscores the importance of community wealth building as a key principle underpinning economic development in Ayrshire as it is seen as a means to achieve the vision of a thriving wellbeing and inclusive economy.

This commitment has been supported by the wider policy context in Scotland. The Scottish Government has prioritised community wealth within its programme for Government and appointed a Minister for Public Finance, Planning *and* Community Wealth. The Scottish Government are due to publish a consultation on a new Community Wealth Building Bill in 2023 and this process is being informed by the experience of areas like Ayrshire as it 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. As such, Ayrshire should be well-placed to meet the legislative requirements that may be introduced by the Bill.

The Scottish Government have also recently published a new toolkit⁴ on a wellbeing economy to support the development of economic strategies at a local level and this references the value of community wealth building as a practical means to deliver wellbeing objectives at the local and regional level. ***The development and adoption of community wealth building in Ayrshire***

North Ayrshire made a commitment to be Scotland's first community wealth building Council in 2019 prior to the outbreak of the Covid-19 pandemic. This commitment was made in recognition of persistent challenges faced in North Ayrshire around deprivation and a desire to build a more resilient and inclusive local economy. Through that commitment, North Ayrshire Council pledged to work across all services and with wider local and regional anchor organisations to implement community wealth building. Subsequently, a Community Wealth Building Commission was established in 2019, with East Ayrshire and South Ayrshire Councils joining in 2020 confirming a strong regional commitment to this new progressive and innovative approach to economic development. As the Scottish and UK profile of community wealth building has continued to grow, particularly in the context of the wider economic challenges, the approach is being

³ NSET can be accessed here <https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/pages/2/>

⁴ Scottish Government (2022) toolkit accessed at <https://www.gov.scot/publications/wellbeing-economy-toolkit-supporting-place-based-economic-strategy-policy-development/pages/4/>

adopted more widely across the region. Indeed £3 million of Ayrshire Growth Deal funding has now been allocated to community wealth building. The Councils have used this funding to recruit dedicated staff to support local businesses and community organisations to deliver community wealth building ambitions linked to procurement, plural ownership and to establish a dedicated Fair Work Ayrshire team whose remit is to work closely with employers to establish Ayrshire as a Fair Work region. Key performance indicators have been created and there is a commitment to publish progress annually.

All three Ayrshire councils and many of the region's anchor organisations reference community wealth building principles and themes. The Ayrshire Councils have developed the Community Wealth Building Commission to help progress and develop a regional approach to community wealth building across the three council areas. This Commission has representation from a wide variety of stakeholders including elected members, community planning partners, Ayrshire College and the Ayrshire Community Trust.⁵ In addition, a community wealth building anchor charter⁶ has been developed to commit anchor institutions in the region to long term collaboration in order to support strong and resilient local economy.

The three councils and partners have agreed that community wealth building will be the central tenet of the Ayrshire Regional Economic Strategy and this objective is supported by the Scottish and UK governments.

Understanding Ayrshire's economic geography

Ayrshire has a diverse geography of towns and smaller settlements sitting to the south-west of the Glasgow City Region⁷. There is a wide appreciation in the literature of the polycentric and low-density nature of the region's settlements. East Ayrshire sits entirely inland bordering North and South Ayrshire as well as East Renfrewshire, South Lanarkshire and Dumfries and Galloway. North and South Ayrshire have long stretches of coastline along the Firth of Clyde. North Ayrshire borders both South and East Ayrshire, as well as Inverclyde, Renfrewshire and East Renfrewshire. South Ayrshire borders Dumfries and Galloway as well as North Ayrshire and East Ayrshire. Frequent travel for work, study and leisure is taking place across the region.

North Ayrshire is home to the islands of Arran and Cumbrae whose distinctive characteristics are regularly referenced in the literature. Across North and South Ayrshire and the islands there are significant opportunities for various facets of the blue economy such as fishing, offshore wind and tourism. The proximity of 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

⁵ For more information on the Commission: <https://www.north-ayrshire.gov.uk/council/community-wealth-building/cwb-commission.aspx>

⁶ A copy of the charter can be found here: <https://www.north-ayrshire.gov.uk/Documents/cwb-anchor-charter.pdf>

point. There is a regional wide commitment to invest in marine and coastal infrastructure around the Clyde coast.

Across the region, agriculture is a key component of the economy, and the food and drink sector has been identified as a key growth sector. Food and drink produced in the region is consumed all over the UK and beyond, with dairy, meat and poultry featuring prominently. Forestry is also important in the region and there have been notable programmes in East Ayrshire to restore woodlands and peatlands at former mining sites⁸.

The region is home to a rich array of cultural heritage and natural capital which attracts both domestic and overseas visitors. Preservation and enhancement of the region's natural capital such as heaths, peatlands, forests and marine life is essential to Scotland's commitments to net zero and protection of bio-diversity.

Dumfries and Galloway sits to the south of the region. There is evidence of close ties between the regions, including joint projects being undertaken by private sector and some anchor institutions across the south-west geography of Ayrshire and Dumfries and Galloway⁹. Dumfries and Galloway is also home to the Cairnryan Ferry Terminal. The proximity of Ayrshire to the island of Ireland is a strategic advantage but trade and travel has been disrupted as a result of Brexit and the Northern Ireland Protocol. This remains an ongoing challenge which is outside the control of the region.

Ayrshire's Islands

Scotland is unusual in having a significant number of year-round populated islands. Many of the islands have a strong local identity and collectively form a vital part of Scotland's rich cultural heritage. They have been recognised as needing tailored policies and support from the Scottish Government.

The North Ayrshire administrative boundary encompass the islands of Arran and Cumbre which have unique challenges and opportunities. Like most island economies, their infrastructure and rurality can be a limitation and they are highly dependent on their often-unreliable ferry service.

Other key challenges (which the pandemic has tested the limits of) include a lack of affordable housing¹⁰, a reliance on and the impact of tourism, labour shortages and demographic changes. With support from Scottish Government, Highlands and Islands Enterprise and North Ayrshire Council, both islands now have their own Local Island Plans, and there is a new Senior Islands Officer post to test new ways of working across

⁸ <http://www.ea-cei.org.uk/enhancement-sites-tappethill-moss/>

⁹ Cunninghame Housing Association operates in East Ayrshire, North Ayrshire and Dumfries and Galloway. [Link](#) NHS Ayrshire and Arran has supported Wall Insulation Schemes for vulnerable households in South Ayrshire, East Ayrshire and Dumfries and Galloway. [Link](#). There are public and private sector efforts to promote tourism and the food and drink sector across the South West of Scotland.

¹⁰ CLES was advised that in certain areas of Arran there are more holiday lets than permanent homes and across the island as a whole there are more holiday lets and second homes than social housing.

stakeholders whilst delivering objectives of the Scottish Government’s National Islands Plan¹¹ and principles of community wealth building.

The rationale for a regional strategy in the current context

It is evident from the literature and also the Strategy stakeholder consultation that there is a commitment to regional working where appropriate and that this should complement, rather than detract from, local efforts. This includes North, South and East Ayrshire working together in a pan-Ayrshire approach but also at times 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.

There has not been much reference to working with partners in the Glasgow City Region but it is clear that the proximity of Scotland’s largest population has a strong influence on Ayrshire’s economy. The Strategy needs to consider how to ensure that this proximity serves as a strength for Ayrshire.

The willingness of the three Ayrshire Councils 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.

This 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 and funding such as the Shared Prosperity Fund. Community wealth building is seen as a vital tool in ensuring that investment into the region had tangible benefits for place and creates fairer and more inclusive outcomes through a blend of the five key principles of community wealth building.

The literature has shown that the three Ayrshire Councils share a regional identity and that the region is committed to making itself a desirable place for people of all ages to live full and thriving lives. This commitment extends beyond political terms and persuasions and is supported by the UK and Scottish Governments. There is an intention to support this through the development of brand “Ayrshire” in a tourism context, including signature events that will draw visitors from across and beyond the region and to promote the food and drink sector. The region hosts two championship golf courses at Turnberry and Royal Troon, as well as Ayr Racecourse. These world-class facilities already attract visitors from around the world. In addition, there are a number of free and paid visitor attractions in the area including the Dean Castle Country Park in East Ayrshire (which attracts over 1.3m visitors and the Birthplace of Robert Burns in South Ayrshire attracting more than 250,000 visitors.¹²

¹¹ The National Plan for Scotland’s Islands – Scottish Government Publication – 2019 [Link](#).

¹² Based on pre pandemic 2019 figures <https://www.visitscotland.org/binaries/content/assets/dot-org/pdf/research-papers-2/regional-factsheets/ayrshire-and-arran-factsheet-2019.pdf>

Council officers across Ayrshire have been working together to identify where regional working could deliver broader benefits. This includes 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.¹³

The NHS which operates across Ayrshire and Arran has recently appointed a community wealth building officer and is exploring how to measure its current community wealth building performance before developing a strategy. The officer is keen to work with local anchors and other NHS trusts across the UK to drive forward Ayrshire's performance around health inequalities but also to use the economic heft of the NHS to develop a fairer and more inclusive local economy.

The challenges presented by health inequalities, the ageing population and significant number of vacancies are referenced frequently as presenting significant challenges across Ayrshire. Tackling health inequalities is absolutely critical to wider wellbeing and the health of the economy. Attracting and retaining staff in health and social care are key to this, as well as innovation in service delivery. There is recognition that this challenge cuts across the whole economy and is not simply a concern of the NHS or other social care providers.

Funding streams such as the Ayrshire Growth Deal and the Shared Prosperity Fund will be instrumental 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. The Annual Performance Report of the Ayrshire Growth Deal for 2020/21¹⁴ acknowledges the disruption caused by the pandemic and states a commitment to delivering already approved projects¹⁵. The importance of regional working, strengthened collaboration and community wealth building are explicitly acknowledged as critical to delivering the projects funded by the Deal successfully.

The Scottish and UK Governments are supportive of greater regional collaboration where appropriate and this is reflected in their commitment to regional funding streams and support for projects that can be demonstrated to have a strategic catalytic effect across the region, Scotland and the UK. The Strategy needs to link large projects that are

¹³ Pan-Ayrshire strategies include the recent adopted Ayrshire Regional Skills Investment Plan and the Regional Indicative Spatial Strategy.

¹⁴ Published in 2022.

¹⁵ The approved projects include: CoRE; Ayrshire Engineering Park (Moorfield Phase 3); i3 Flexible Space; i3 DPMC (Phase 1); the Great Harbour (Phase 1); Spaceport Infrastructure; Prestwick Commercial Build; Prestwick Roads; Aerospace and Space Innovation Centre (ASIC); and Ayrshire Skills Fund. We are also looking forward to the official opening of the HALO Enterprise and Innovation Centre in spring 2022, the AGD's first tangible project. Source – Ayrshire Growth Deal Annual Performance Report, February 2022

priorities to the national governments with regional and local needs by identifying the social and economic impacts and using community wealth building approaches to deliver.

Economic challenges and opportunities for Ayrshire

The literature shows that all three councils and other anchor organisations across Ayrshire are fully aware of the scale of the socio-economic challenges in the region. The literature consistently refers to some of the most long standing and difficult challenges faced by the region when compared with national and UK data including:

- Low levels of skills and educational attainment
- Low productivity/GVA
- Poor physical and mental population health including wellbeing
- Higher levels of economic inactivity and unemployment
- Consistently high levels of neighbourhood deprivation and poverty

These measures will have been disproportionately affected by the impact of the Pandemic as well as the more recent cost of living crisis and rising levels of inflation.

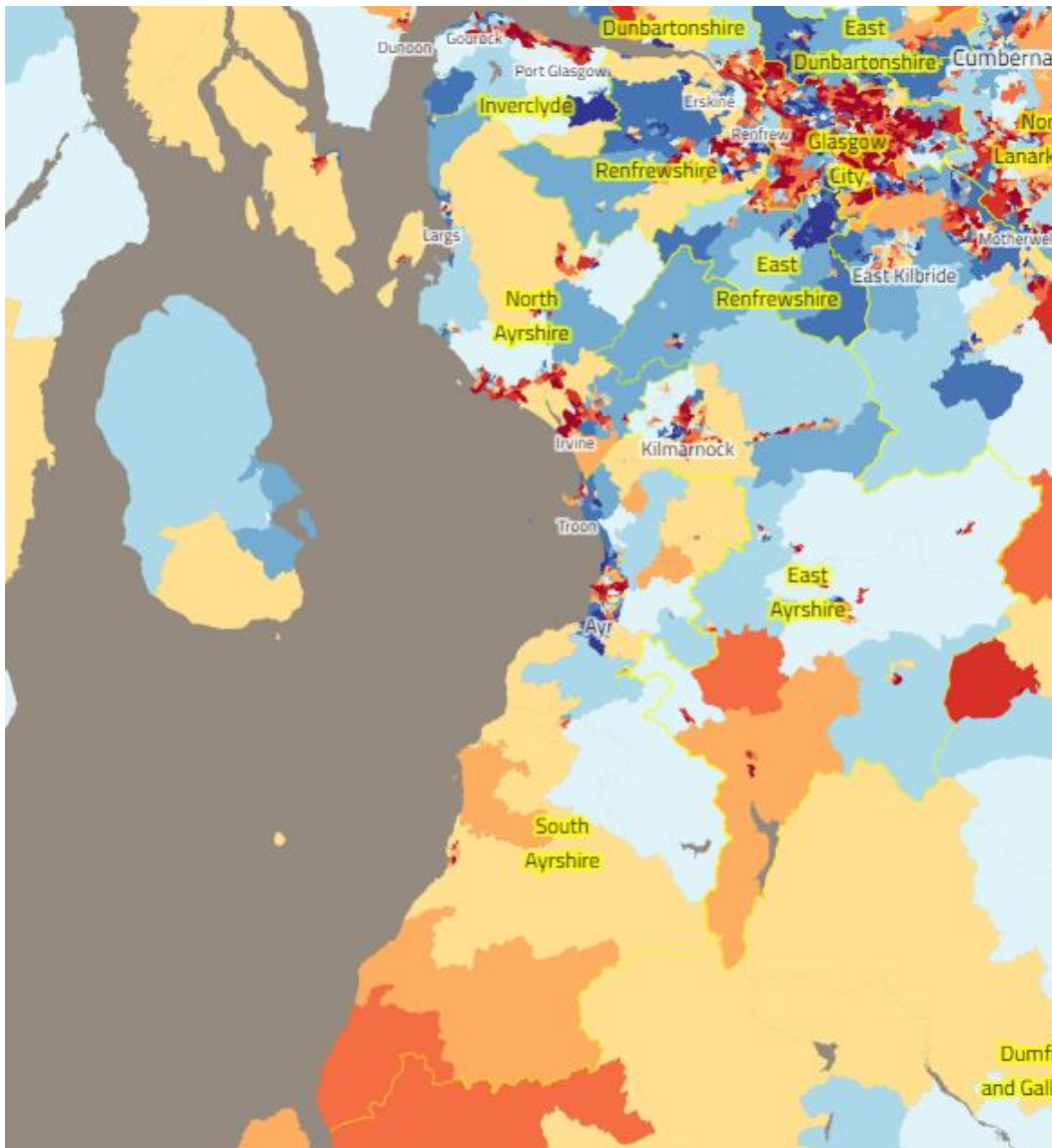
The Scottish Index of Multiple Deprivation data from 2020 shows a mixed picture across the region and neighbouring areas. The urban centres show significant areas of deprivation and inequality within towns. The rural picture is less clear due to the lack of population with huge swathes of land being captured as one data set. In addition, there are more general concerns with how these data sources reflect the reality of deprivation in rural areas. Like with all data sets, there is a time lag with these types of data profiles and as such, figure 1 does not reflect the most recent challenges facing Ayrshire including the aftermath of the Pandemic, the cost of living crisis, and rising levels of inflation.

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

At present, the workstreams are commissioning an Energy Masterplan which will be fundamental in shaping the priorities of the clean growth workstream. Likewise, there are plans to develop a Digital Masterplan and the literature includes frequent references to the importance of the digital economy, infrastructure, skills and inclusion seem high-level in the literature. There is a commitment to the delivery of a Subsea Cable and other key digital infrastructure such as improved 4G and 5G capabilities, but there is more to do to link these projects into wider strategic economic priorities.

Figure 4: SIMD Data for Ayrshire, 2020

Source: Scottish Index of Multiple Deprivation – 2020 [Link](#).



The role of public sector anchor organisations

The public sector has a significant economic role to play in the region's economy as a significant employer and purchaser of goods and services. It also has significant land and

property assets in the region. This presents an opportunity to build on the wealth building charter cited above to take action by using the collective heft of the public sector 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. As a priority, the public sector should look at its role as an employer and ensure it is paying the real living wage, opening pathways to employment for those furthest away from the labour market and addressing micro-barriers that prevent certain groups entering and staying in the workforce. This is particularly important in the context of the many crises impacting on the area including the cost of living crisis, energy crisis and rising levels of inflation.

The importance of the Foundational economy and demographic change

The Ayrshire Regional Skills Investment Plan¹⁶ 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. This manifests differently across the region. In South Ayrshire the ageing population means that there is a significant labour demand for care professionals with a high level of vacancies. There is widespread concern in the literature about the impact of demographic change in the region and the importance of making Ayrshire an attractive place for young people in an attempt to retain and attract an active working population against a back drop of a disproportionately ageing population. Whilst ageing presents a significant challenge, it will also be important for the region to provide a good quality of life for people as they age in the area¹⁷. This could include opportunities to remain active and to be able to access community services including life long learning, healthcare and opportunities for recreation and socialising. Not only can this help to support levels of wellbeing but it may also have wider socio-economic benefits.

Driving an economic recovery from Covid-19 whilst working towards a just transition are twin challenges the three Ayrshire authorities and wider partners will have to deal with over the coming years. 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. This area feels the most developed of all the workstreams at present.

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, for example, was the first Child Centred Council in Scotland and has a specific plan for Youth Partnership and Citizenship. This means that young people are

¹⁶ Ayrshire Regional Skills Investment Plan 2022 - 2025 [Link](#)

¹⁷ There is extensive information on measures which can be taken to help manage and support demographic change for example, from the [Scottish Government](#) and <https://www.ippr.org/publications/extending-working-lives>

involved in policy discussions, including through Youth Forums held in each of the six localities in North Ayrshire. There has been a commitment for the strategy to provide the basis for developing a means for meaningfully engaging with young people from across Ayrshire in the longer term.

Each council's Local Employability Partnership has been 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. These partnerships are particularly concerned about addressing the poor mental health levels across Ayrshire and some members would like to see this as a priority for the 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.

Private sector engagement

There is an entrepreneurial culture within the region, given the significant proportion of micro and small and medium sized 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 and housing 30% of Scotland's aeronautics sector in South Ayrshire. These sectors are a key selling point 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 should be a key component of the Strategy.

The positive survival rate of businesses in the area of the past five years suggests that the region can be attractive for 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 some frustration with the pace of action from 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. Business support services are provided locally by the three Councils with Scottish Enterprise delivering a national service and linking in regionally. The need for improved business support, as well as greater understanding of the private sector's priorities has come up in various documents and interviews. Addressing this should be a key function of the Strategy.

Community wealth building's role in supporting this goal has also been evident in the literature, for example, North Ayrshire's work to support small and medium sized businesses to be able to access tendering opportunities within the Council. And there is also interest in how the procurement process can be used to help support potential growth sectors in the region, particularly where demand is still emergent, for example in net zero sectors including low carbon energy and housing retrofit.

Similarly, expanding the opportunities for the social enterprise sector to participate in the economy on equal terms is a key component of community wealth building and features in the literature. The third sector is keen to deliver community wealth and participate in public sector supply chains but has asked for more support in understanding how they can do this as an equal partner. There is progress to be made around capacity building and ensuring that this sector does not become the goodwill partner of the public sector. 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.

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 if their valuation to the economy was based on more than a financial return and a narrow definition of Best Value. This requires a whole-systems shift in how this can be facilitated with anchor organisations leading the way. A broader definition on what best value represents as seen from a well-being perspective would be helpful.

North Ayrshire has particularly high levels of vacant and derelict land - the second highest level of in Scotland with approximately 1,203 hectares of land over 212 sites¹⁸. Many of these sites are owned by the 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 in a way that benefits that benefits the local communities 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.

Some good work has been started at a local level with regard to this area, such as North Ayrshire's vacant land strategy, and associated Repurposing Property Grant Fund as part of its Community Wealth Building Strategy and Regeneration Delivery Plan. Our existing stakeholder consultation has been clear that whilst the £200,000 earmarked for feasibility studies is welcome, greater funding from both public and private investment will be needed to translate these plans into meaningful action, and there is also debate as to whether this activity should be maintained at a local level and best practice to be shared, as opposed to being coordinated at a regional level.

Spatial Strategy

¹⁸ 2020 figures [Link](#)

An Indicative Ayrshire Spatial Strategy was approved in 2020¹⁹ as the first step in preparing a fully-fledged spatial strategy for the region. The strategy included 17 spatial development priorities centred around people, place, connections, economy and climate change with community wealth building threading through each. The links between the Spatial Strategy and the Ayrshire Growth Deal are evident. Linking the Regional Economic Strategy to the Spatial Strategy priorities will be essential.

Clean growth and just transition

The National Energy and Demonstrator programme in Cumnock (check) and offshore floating wind production facility at Hunterston are referenced in the literature as being critical in leading research, development and manufacturing, providing Scotland and the UK with the capability to lead the 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 has been interviewed as part of the stakeholder engagement for the Strategy.

Transport and Strategic Infrastructure

Poor transport links and a lack of interregional connectivity are key challenges for communities across Ayrshire, particularly people without private transport. This challenge is particularly acute for young people and those of working age who need to be able to access training, education and jobs. The lack of connectivity is a potential push factor which encourages young people to move to more urban areas both within and beyond Ayrshire.. This is likely to further exacerbate the region's demographic challenges. The Ayrshire Inclusive Growth Diagnostic (2016) identified transport as a limiting factor, preventing people from accessing employment and training opportunities. Several contributing factors were identified by the diagnostic including the frequency of transport, connections between transport modes, cost, and shift patterns exacerbating transport constraints.

Challenges faced by our communities in relation to public transport include the affordability of and access to services, contraction of the bus network and withdrawal of services, ferry resilience and reliability, reliance to access services and healthcare;

¹⁹ [Link to Indicative Ayrshire Spatial Strategy - August 2020](#)

integration between transport modes; and limited service provision within rural areas. More recently, the Pandemic and the cost of living crisis has had a significant impact on public transport with much reduced patronage levels and confidence in using the public transport network. The provision of high-quality opportunities for active travel and public transport for everyday journeys is therefore vital to local communities, inclusive growth and supporting modal shift to sustainable travel. Without efficient and reliable transport services, many Ayrshire communities are getting left further and further behind.

North Ayrshire has several ferry routes which provide lifeline services to our island communities on Arran and Cumbrae. Decisions in regard to these services are made by central government and we would welcome more involvement at a local level. Within Ayrshire, there are generally good road links, particularly strategic links to other key towns and Glasgow. A successful Levelling Up 1st round application will result in £28m improvements to the B714 improving connections between Glasgow to the Ayrshire coast. There is a need though for improvements on strategic road corridors that would support tackling spatial and regional socio-economic inequalities to support the delivery of our RES including improvements to road connections south to the M74/M6 and east to the M77.

In addition, it is important that Ayrshire is well connected to the area south of Ayr including to Girvan, Cairnryan and Stranraer given their strategic importance for Irish sea routes to Ireland.

The rail network for most of the area is considered to be excellent with high frequency services to from Ayr, Irvine, Kilwinning and Kilmarnock to Glasgow, and slightly lower levels of frequency on the Ardrossan and Largs lines.

Measurements of success

The literature review reflects the shift taking place across Ayrshire towards using wellbeing measures to assess the impact of interventions. This reflects the work that has been taking place to embed community wealth building across Ayrshire but also the emphasis of the Scottish Government's NSET process which places greater emphasis upon a basket of indicators alongside more traditional measures such as GDP/GVA.

In Ayrshire, this move towards wellbeing measure has come from the recognition that particular geographies and groups were not participating or receiving the benefits of economic growth. There is also a commitment to take a broad understanding of the economy as encompassing the environment, health and social outcomes alongside more traditional considerations such as job creation, business and infrastructure.

The shift away from traditional measures like GDP growth and GVA can be seen in the Inclusive Economy Dashboard which was piloted in North Ayrshire and also in North Ayrshire's Community Wealth Building Annual Report.

It is intended that the Strategy will use indicators drawn from the National Performance Framework, supplemented with tailored Ayrshire specific measures, which should give a more accurate assessment of whether community wealth building is delivering a fairer and more inclusive economy for Ayrshire.

There is support for a regional monitoring hub or observatory to track the progress of the Strategy. It is important to ensure that the metrics do not become an objective in and of themselves but link into existing measures.

Local Authority Boundaries

Figure 1 - East Ayrshire Council – Administrative Boundary

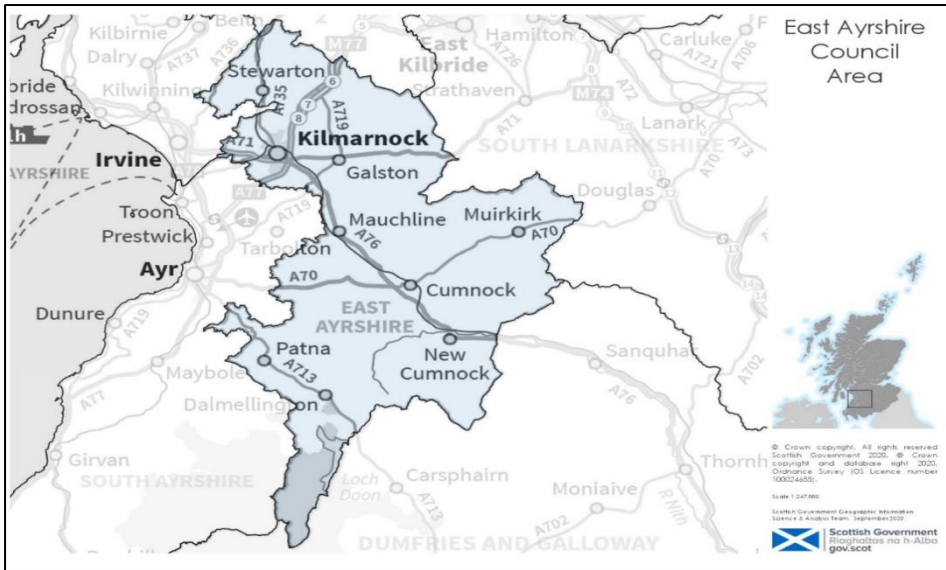


Figure 2 - North Ayrshire Council - Administrative Boundary

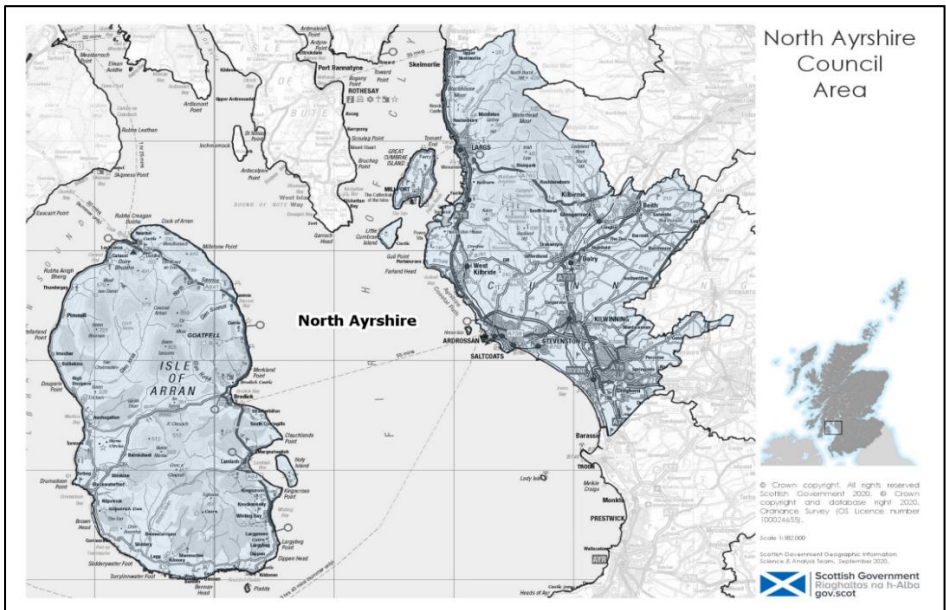
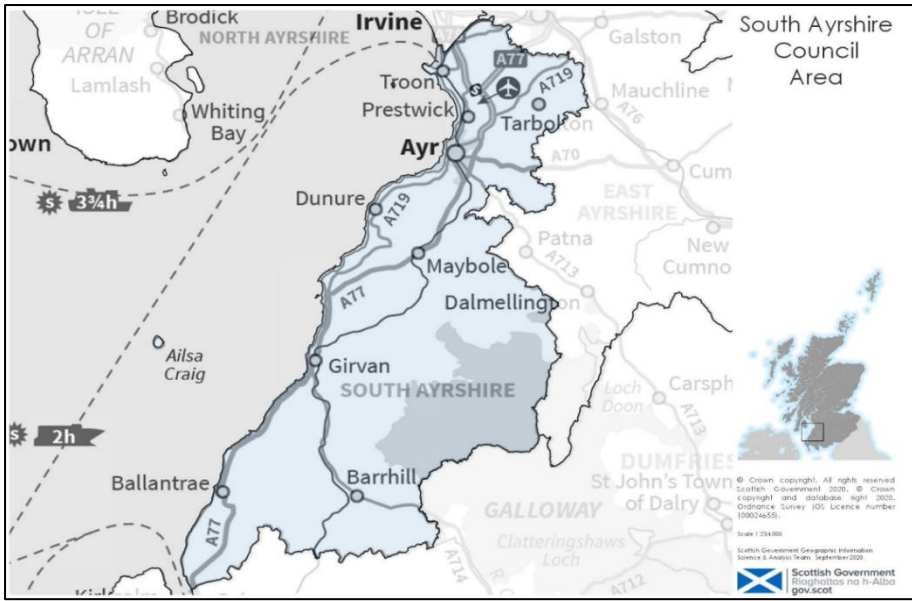


Figure 3 - South Ayrshire Council - Administrative Boundary



Source: Scottish Government - Local authority maps of Scotland [Link](#).

Ayrshire economic strategy

Socio-economic baseline



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1. Executive summary

The Ayrshire economy faces significant challenges in the current national economic context given its existing vulnerabilities including significant issues of deprivation and child poverty. However, with renewed focus on building wealth for communities, the region has the capacity to increase levels of economic activity and in doing so, deliver higher living standards, particularly to those in greatest need of support.

Situated in South West Scotland, Ayrshire has a land area of 300 square kilometres, including two islands of Arran and Cumbrae, and a total population of 367,990. It covers three local authority districts: East Ayrshire, North Ayrshire and South Ayrshire. The area is predominantly rural with three principal towns; Ayr, Kilmarnock and Irvine.

As a region it faces some significant challenges at the current time including an ageing and declining population, neighbourhood inequality with areas of high deprivation and child poverty, economic inactivity and poor health and wellbeing. Together these highlight that the region is likely to face increasing pressure on the healthcare industry, with a heightened demand for services as the population ages. This suggests that increased employment will be required in the sector, which will have implications when the working age population is projected to decline. To address this challenge, preventing outward migration of young people by increasing the employment and life opportunities available to them will be essential.

Ayrshire residents report lower levels of life satisfaction than those living in other local authorities and particularly high levels of anxiety. These findings are particularly acute in North Ayrshire where anxiety levels are the highest in the country. Analysis of the Scottish Index of Multiple Deprivation indicates provides some explanation for this, revealing large pockets of deprivation across the region. This is also reflected in the physical condition of parts of the region, where the presence of significant areas of vacant land and derelict buildings are both a challenge and an opportunity.

Deprivation is particularly apparent across the domains of health, income and employment. These aspects, coupled with significant levels of child poverty in the region, have been exacerbated during the Covid-19 pandemic and are likely to have significantly affected the wellbeing of the region's key workers, given the large proportion of employment concentrated in the healthcare industry.

Relatively low levels productivity and relatively high economic inactivity rates are indicators that there the creation of more high productivity jobs is likely to be a high priority for the area. The region's relatively high proportion of micro and small

businesses and relatively high business survival rates are indicative of an entrepreneurial culture that could provide an opportunity to help address this.

Together these findings indicate that Ayrshire is a region that has both great challenges and great opportunities. Addressing population decline, low levels of wellbeing and deprivation represent opportunities to transform the region and its local communities whilst enhancing economic productivity.

This report has been written by bringing together evidence from a range of sources including a baseline report by Biggar Economics commissioned for the preparation of the strategy as well as drawing upon existing sources of evidence including the 2016 inclusive growth diagnostic prepared for Ayrshire.

2. Natural capital, rurality and land use

Located in south-west Scotland, the Ayrshire region is both rural and post-industrial in character and creates a distinctive set of opportunities and challenges for wealth building and economic inclusion in the region.

2.1 Introduction

The Ayrshire region is situated on the south-west coast of Scotland and is comprised of three local authorities: East Ayrshire, North Ayrshire, and South Ayrshire. The region covers a land area of 3369 square kms²⁰ and encompasses the isle of Arran and the Cumbrae. The principal towns/settlement areas in Ayrshire are:

- Ayr (the largest settlement);
- Kilmarnock; and
- Irvine

In terms of landscape character, the area is both rural and post-industrial. Comprised largely of low-lying hill country the area is one of Scotland's most fertile agricultural areas, known for the production of potatoes and summer berries. Home to 73 of Scotland's 1,422 registered Sites of Special Scientific Interest (SSSIs), four local nature reserves, four country parks, one regional park and a national scenic area the area is rich in terms of its natural capital. Not only does this provide an important foundation for the area's visitor economy but it also provides an important resource in terms of carbon storage in nature.

2.2 Post-industrial land use

Alongside this the Ayrshire's close historic association with coal mining means that much of the area is also post-industrial in character. This represents both a challenge and an opportunity: while many of the registered nature sites are former quarries, the area also has a significant number of vacant and derelict sites, many of which were historically used for mining activity.

The Scottish Vacant and Derelict Land Survey (SVDLS) register²¹ identifies 432 areas of vacant derelict land across Ayrshire. Figure 1 below provides a map of the

²⁰ Data taken from the Ayrshire Growth Deal Document.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/936577/20.11.17_AGD_Deal_Document_-_FINAL.pdf

²¹ Data sourced from the Register here: <https://www.gov.scot/publications/scottish-vacant-and-derelict-land-survey---site-register/>

location of these sites showing the variation in concentration across the region. Many of these sites have been this way for a long period of time, with 20 sites having been derelict since at least 1980 and 117 since between 1981 and 1990. SVDL sites are also categorised by their ability to be developable: 141 of the sites in Ayrshire are thought to be developable over the short term and 165 over the medium term. Of the 432 sites, the most common previous uses were mineral activity (22) and residential housing (17). Whilst this disused land and buildings are potentially hazardous, with sufficient investment, these areas could represent opportunities for redevelopment if the gap funding required to secure their economic viability can be resourced.

The largest number of vacant and derelict sites in one area (11) are in the datazone S01007898 (Cumnock Rural – 02), which is in SIMD decile 7 and quintile 4. A further 8 are in Doon Valley South – 01 and 6 in Stevenston Ardeer – 01.

Figure 2.1: Map showing distribution of vacant and derelict land across Ayrshire



Source: Scottish Vacant and Derelict Land Survey (SVDLS) register

As the SVDLS register focuses only on sites of more than 0.1 hectares, it largely excludes town centre gap sites, which can have a particularly significant effect on the wellbeing of residents. However, many of these sites are captured within the Buildings at Risk Register²², which is maintained by Historic Scotland to monitor the condition of historically important listed buildings. This list identifies 128 buildings at risk across Ayrshire, including:

- 50 in South Ayrshire, of which 27 are urban;
- 35 in East Ayrshire, of which 10 are urban and 17 in small towns; and

²² Buildings at Risk -Register for Scotland. Accessed at <https://buildingsatrisk.org.uk/>

- 43 in North Ayrshire, of which 32 are urban and 8 in small towns.

These buildings could represent an opportunity to be restored, especially if the building is classified as being of low risk and a chance to redevelop local high streets and encourage new businesses into the area through the restored premises.

2.3 The economic inclusion challenges of rurality

While parts of the region, including important settlements like Kilmarnock, benefit from good connectivity to the rest of Scotland, via public transport and by road, large parts of the region, including some important settlements like Irvine, Troon and Girvan are much less accessible. This can create challenges in terms of accessing employment, skills and childcare as well as essential services such as health and social care. As well as constraining access to markets for business, poor connectivity via public transport can make people more reliant upon private transport and levels of car ownership across all three areas are equal to or higher than the Scottish average for car ownership, with South Ayrshire coming out with the highest level at 79% of all households owning a car (compared with the Scotland average of 72%²³). In addition, both of Ayrshire's island communities, Arran and Cumbrae are heavily reliant on local ferry services.

Digital connectivity is a recurring theme for rural areas across the UK and the specific challenges in Scotland have been highlighted in Westminster as rates of digital connectivity there have tended to lag behind levels of connectivity in England²⁴. Digital connectivity was examined as part of the Ayrshire diagnostic undertaken in 2016 which showed that digital connectivity across Ayrshire at that time was considered to be good although with some concerns about mobile phone coverage. The diagnostic indicated that there were challenges for economic inclusion because of the costs that it presented to residents, particularly those on low incomes²⁵.

Digital connectivity is also being examined by individual local authorities in Ayrshire²⁶ as well as being a key workstream for the regional economic strategy going forward. This includes a major new project – the development of a new subsea cable and associated infrastructure through the Ayrshire Growth Deal²⁷ will play a major role in helping to improve connectivity right across the region with knock on benefits for existing businesses and future investment.

²³ Scottish Government (2020) Scottish Household Survey 2019
<https://www.gov.scot/publications/scottish-household-survey-2019-supplementary-analysis/documents/>

²⁴ For more information on digital connectivity generally in Scotland see here:
<https://publications.parliament.uk/pa/cm201719/cmselect/cmselect/654/654.pdf>

²⁵ Scottish Government (2016) Ayrshire inclusive growth diagnostic

²⁶ For example, see the overview of the South Ayrshire Digital Strategy here: <https://www20.south-ayrshire.gov.uk/ext/committee/committeepapers2019/Leadership%20Panel/14%20May%202019/item%207a%20app1.pdf>

²⁷ Ayrshire Growth Deal (2019) <https://www.ayrshiregrowthdeal.co.uk/service/digital-subsea-cable-and-infrastructure/>

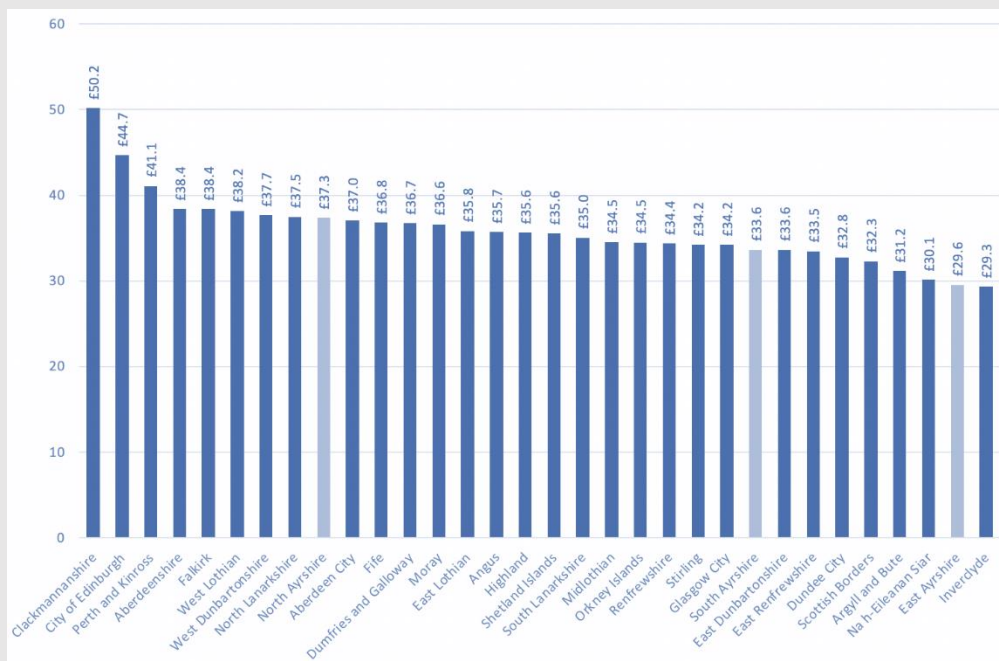
3. The state of the Ayrshire economy

Based on traditional productivity and labour market indicators, Ayrshire's economy has a lower level of economic activity than the Scottish average.

3.1 Economic productivity

Productivity levels, as measured by gross value added (GVA) per hour worked, varies considerably across the three Ayrshire economies as shown on figure 3.1. In 2020, East Ayrshire had the second lowest productivity level of all the Scottish local authorities in Scotland at £29.6 per hour worked. Productivity levels in South Ayrshire were somewhat higher, at £33.6/hour but still low by Scottish standards. At £37.3/hour worked productivity levels in North Ayrshire were the highest in Ayrshire and somewhat higher than most other Scottish local authorities but still below the UK average of £37.7/hour worked.

Figure 3.1 GVA per Hour Worked for Scotland and highlighting the three Ayrshires.



Source: ONS (2022), Subregional Productivity, Nominal GVA per hour worked (£)

3.2 Labour market indicators

As shown in Table , Ayrshire has a lower economic activity rate than Scotland. This is particularly pronounced in North Ayrshire which reflects the concentrations of deprivation and poor health in this area referenced above . In East Ayrshire, the local authority in which the working age population is highest, the economic activity rate is higher than that of Scotland at 78.1%. Similarly, the employment rate in Ayrshire is lower than that of Scotland again with East Ayrshire being higher and North and South Ayrshire being lower than Scotland.

Ayrshire has an unemployment rate largely in line with that for Scotland as a whole (4.0%), with only North Ayrshire experiencing a notably higher rate at 4.9%.

In terms of earnings capacity in the region, Ayrshire has above average gross weekly earnings when compared with Scotland, at £642 and £622 per week respectively. Earnings are higher in South Ayrshire at £670 per week.

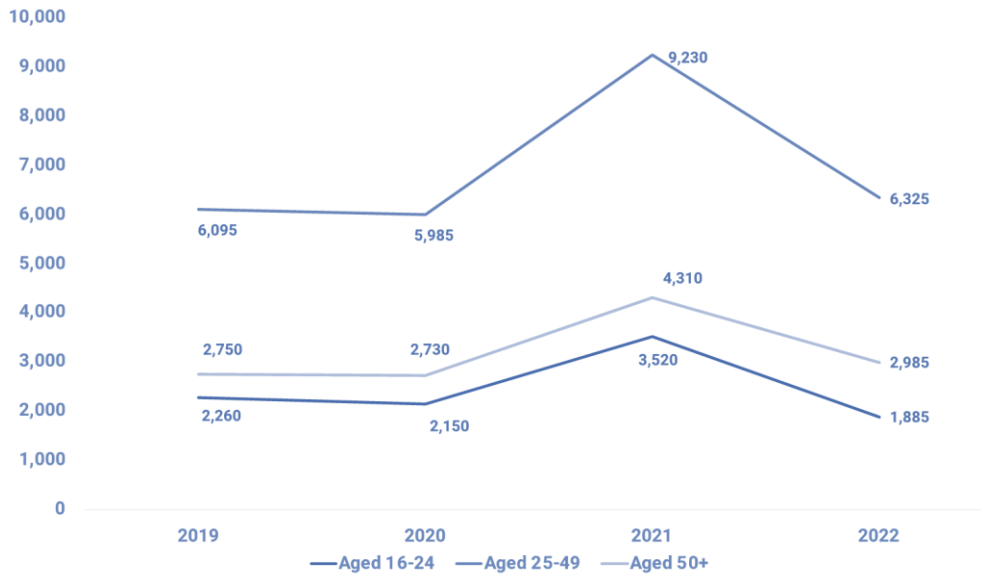
Table 3.2 Labour Market Indicators, 2021

| | North Ayrshire | South Ayrshire | East Ayrshire | Ayrshire | Scotland |
|-------------------------|----------------|----------------|---------------|----------|----------|
| Economic Activity Rate | 69.7% | 73.0% | 78.1% | 73.5% | 76.2% |
| Employment Rate | 64.9% | 68.4% | 75.2% | 69.4% | 73.1% |
| Unemployment Rate* | 4.9% | 4.1% | 4.0% | 4.3% | 4.0% |
| Gross Weekly Earnings** | £625.70 | £670.70 | £629.60 | £642.00 | £622.00 |

Source: ONS (2022), Annual Population Survey. *ONS (2022), Model Based Estimates of Unemployment. **ONS (2022), Annual Survey of Hours and Earnings.

In March 2022, the claimant count across Ayrshire totalled 11,185. As shown in Figure , claims spiked in 2021 indicating the impact of the Covid-19 pandemic in the region during the year. The number of claimants is now almost back to pre-pandemic levels experienced in 2019. The figure below also highlights that the highest number of claimants consistently comes from the 25 – 49 age bracket.

Figure 3.3 Claimant Count, Ayrshire (2019 - 2022)



Source: ONS (2022), Claimant Count.

The proportion of the working age population who are economically inactive in Ayrshire stands at 26.5%. Again there are variations between the local authorities in this aspect, with East Ayrshire having a lower rate (21.9%) and South Ayrshire (27.0%) and North Ayrshire (30.3%) having a higher rate. In comparison, the rate for Scotland is 23.8%. Data from Nomis suggests that the main reason for economic inactivity is due to long term sickness, which is a key indicator to monitor in post Pandemic context given the national concern about the effects of long covid and its intersect with other ill health conditions including mental health.²⁸

The challenge of inactivity in Ayrshire warrants further examination given the wider context of post pandemic recovery, constrained labour market and pre existing challenges of ill health and deprivation. Efforts to build wealth through the recruitment power of anchor institutions can have a key role to play in targeting inactivity across the labour market.

High levels of inactivity also constrains labour supply for business and so providing opportunities for people to become economically active through employment and entrepreneurship should be seen as an active part of the strategy's support for enterprise. However, there is also an issue with demand for labour as the region as a lower job density (0.63 jobs availability for each person in the region) compared with the Scottish average of 0.80. This figure falls further to 0.53 in North Ayrshire.

Indeed, of the 26.5% who are identified as economically inactive across Ayrshire, 23.2% of people actively want a job, highlighting that a lack of job opportunities, or a lack of opportunities for the qualification level of those living in the region, may

²⁸ For example research quoted here suggests a link with poor mental health. [Study finds link between poor mental health and long Covid | Long Covid | The Guardian](#)

be preventing labour force activity. A desire to have a job is highest in East Ayrshire (30.4% of the 21.9% economically inactive).

Therefore there is an argument for encouraging and supporting new public and private investment into the area which is well targeted to as to help support employment amongst those who are inactive or at risk of inactivity longer term, as well as continuing to improve the liveability of existing communities so as to retain and attract new people to relocate.

3.3 Qualification levels

In terms of the qualification levels of the population of Ayrshire, of those who are of working age, qualification levels are below the rates for Scotland. Across Ayrshire, 42.8% hold at least an NVQ4 (equivalent to a bachelor's degree) in comparison to the Scottish total of 50.1%.

As with the other metrics in this section, variations are prevalent between the region's three local authorities. North and East Ayrshire have lower rates of NVQ4 and NVQ3 attainment than both the Ayrshire and Scottish totals, whereas South Ayrshire performs better. North Ayrshire also has a significantly higher proportion of the working age population that do not have any qualifications (11.5%).

Table 3.4 Qualification Levels of the Working Age Population, 2021

| | North Ayrshire | South Ayrshire | East Ayrshire | Ayrshire | Scotland |
|--------------------------------|----------------|----------------|---------------|----------|----------|
| % with NVQ4+ | 37.5% | 50.2% | 41.9% | 42.8% | 50.1% |
| % with NVQ3+ | 50.9% | 66.9% | 57.3% | 57.9% | 64.9% |
| % with NVQ2+ | 69.5% | 83.2% | 78.2% | 76.6% | 79.6% |
| % with NVQ1+ | 78.4% | 90.6% | 86.3% | 84.8% | 86.5% |
| % with no other qualifications | 10.1% | 4.2% | 8.0% | 7.6% | 5.8% |
| % with no qualifications | 11.5% | 5.2% | 5.7% | 7.6% | 7.7% |

Source: ONS (2022), Annual Population Survey

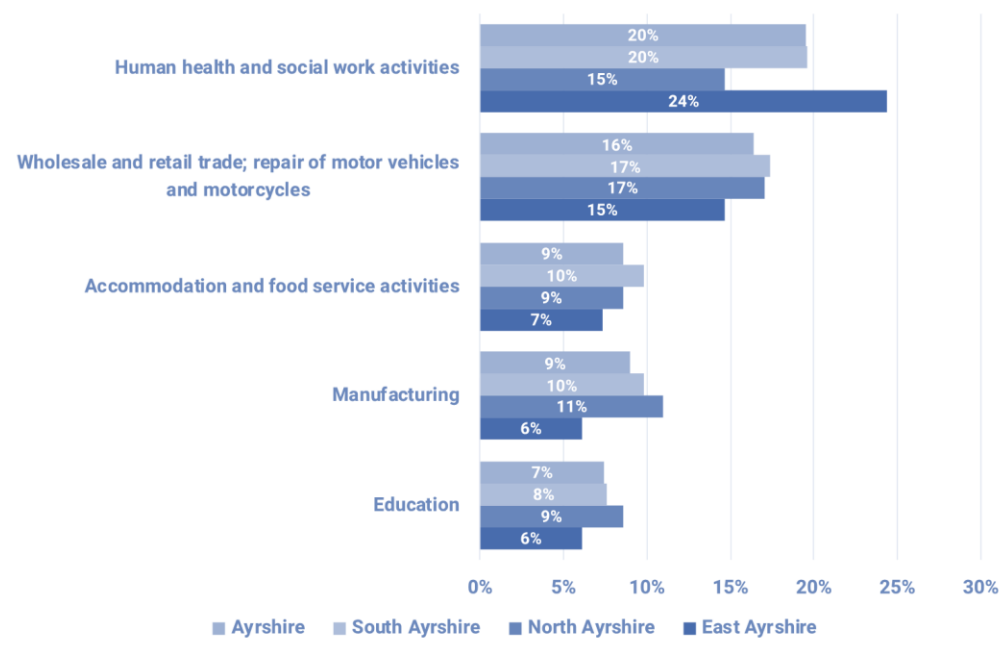
3.4 Profile of employment by sector

As Figure shows, a large proportion of employment in Ayrshire is concentrated in sectors associated with the foundation economy (such as health, education, tourism and retail). Out of a total employment of 128,000, 25,000 are within human health and social work activities, 21,000 in wholesale and retail trade, 11,000 in accommodation and food service activities, (which can be associated with the tourism sector) and 9,500 in the education sector. A further 11,500 are within the manufacturing sector. Together these sectors account for 61% of all employment across Ayrshire, with human health and social work activities accounting for almost a third of this total at 20% of total employment.

The importance of these sectors to employment in each of the local authority areas within Ayrshire is similar to that for the region as a whole, with the foundation economy representing the majority of employment in each area. In East Ayrshire, employment in human health and social work activities accounts for 24% of the area's total employment, 8% higher than the 16% the sector accounts for across Scotland.

South Ayrshire is Scotland's second largest employer in the manufacture of air and spacecraft related machinery, accounting for 30% of the country's total employment in the sector (3,310) and 2.1% of total employment in South Ayrshire. A further 25 people are employed in the sector in North Ayrshire, making the region's total employment in the sector, 1,025. The region's share of employment in the sector has decreased by 11% since 2017.

Figure 3.5 Top 5 industries of employment



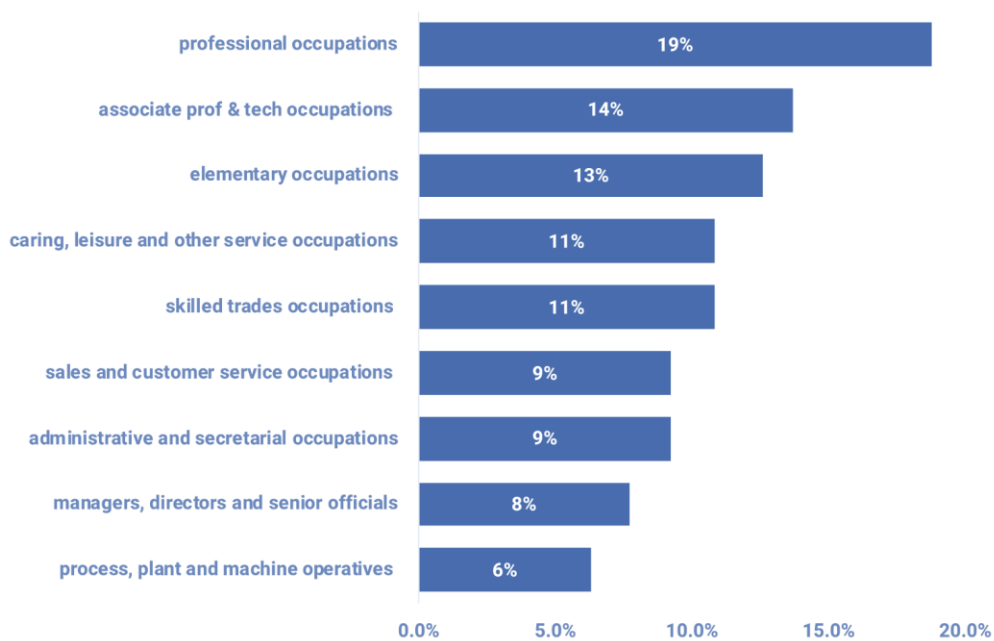
Source: ONS (2022), Business Register and Employment Survey

3.5 Profile of employment by occupation

Almost one fifth of jobs in Ayrshire are classified as professional occupations. Whilst this occupation accounts for the largest share of employment type across the region, it is lower than the 24% the occupation accounts for across Scotland. In North Ayrshire, the occupation accounts for 13% of employment.

Ayrshire has a higher share of employment in caring, leisure and other service occupations than Scotland (9%), predominantly so in North Ayrshire where the occupation accounts for 17% of all employment. Ayrshire, and each of its three local authorities, have greater levels of employment in skilled trades and elementary occupations.

Figure 3.6 Employment by occupation type, Ayrshire



Source: ONS (2022), Annual Population Survey

3.6 Key points

The Ayrshire economy is largely centred around employment in sectors associated with the foundation economy, with high levels of employment particularly in the healthcare industry. The economy also exhibits some of the lowest productivity rates in the country, suggesting underemployment could be a factor, implying a need to create more jobs in high productivity sectors that offer higher wages.

Similarly, the 25 – 49 age bracket are consistently being the age group requiring the claim universal credit, indicating that wage rates are not high enough to cope with the cost of living. There is also a significant proportion of the economically inactive population who want a job, therefore a lack of opportunities may be preventing job search, particularly at entry rates that do not require higher levels of qualifications.

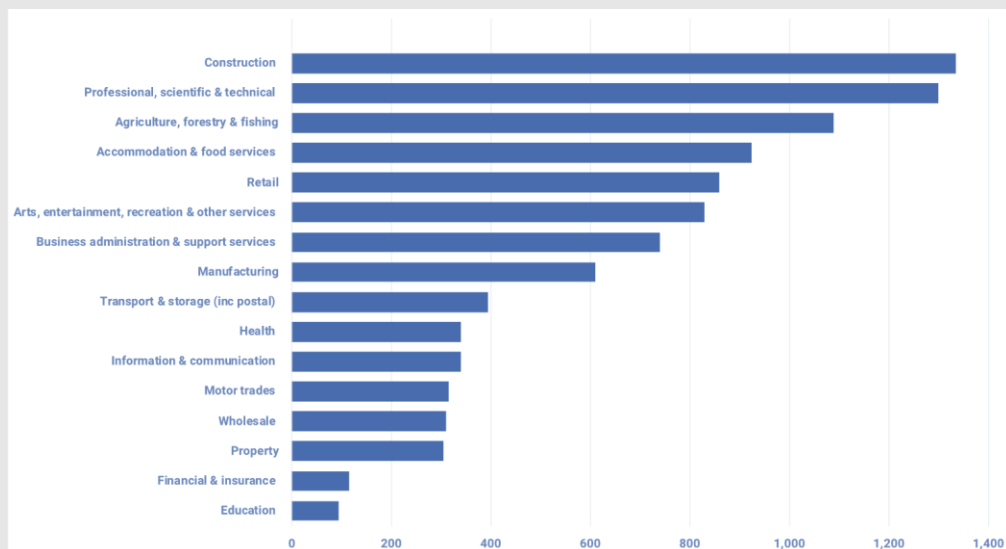
4. The business base in Ayrshire

Ayrshire has a diverse business base largely supported by small and micro businesses with few large employers.

4.1 Business base

There are a total of 9,960 businesses across Ayrshire, of which 98.1% are either micro (0 – 9 employees) or small (10 – 49 employees) businesses. As shown in Figure 4.1, the sectors that account for the largest share of businesses in the region are: construction (13.4%), professional, scientific and technical services (13.1%), agriculture, forestry and fishing (10.9%), accommodation and food services (9.3%), retail (8.6%), and arts, entertainment, recreation and other services (8.3%). The high prevalence of businesses in these sectors reinforces the importance of sectors associated with the foundation economy to the region.

Figure 4.1 Number of businesses by sector, Ayrshire



Source: ONS (2021). UK Business Counts.

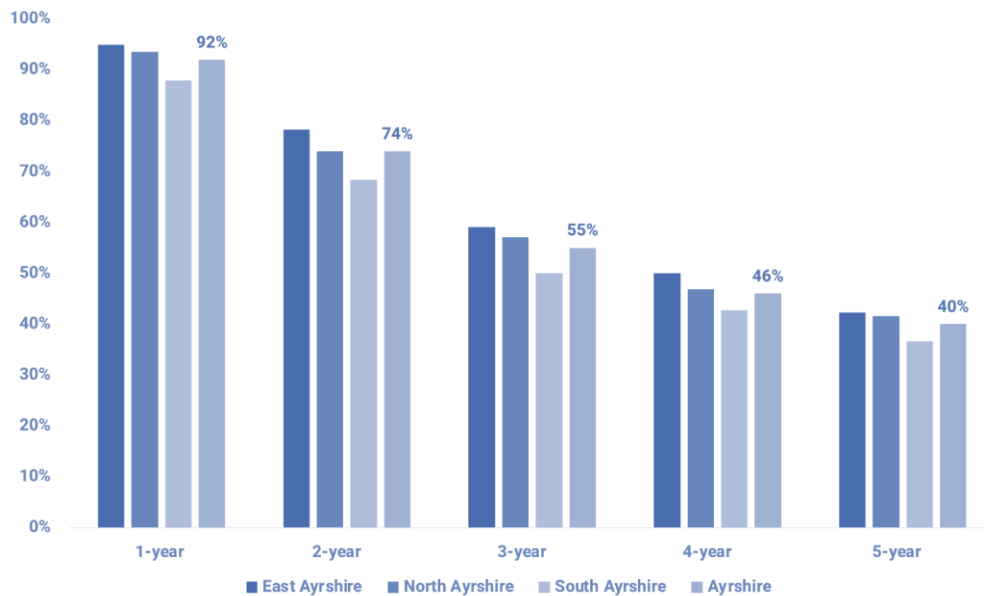
Additionally, data gathered by CLES on all organisations (socially and non-socially owned) in Ayrshire estimates a total of 17,031 organisations in the region, of which 15% are in the wholesale and retail trade, 13% in the construction industry, 11% in professional, scientific and technical services and 10% in accommodation and food service activities.

The largest employers in the region, each employing over 1,000 people, include large public sector anchor institutions including: University Hospital Crosshouse

(the largest employer at 10,000 employees), Crosshouse Hospital and Ayrshire & Arran Health Board. Large private sector employers include Crannag Properties Ltd and Westcot Credit Services Ltd. Global pharmaceutical company, GlaxoSmithKline, also has a base in North Ayrshire and employs 600 people across the region.

Based on business demography data gathered by the ONS, newly born enterprises in Ayrshire have a first-year survival rate of 92%, greater than the 90% for businesses in Scotland as a whole. As survival rates decline over the first five years of operation, they are in line each year with those of Scotland. As Figure 4.2, shows, there is variation in business survival rates across the three local authorities. In South Ayrshire, the first-year survival rate is 87.8% which is the third lowest rate in Scotland. Conversely, East and North Ayrshire have rates above that of Scotland. This trend is consistent across the five years.

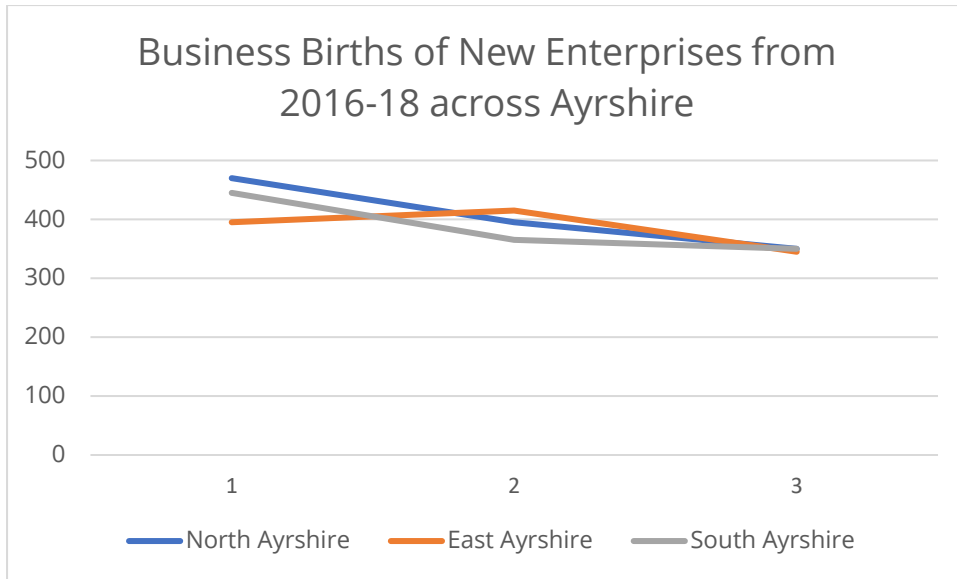
Figure 4.2 Business survival rates (%)



Source: ONS (2020). Business Demography.

However, of more concern is that business births for new business based on available data between 2016-2018 appears to show that overall, enterprise formation is slowing down which limits the potential for new wealth creation in the region. This makes the case for continued support for enterprise but also highlights the opportunity to use public sector investment including expenditure in NHS supply chains to drive innovation and enterprise development.

Figure 4.3: Business births of new enterprises in the Ayrshires 2016-18



Source: ONS (2021) Business demography

5. Health and wellbeing

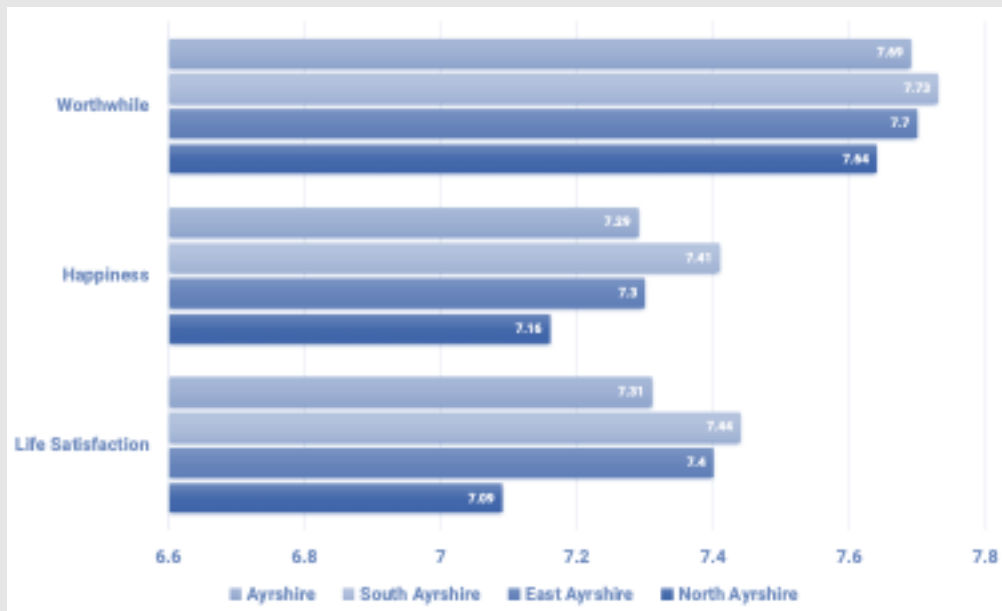
Health and wellbeing are key challenges for Ayrshire's economy and limit the extent to which people in the region are able to live good lives of a normal length.

5.1 Wellbeing measures

The Office for National Statistics produce estimates on personal wellbeing in local authorities across the UK²⁹ on a scale point of 1 – 10 (with 10 being the highest level of wellbeing). These estimates indicate feelings of life satisfaction, happiness and worthwhile with individuals' life by the area in which they live. These figures illustrate that across Ayrshire, levels of wellbeing appear to be lower than comparator areas in Scotland.

As shown in Figure 5.3, of the three measures, Ayrshire scores highest on 'worthwhile.' This figure is highest in South Ayrshire at 7.73. 'Happiness' scores lowest of the three measures at 7.29 and Life Satisfaction in the region scored 7.31 out of 10.

Figure 5.3 Measures of Personal Wellbeing



Source: ONS (2021). Personal well-being estimates by local authority.

In each case, South Ayrshire scores higher (indicating greater levels of wellbeing) than both North and East Ayrshire and Ayrshire as a whole. Conversely, North

²⁹ ONS 2021 <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing>

Ayrshire scores lowest on each of the measures and has a life satisfaction score of 7.09, the lowest score of any local authority in Scotland.

Data is also collected on measures of anxiety, with higher estimates indicating greater levels of anxiety (and thus lower levels of wellbeing). Ayrshire as a whole averages a score of 3.57, the 5th highest score across all local authorities in Scotland. North Ayrshire ranks highest in the country at 3.76, indicating the greatest levels of anxiety experienced within a local authority, and South Ayrshire ranking 3rd highest at 3.66. East Ayrshire ranks 14th with a score of 3.29.

These figures are underscored by statistics from the NHS Arran and Ayrshire³⁰ which show that Ayrshire authority areas score unfavourably on a range of health indicators when compared with other parts of Scotland which will constitute a systemic issue for the area's economy and help to explain the high levels of economic inactivity. This includes

- **Lower than average life expectancy:** Male life expectancy in the majority of areas in Ayrshire is significantly below the Scottish average. Of all the health boards in Scotland, Ayrshire and Arran has the lowest healthy life expectancy for females across the country, and also one of the lowest for males. North Ayrshire in particular has a female healthy life expectancy of 54.0 years (in comparison to Scotland's 61.8). South Ayrshire on the other hand has a greater healthy life expectancy of 63.7 years.
- **Ill health as a systemic challenge:** Data from 2015-2018 shows that rates of patients hospitalised for a range of conditions including coronary heart disease, Asthma were significantly worse across all three local authority area when compared with Scotland and rates of hospitalisation were the highest recorded of all health boards in Scotland.
- **Poor mental health:** proxy data for mental health includes the high levels of prescription drugs for mental health conditions which is higher than the Scottish average (although this may be influenced by other factors as the data explores). Drugs and alcohol related hospital stays across Ayrshire were also higher than Scottish average.

5.2 High concentrations of deprivation

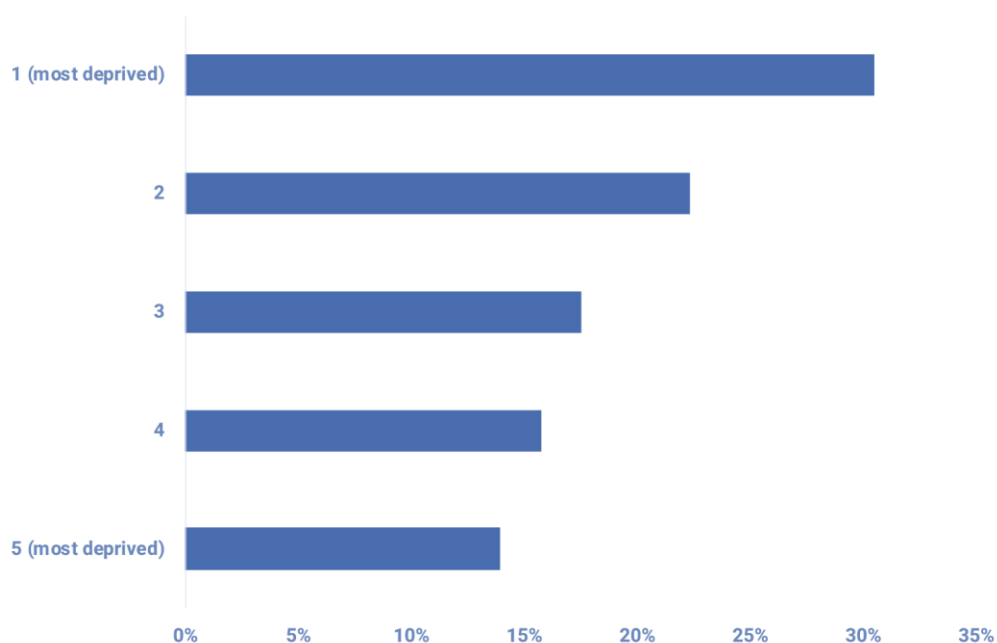
The area's challenges of poor health and wellbeing and the particular environmental characteristics of areas like North Ayrshire (which have high concentrations of vacant and derelict land) are self reinforcing creating high concentrations of disadvantage and deprivation across the area, particularly in north and east Ayrshire.

³⁰ NHS Arran and Ayrshire (2019) Health and Wellbeing in Ayrshire and Arran. Volume 1 Current Status <https://www.nhsaaa.net/media/8272/health-and-wellbeing-in-ayrshire-and-arran-vol-1-18-sep-2019-final-report.pdf>

This has direct consequences for the local economy in these areas not only in terms of the way in which it limits life chances for people in the region but how it also impacts upon local authority services and on local organisations such as community and voluntary organisations including food banks and pantries.

As shown in Figure 5.4, of the 502 data zones in Ayrshire, 30% are within the country's 20% most deprived, 14% of which are within the country's 10% most deprived. Of Scotland's 6,976 data zones (with 1 being the most deprived in the country), Ayr North Harbour, Wallacetown and Newton S is the region's highest placing data zone at 13/6976, Saltcoats Central is 23rd and Doon Valley South is 40th.

Figure 5.4 Proportion of Ayrshire living in deprivation by SIMD quintile, 2020



Source: Scottish Government (2020), Scottish Index of Multiple Deprivation 2020.

In terms of the specific SIMD domains, 30% of data zones in Ayrshire fall within the country's 20% most deprived for income and employment metrics. A total of 30% of data zones in Ayrshire are within the country's most deprived 20% for health metrics, with 15% of the region's data zones falling within the country's 10% most deprived.

5.3 Child poverty

The high levels of deprivation across the area provide insights into why the area also has higher than average levels of child poverty, trends that will no doubt be further exacerbated by the cost of living crisis.³¹

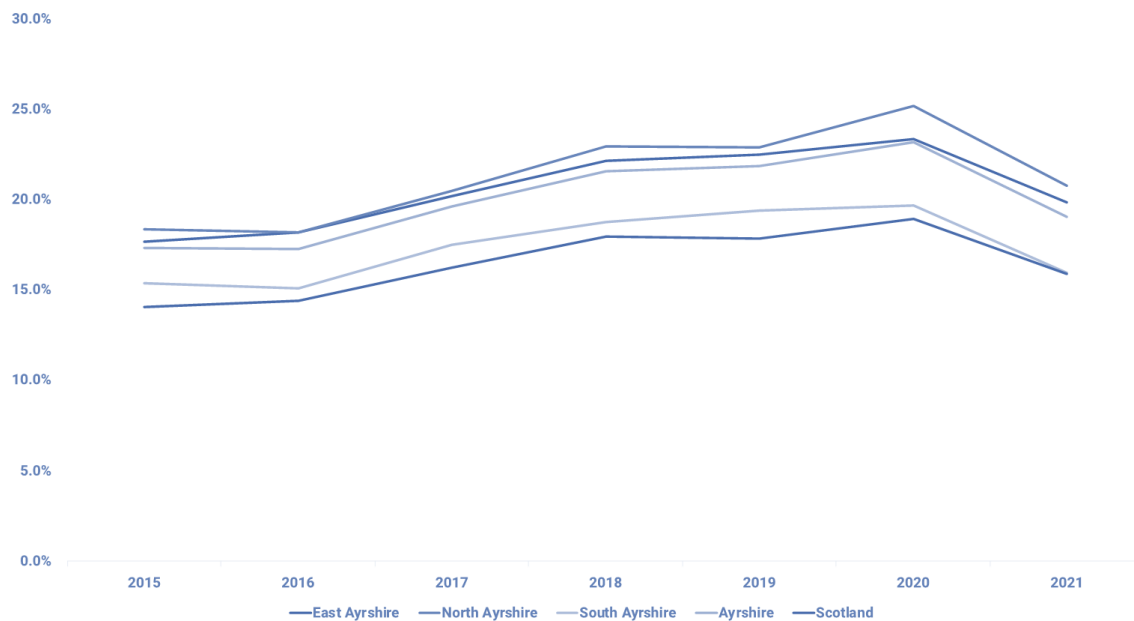
Figures on child poverty by local authority area are gathered by the Department for Work and Pensions by estimating the number of children living in households

³¹ However due to data lags, it is not yet possible to understand the full impact.

below average income (60% median income before housing costs). In 2021³², 19.1% of children aged 16 and under across Ayrshire were living in relative child poverty. In the previous year, this figure stood at 23.2%, the highest recorded rate since 2015, highlighting the impact of the pandemic on employment, income and child poverty rates in the region.

Within this, some families are more at risk of poverty including those who are from a minority ethnic household, have a disability are single parents are where the mother is aged less than 25. The NHS Ayrshire and Arran suggest that a higher percentage of preschool children are being identified with development needs (such as, speech, language and communication, hearing, vision, behavioural and emotional and so on) compared with the Scottish average of 17.4% in every local authority area in Ayrshire.³³

Figure 5.3 Relative child poverty rates, 2015 – 2021*



Source: Department for Work and Pensions (2022), Children in Low Income Families: local area statistics.*2021 child poverty data used against 2020 population data.

Child poverty rates across the three Ayrshire economies have decreased over the past year, and at the time of writing were at their lowest levels since 2017. This is in line with national trends. However, research undertaken by Save the Children³⁴ suggests that this fall is likely to be a result of the temporary increase to Universal Credit payments that was introduced during the Covid19 pandemic, which has since been reversed.

Of greater significance is the relative level of child poverty in the three Ayrshire authorities compared to elsewhere in Scotland. In 2021 North Ayrshire had the

³² Assuming population aged 0-15 is the same as in 2020 as 2021 population data not yet available

³³ Ibid

³⁴ Save the Children (July 2022), [Child Poverty in Scotland: What the Numbers Tell Us](#)

second highest percentage of children living in relative child poverty in the country (20.8%), second only to Glasgow at 24.6%.

Across Ayrshire, 14 of the 27 wards have relative child poverty rates above 20%. The rate is highest in Irvine West (25.2%), Stevenston (24.3%), Doon Valley (23.9%), Ballochmyle (22.3%) and Irvine South (22.0%). Ayr West, Annick and North Coast and Cumbraes have the lowest rates in the region at below 15%.

6. Demographic change

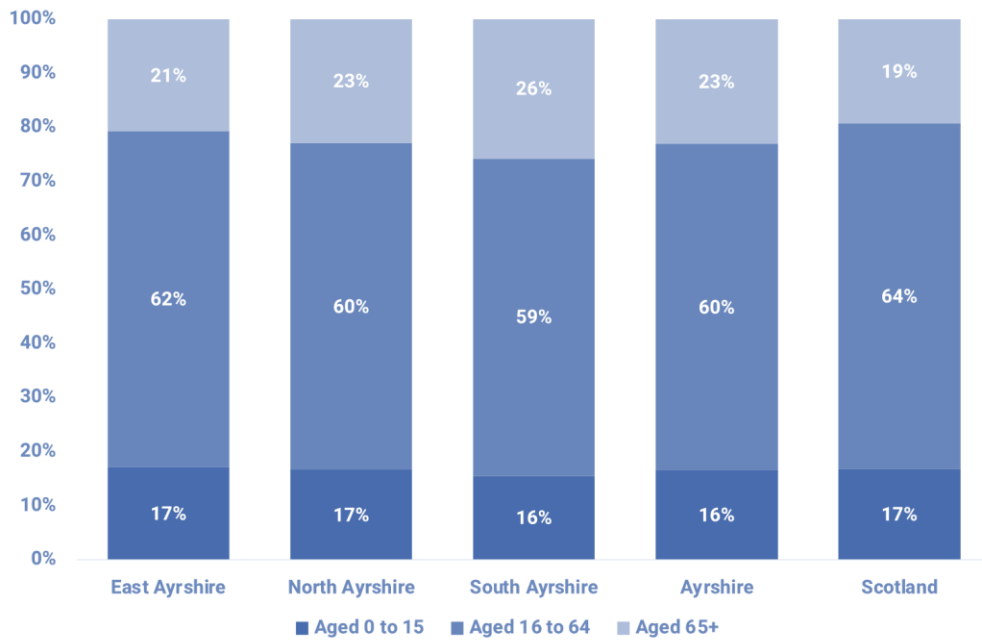
Ayrshire has an ageing and declining population, which has an impact upon the availability of labour supply and the demand for foundational sectors of the economy, particularly health and social care.

6.1 Population structure

In 2020, Ayrshire had a total population of 367,990, accounting for 6.7% of Scotland's total population. The population structure of Ayrshire, and across each of its three local authorities, exhibits an older than average population with a below average proportion of the population being of working age (16 – 64). This is illustrated in figure 4.1. This trend is particularly acute in South Ayrshire where During the next two decades, the population is set to decline by 7.7% where, in the next two decades, 34% of the population is expected to be aged 65 and over (by comparison, the figure in East Ayrshire is expected to be 27%).

This demographic profile reduces the proportion of the working age profile and increases demand for health and social care.

Figure 6.5 Population structure, 2020



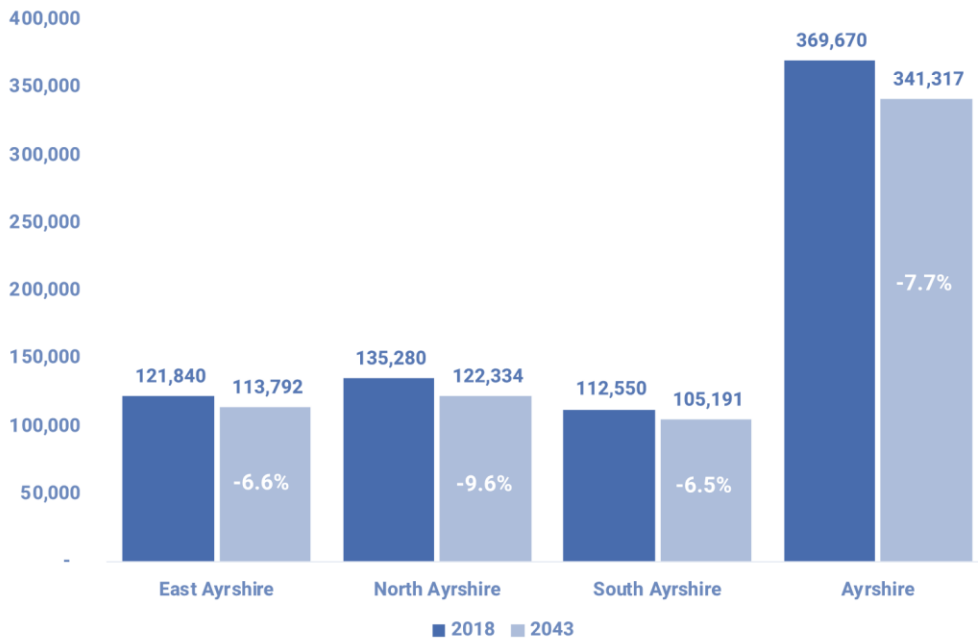
Source: ONS (2022).

Population Estimates 2020 *Figures may not sum due to rounding.

6.2 Population projections

As shown in Figure , the population of Ayrshire is expected to decline over the next two decades by 7.7%. This trend is expected across each of the three local authority areas in Ayrshire, with North Ayrshire still expected to account for the largest share of the region's population by 2043.

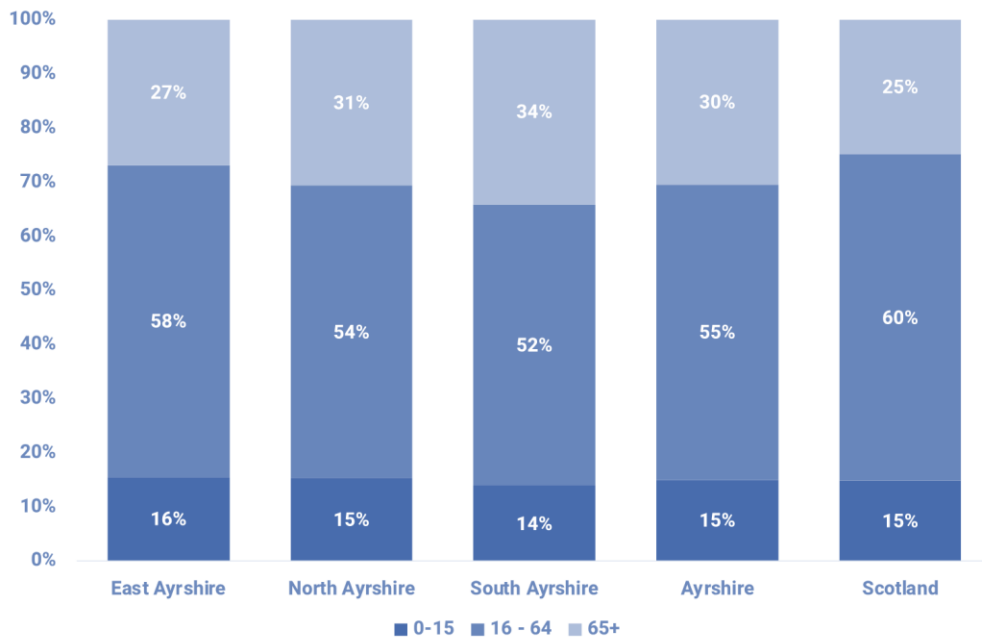
Figure 6.2 Projected change in Ayrshire population, 2018 - 2043



Source: National Records of Scotland (2020). 2018-based principal population projections for 2018-2043.

By 2043, it is expected that the population of Ayrshire will have aged further with the proportion of the population aged 65 and over accounting for 30% of the region's total population. This is above the 25% the age group is expected to account for across Scotland. Additionally, the proportion of the population of working age in Ayrshire is expected to account for 55% of the population by 2043, a decrease of 5% from 2020. Such trends are expected in each of the three local authority areas across Ayrshire with South Ayrshire expected to continue have the eldest population.

Figure 6.6 Projected population by age structure, 2043



Source: National

Records of Scotland (2020). 2018-based principal population projections for 2018-2043.

Ayrshire's ageing profile is more pronounced than in Scotland generally and reflects some of the wider characteristics of the area including its high degree of rurality, poor health, inactivity and low population density. There is also evidence emerging from post Pandemic data, that higher levels of people aged 50+ are disengaging from the labour market earlier than has been the case pre-pandemic which may impact disproportionately upon areas with an already pronounced ageing profile.

These trends are long term and so, whilst attracting and retaining young people within the region is important, it is also crucial that policy makers reframe the debate on an ageing profile so help ensure that people are able to age well in Ayrshire with opportunities to remain active and engaged in their communities as well as in the labour market. This might include opportunities to transition to new careers and employment opportunities. In addition to the labour market, an ageing profile also has implications for the region's small and medium sized businesses. Many of these owners may be approaching retirement age and as a result, succession planning will be crucial. Succession planning can help to retain jobs, investment and business assets in a region and can also facilitate early planning around employee ownership which, as research³⁵ has shown, can provide a boost to business growth and be a means to support new innovation and investment.

It also requires the provision of accessible life long learning in the region and a creative approach to engaging with and understanding the needs of people as they get older.

³⁵ CLES (2022) Owing the workplace, securing the future.