EAST AYRSHIRE COUNCIL

CABINET - 27 FEBRUARY 2013

TRANSFORMATION PLAN 2012 - 2017 – ECONOMIC DEVELOPMENT REVIEW AND FUTURE STRATEGY

Report by Depute Chief Executive/Corporate Director for Neighbourhood Services

1. PURPOSE OF THE REPORT

1.1 The purpose of this report is threefold. It provides Cabinet with details of the review of the Economic Development Service in the context of the Council's Transformation Plan; it seeks approval of a draft Economic Development Strategy; developed to articulate our aspirations for the future economic growth of East Ayrshire; and it sets out changes to the Service which will support the delivery of the strategy.

2. BACKGROUND

2.1 The Transformation Plan was approved by Council on 28 June 2012, setting out the range of workstreams designed to assist the Council to address an estimated budget gap of £34.1 million. Economic Development has been identified as one of those workstreams.

2.2 A management review of the Economic Development Service was completed in 2011 however, with so much of what influences our economy outwith our control, there is a need to review activities and determine their continued relevance. This is considered particularly pertinent given that Economic Development is delivered by the Council under its powers of well-being and is not a statutory service.

2.3 The rationale for what we deliver, both as a Council service and in partnership with other agencies, is clear. We need a strong, shared vision and a plan that will deliver tangible change, make a real difference to East Ayrshire's economy and bring a series of improvements to our communities.

2.4 Without a commitment to delivering economic development, those for whom leaving the area is an option will go in search of a better quality of life, and those left behind will become more dependent on public services.

2.5 The Service review and the emergent draft Economic Development Strategy provide that planned and selective approach to intervention which can meet the identified economic challenges of the area. It is an approach to driving economic and employment growth which:

- Is focused around private sector led employment growth;
- Promotes and builds on the success and strengths of East Ayrshire and its character and heritage;
- Seeks to address the headline evidenced economic issues; and
- Takes guidance from current Government policy, alongside lessons learned and best practice from other areas.

3. STRATEGIC CONTEXT

3.1 The purpose of local economic development is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a

process by which business and the public sector work collectively to create better conditions for economic growth and employment generation.

3.2 At a national level the activities of the Economic Development Service and its partners reflect the priorities of the following strategies:

NATIONAL AND LOCAL CONTEXT	STRATEGIC CONTEXT	PRIORITIES
Scottish Government	Scotland's Economic Development Strategy	• Learning, skills and well-being; • Supportive business environment; • Infrastructure development and place; • Effective government; and • Equity.
	Scotland's Regeneration Strategy	• Deprivation; • Low educational attainment; and • Poor physical environment.
	Scotland's Opportunities for All	• A shared responsibility for skills between the individual and the employer; and • Modern apprenticeships are at the heart of developing skills for growth.

3.3 The remit of the Economic Development Service has also been developed to reflect national policy agenda and contributes to the following national outcomes as defined by the Scottish Government:

1. We live in a Scotland that is the most attractive place for doing business in Europe;
2. We realise our full economic potential with more and better employment opportunities for our people;
3. We are better educated, more skilled and more successful, renowned for our research and innovation;
4. Our young people are successful learners, confident individuals, effective contributors and responsible citizens; and

10. We live in well-designed, sustainable places where we are able to access the amenities and services we need.

3.4 At a local level, the services delivered reflect the Council's priorities as set out in its Transformation Plan:

PRIORITY	ACTIONS
Raise Educational attainment and equip our young people for the world of work.	Raise educational and skills attainment. Foster and grow the partnership between local schools and businesses to ensure our young people are work ready. Support young people into apprenticeships with the Council and pioneer a new apprenticeship scheme to support local businesses.
Support older people live independently in the community.	Encourage older people to participate in community life. Promote intergenerational work. Support more elderly people to live independently in their own homes.
Promote town centre living.	Build new council houses in and around our town centres and encourage external investment in town centres. Work with retailers and local businesses to improve our town centres and villages. Build on our investment on town centre regeneration.

3.5 Similarly, its outputs and outcomes contribute to the outcomes of the Community Plan, specifically in relation to promoting lifelong learning, delivering community regeneration and improving health and well-being. The proposals within the strategy reflect partnership discussions and updates which have taken place as part of the mid-term review of the Single Outcome Agreement (SOA) as well as the development of a new SOA for East Ayrshire.

3.6 The table below sets out the role of the Council and partner agencies in delivering this agenda.

LEAD AUTHORITY	REMIT	PRIORITIES
East Ayrshire Council	The Council is the lead authority for the delivery of local economic development. The Council provides a range of interventions designed to support our business base; to stimulate inward investment; and to ensure that local people are equipped to access job opportunities that are created.	• Employability; • Business support; • Inward Investment; and • Town centre management.
East Ayrshire Council - Business Gateway	Business Gateway is a Council service, provided by a contractor, and designed to provide	• Support to business start-ups and smaller growth companies.

	support and guidance to anyone wishing to start a business.	
PARTNER AGENCIES	**REMIT**	**PRIORITIES**
Scottish Enterprise	In 2008, Scottish Enterprise's Local Economic Companies structure was dismantled by the Government and resource was diverted to local authorities, marking an important shift away from national and regional to sub-regional economic development. Scottish Enterprise is now focused on delivery at a national level and through its Business Plan 2012/15 has articulated its support to business to address the Government's Economic Development Strategy.	• Creative industries; • Renewables; • Life sciences; • Food and drink; • Tourism; and • Finance. The provision of a range of business products including financial support, advice and guidance to companies with significant growth potential and an anticipated increase in turnover over three years of £1m.
Skills Development Scotland	Skills Development Scotland was established by the Scottish Government to deliver the aspirations it set out in its Opportunities for All Strategy; specifically targeting those 16 to 19 year olds not in employment, education or training.	The delivery of National Training Programmes through contractual arrangements with regional and sub-regional organisations: • Modern Apprenticeships; • Get Ready for Work; • Training for Work; and • Lifeskills.
Scottish Development International	A joint venture between the Scottish Government, Scottish Enterprise and Highlands and Islands Enterprise, Scottish Development International is a national agency remitted to promote Scotland to potential investors and to export markets.	• Inward investment; • Growing Scotland's exports.
Further and Higher Education	Further Education is currently being rationalised by the Government and moving to a regional model of delivery which brings together Ayr, Kilmarnock	• Improved skills and qualifications for unemployed and employed individuals to ensure they move closer to the labour

	and James Watt College in Kilwinning as a single Ayrshire College. Higher Education remains a key priority for the Government and is considered to be one of the country's key sectors for growth. Our communities access Higher Education opportunities across the UK and also benefit from having a University of the West of Scotland campus in Ayr, providing local access to a wide range of courses.	market and can sustainable employment.
Ayrshire Economic Partnership	A private/public partnership providing strategic direction and support to grow the Ayrshire economy.	• Food and Drink (led by East Ayrshire Council); • Tourism; • Renewables; and • Engineering.
The Third Sector		• Building capacity within local communities; • Supporting the growth and sustainability of social enterprises; • Creating additional volunteering opportunities within our communities.
Ayrshire Chamber of Commerce	A membership body supporting the needs of local business and providing a business to business network across Ayrshire.	• Networking; • Training; and • Sharing best practice.
Federation of Small Businesses	A membership body supporting SMEs and providing networking opportunities across the West of Scotland	• Networking; • Lobbying; and • Sharing of best practice.

4. CURRENT PERFORMANCE INFORMATION

4.1 Detailed information on the performance of the Council's Economic Development Service are available from EPMS. The table below sets out high level information relating to the level of engagement by the Council and its partners, working to deliver economic development support to our communities.

ORGANISATIONS	CURRENT ACTIVITIES

EAST AYRSHIRE COUNCIL	Communication with 840 businesses on at least a monthly basis.
	Providing £250,000 of grant support to businesses with growth and job creation aspirations.
	Fortnightly networking and training sessions for local businesses.
	The delivery of a range of events and marketing initiatives in the town centres of Kilmarnock and Cumnock to support the retail base.
	In partnership with the Further Education and Third Sectors, skills and employability support has been provided to 2,000 local residents and 700 have secured employment. Targets for the current programme include working with 2,500 local people and at the midpoint 1,203 people are benefitting from support. There is a particular focus within this work on youth employment.
BUSINESS GATEWAY	In 2011/12, support was provided to 279 business start-ups. The target for 2012/13 is 340.
SCOTTISH ENTERPRISE	Account management support to 36 companies head quartered in East Ayrshire (this reflects an increase of 2 companies in 2013). Scottish Enterprise has a wide range of products to support business and access to a range of financial packages, advice and support for companies with growth ambitions has been provided to another 29 companies.
SKILLS DEVELOPMENT SCOTLAND (SDS)	There are currently 800 youngsters in East Ayrshire participating in National Training Programmes funded by SDS.

5. FUTURE STRATEGY FOR ECONOMIC DEVELOPMENT

5.1 The draft strategy accompanying this report focuses on how economic development helps create and sustain vibrant communities and access to opportunities and has been developed in the context of transformational change, to contribute positively to the overall vision for the area as set out in the Community Plan – "East Ayrshire will be a place with strong, vibrant communities where everyone has a good quality of life and access to opportunities, choices and high quality services which are sustainable, accessible and meet people's needs."

5.2 The strategy sets out a strategic aspiration to "create a strong local economy delivering higher levels of sustainable growth and employment for the benefit of existing and future residents."

5.3 The 6 specific and equal priorities to achieve this contribution are to:

- Integrate East Ayrshire with the regional economy;
- Facilitate economic restructuring;

- Improve our town centres;
- Improve the quality of our tourism offer;
- Increase economic participation and develop a quality and competitive workforce, with a focus on youth employment; and
- Accelerate the pace of infrastructure improvements to foster enterprise, encourage investment and sustainable economic growth.

5.4 The delivery of an action plan associated with this strategy will be underpinned by strong partnerships across all sectors locally. We will ensure that we strip out duplication of effort and maximise the benefits of our available resource to our communities by working together on our shared aspirations.

5.5 The key measures of success associated with the strategy include:

Number of new jobs created;
Number of new business starts
Town centre vacancy rates;
Number of visitors to East Ayrshire;
Improved employment rates;
Amount of appropriate business and industrial space created across the area; and
Level of private sector investment attracted to East Ayrshire through RSA and Business Grants schemes.

5.6 The strategy is currently in draft form and approval is sought to undertake a consultation exercise with partners prior to finalising its content and prior to the completion of an associated action plan.

6. CURRENT ECONOMIC DEVELOPMENT SERVICE STRUCTURE

6.1 The staff complement within the Council's Economic Development Service is currently 38 and the remit includes business support including town centre management, Make It Kilmarnock, skills development and employability.

6.2 Across the whole of East Ayrshire, there are two business advisers communicating with up to 840 businesses on a regular basis; promoting the support the Council has available for them and ensuring that a comprehensive calendar of events and workshops continue to meet the needs of our business base. Two further business adviser posts were created following a review of the Service in 2011 and these have not been filled.

6.3 Town Centre management primarily focuses on promoting and sustaining Kilmarnock and Cumnock Town Centres; managing a range of events and projects; and providing high quality advice and support to town centre businesses to become more sustainable and grow. The Council's Transformation Plan recognises Kilmarnock and Cumnock as the two principal town centre hubs within East Ayrshire.

6.4 The Make It Kilmarnock initiative was established in response to Diageo's plans to close its bottling plant at Hill Street. The project coordinator was seconded from Scottish Enterprise to support the delivery of the initiative and this secondment has now come to the end of its three year duration.

6.5 Within the employability team, staff deliver support to unemployed East Ayrshire residents to access and complete National Training Programmes such as modern apprenticeships. Officers secure work placements and employment opportunities

by engaging with our business base. There is a particular focus within this work on young people who are unemployed.

6.6 Other services delivered by employability staff include mentoring and support to young people with additional support needs to ensure they can access and sustain employment; community based assessment of the needs of individuals and the development of action plans to improve their skills and assist them access training or employment; and support to businesses to create additional job opportunities and to match our young unemployed residents to these opportunities.

7. PROPOSED CHANGES TO ECONOMIC DEVELOPMENT

BUSINESS DEVELOPMENT

7.1 As set out above, our business support partners focus on either business start-up or growth companies over a specific level of turnover and in priority sectors while umbrella organisations such as the Chamber of Commerce and the Federation of Small Businesses provide a service to member businesses as a collective.

7.2 The Council is the principal local economic development agency in East Ayrshire and as such works with the greater majority of our companies – the large SME and social enterprise base which needs support to increase productivity, improve marketing, enhance sustainability and which will grow its workforce albeit gradually. Social Enterprises are provided with access to the same support mechanisms as other companies; acknowledging their importance to the economy and also underlining the imperative that they operate as sustainable businesses.

7.3 Having taken over management of the Business Gateway (BG) contract, the Council is in a stronger position to ensure that there is no duplication between these two elements of business support. Our resources are targeted at the key outputs and outcomes set down in the Community Plan and Single Outcome Agreement.

7.4 The use of social media and an increase in networking and training seminars has increased engagement significantly and where previously our two advisers engaged with 150 companies each, we now have 840 getting regular emails and by adopting a ‘one to many’ approach rather than a ‘one to one’ approach through training and networking events our advisers are raising a greater awareness of the service across a greater number of companies including social enterprises.

7.5 This, in turn, is impacting on our grants budget and it is the intention to support as many businesses as possible by introducing a reducing rate of intervention so that those companies which have benefited previously get less grant and are directed to loans in future – this reduces over-dependency on the public sector and ensures a more equitable distribution of support.

7.6 In terms of cutting costs in future years, there are 5 options in terms of business support activity going forward, but it should be noted that the BG contract was renewed in October 2012 and therefore any savings would be in the longer term. These are:

(i) Option 1: to contract with BG to deliver all our business support activities. This contract would be subject to procurement every three to five years and would create a level of instability which may negatively impact on performance. It would also potentially create issues of employee transfer and negotiation each time the service was procured and could lead to a poorer quality of service to clients. The current contract with BG is a pan

Ayrshire contract and East Ayrshire Council would therefore not be able to unilaterally impost changes on the provider and option 1 would require to be subject to negotiation.

(ii) Option 2: to take the BG activity in house. This would involve the termination, or at least withdrawn, of East Ayrshire Council from the current pan Ayrshire contract. This would in the short term, at least, involve the cost of employees transfer and extensive legal negotiations with regards to terms and conditions and would have a detrimental impact on the integration of staff to create a seamless approach to business support. In the longer term this would provide a more coherent approach to business support.

(iii) Option 3: the status quo. The BG contract has just recently been commissioned and runs until at least 2015; the scope of service and the contract negotiation has sought to ensure that there is a much clearer picture of what each partner delivers and how they will work together. It is recommended that this option be pursued for the duration of the current contract period.

(iv) Option 4: do nothing. Without the grant and loan mechanisms and the advice and guidance that the Economic Development Service provides to the indigenous business base, there would be very limited support to companies to help them grow and diversify and importantly create additional employment opportunities. There would be no local focus on attracting new investment and business to the area and job numbers would fail to meet the needs of our local communities.

(v) Option 5: the preferred option - make some small adjustments to current delivery. These include:

- Not filling the 2 currently vacant adviser posts, particularly given that the need for these posts was initially based on the need to increase engagement. Business advisers previously worked with 150 companies per year although a significant increase in training and networking events as well as the use of social media means that the 2 advisers are now regularly communicating with 840 businesses and this number is increasing constantly.
- It is also proposed that grant support, which is currently either 40% of eligible project costs of £5,000, should be provided on a reducing level of intervention to businesses which apply on an annual basis for support, in an effort to ensure we are supporting more businesses each year.
- Reconfiguring the service further, an assistant business adviser post is a necessity to undertake the monitoring and follow up work that we require to do with our businesses. This work currently takes up a considerable amount of time for business advisers and reduces their available time to engage with companies.
- In addition to their current workload, each of the business advisers will take lead responsibility for developing an understanding of the needs and providing support to specific sectors in line with the themes of the Ayrshire Economic Partnership.

7.7 The Make It Kilmarnock initiative has delivered several actions which have the potential to enhance the town and improve opportunities for East Ayrshire residents. These include:

- an additional £2m of ERDF funding to support the building of a 2,000 sqm industrial unit at Moorfield and wider enabling works to expand the industrial park by a further 9.3 hectares;
- the attraction of new, non-retail companies into the town centre;
- the funded development of a new college campus at Hill Street;
- funding from Strathclyde Partnership for Transport to examine the potential to alter the traffic flow within the town centre and reinstate two way traffic around the town;
- the development of a design brief for the Top of the Town site;
- engagement with owners of vacant retail units within the town centre to examine a collaborative approach to reducing vacancy rates;
- the creation of a private sector led construction forum, Building Banter, designed to strengthen the sector's local supply chain;
- the establishment of a Business Enterprise project within our schools; and
- the installation of a Johnnie Walker exhibition at the Dick Institute.

7.8 The key output to date has been the development of an Integrated Urban Development Plan (IUDP) for Kilmarnock which provides a blueprint for future regeneration plans. Make It Kilmarnock submissions to the Scottish Government for support through the Tax Incremental Finance (TIF) scheme, JESSICA and Enterprise Areas have so far been unsuccessful.

7.9 The Scottish Government's Regeneration Strategy has identified a number of funding streams and we will continue to explore funding avenues to allow us to take forward the priority projects within the IUDP. A number of these projects are being led by Council Services and partners as follows:

PROJECT	**LEAD**
Top of the Town	P&ED
Traffic system	Roads Service
Town Centre Vacancies	P&ED
New Kilmarnock College Campus	Kilmarnock College
Redevelopment of Hill Street	Diageo
Moorfield North Industrial Park	P&ED / Corporate Infrastructure

7.10 The MIK Board has provided a wider input to the setting of priorities for the overall MIK initiative and improved communications between the key public and private sector stakeholders. However, projects are moving to implementation and it is therefore proposed that the next meeting of the Board considers whether or not there is a future role for the Board.

7.11 In Cumnock, the Council's new office accommodation has been completed and the Joint Venture arrangement which had been put in place to deliver this project has now been terminated. An options appraisal process has been agreed By Cabinet to examine the future role of the shopping centre within Cumnock and the Economic Development Team will support this work and the actions derived from the appraisal process.

8. PROPOSED CHANGES TO EMPLOYABILITY SUPPORT

8.1 For the delivery of East Ayrshire Works employability services the picture is more complicated. There are a number of smaller organisations working in our communities who deliver elements of employability, particularly the early interventions required by those furthest from the labour market. These organisations have strong community links and often find it easier to engage with the client group.

8.2 At present it would be difficult to change delivery methods as a key element of funding for employability is secured from the EU and is now likely to continue until June 2014. Reducing service delivery by the Council in the interim would not incur any savings as the funding regime demands that match funding is fully expended before EU funding intervenes.

8.3 From June 2014, EU funding will be subject to a new Scotland wide programme with between a⅓ and ½ less available resource than is currently the case. This will impact on what employability support Economic Development can afford in the future. No decisions have been taken as yet about the eligibility criteria for the new programme but it is expected to continue to focus on youth employment as a priority. What is clear from discussions is that the guidelines will identify the Council as the lead applicant for funding.

8.4 There are 4 options for the continued delivery of employability activity in East Ayrshire:

(i)Option 1: the status quo. A reduction in funding from the EU indicates that this option is unrealistic unless the Council commits additional resource and in the context of the Transformation Plan this is not likely to be possible.

(ii)Option 2: to outsource all the Council's current employability activity. The Council currently manages and delivers national training programmes on behalf of Skills Development Scotland. These contracts are fully funded by SDS and as such removing this activity does not offer a saving but will require staff numbers to be reduced. Other employability activity such as the Job Brokerage service has a strong link to business support activity and outsourcing this would undermine the current attempts to engage more widely with our businesses.

(iii)Option 3: do nothing. The Economic Development service is delivering employability activity to address identified gaps in provision and to stop this activity entirely would result in our residents having less options and less support available and for many the distance to the labour market would not reduce.

(iv)Option 4: the preferred option - to test the market for elements of the Council's current employability activity within the context of an overall review of the service and once the content of new EU funding programmes is known. The Council's job coaches and employability officers are community based and putting these elements of our activity out to tender may offer both efficiencies and savings.

8.5 These activities are also most closely aligned to the activities that are being delivered by partners at a local level across our communities and are, if there is an assumption in favour of externalisation, the most obvious areas to be outsourced. In the event that this results in the transfer of delivery, the role for the Council will be one of signposting and managing any funding secured.

8.6 The structure also includes 5 Transitional Support Workers who are based in schools, funded by the Education Service and EU funding and their remit and activities are determined by school staff. In future, these staff will be managed by the Education Service's new Opportunities for All postholder.

9. EFFICIENCY GAINS/FINANCIAL IMPLICATIONS

9.1 It is not possible to quantify what level of savings can be made by outsourcing employability activities although there are savings to be made from the reduction in the number of community based offices required to support this. Savings of £21,500 have already been achieved by closing our employability centre the Foregate in Kilmarnock and by delivering the associates services in community bases and in partners' facilities.

9.2 The restructure of business support to remove 2 business adviser posts and to replace these with one assistant business adviser represents a potential saving of £65,470.

9.3 Further savings may arise if at least an element of the business grant budget can be matched with EU funding from 2014/20 but with the degree of uncertainties around the new programme it is impossible to quantify at this time.

9.4 Total potential savings are £65,470.

10. EMPLOYEE IMPLICATIONS

10.1 The preferred option set out above in relation to business support does not impact on the current staffing structure and the systems we have put in place in recent months has enabled our business advisers to considerably increase engagement with businesses.

10.2 The proposal to appoint a further 2 business advisers is no longer considered appropriate particularly given that the grant and loan budget is not increasing accordingly. A more obvious gap which needs factored into this process is an assistant business adviser who can pick up a lot of the monitoring and follow up work that businesses require.

10.3 The outsourcing of elements of our employability service would involve the transfer of employees and a reduction in the number of admin staff with this section would then be inevitable.

10.4 The following is a summary of the staff changes and future structure:

POST	NO	ACTION
Team Leader – Skills Development	1	
Training Officers	5	
Transitional Support Worker	5	Transfer to Education Service.
Senior Support Worker/Job Coach	1	
Support Worker/Job Coach	3	
Training Coordinator	1	
Team Leader –	1	

Partnerships		
Job Brokerage Officer	1	
Employability Officers	3	
Finance Compliance/Monitoring Officer	1	
Finance Assistant	1	
Business Advisors	4	Delete 2 posts – currently vacant. Responsibilities of existing 2 posts will be extended to include specialist support to specific sectors in line with the priorities of the AEP.
Business Support Assistant	1	Add
Town Centre Manager – Kilmarnock	1	Town Centre Manager – Kilmarnock and Cumnock.
Economic Development Officer	1	
Make It Kilmarnock Coordinator	1	Remove post from structure and mainstream project activity into appropriate Council Services.
Administrative/Clerical support	7	

11. EQUALITY IMPACT ASSESSMENT

11.1 An Equality impact Assessment is not required for the proposals within the review of economic development or the emerging strategy as no reduction in service is proposed but rather alternative delivery methods for some of its elements.

12. RISK ASSESSMENT

12.1 The principal risks in seeking alternative delivery methods for key aspects of economic development are the failure of contractors to deliver the anticipated outputs and outcomes and that potential savings are not realised. As the draft strategy indicates, strong partnership working and a closely monitored performance framework will be key to mitigating against these issues and a comprehensive risk register will form part of the negotiations going forward should the recommendations set out in this paper be approved.

13. STRATEGIC ENVIRONMENTAL ASSESSMENT

13.1 This is not required for the proposals set out within this review or the draft strategy.

14. RECOMMENDATIONS

14.1 Cabinet is asked to:

(i) Endorse the draft Economic Development Strategy as set out at section 5 and detailed in the document itself;
(ii) Agree that this draft Strategy be subject to consultation with partners;
(iii) Remit to the Depute Chief Executive to engage with partners on the delivery of this Strategy through an agreed action plan;

(iv) Agree the proposed structural changes to the Economic Development Services;
(v) Agree to the financial implications as set out at section 9;
(vi) Agree to the additions and deletions to the establishment identified in section 10; and
(vii) Otherwise note the content of this report.

Elizabeth Morton
Depute Chief Executive/Executive Director of Neighbourhood Services
February 2013

Members wishing further information should contact Alan Neish, Head of Planning and Economic Development, Tel: (01563) 576767.

Implementation Officer: Alan Neish, Head of Planning and Economic Development

LIST OF BACKGROUND PAPERS

NONE

ECONOMIC

DEVELOPMENT

STRATEGY FOR EAST

AYRSHIRE; 2012– 2017.

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EXECUTIVE SUMMARY

To be completed after consultation and prior to final sign off of the strategy.

INTRODUCTION

This document sets out the Economic Development Vision and Priorities with associated key actions for East Ayrshire for the period 2012- 2017.

The purpose of local economic development is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which business and the public sector work collectively to create better conditions for economic growth and employment generation.

East Ayrshire Council has led the development of this strategy on behalf of its partners. We require our partners to work with us to achieve its objectives. Our strategy provides a shared vision and framework for partnership working with key organisations that have an important role in helping to shape and grow the East Ayrshire economy.

The purpose of this strategy is therefore to set out the ambitions of East Ayrshire for transforming the local economy, clearly articulating our priorities and alignment with the themes of the Scottish Government's Economic Strategy and the plans of our Community Plan Partnership.

The Community Plan is the sovereign document in East Ayrshire and its vision is that **"East Ayrshire will be a place with strong, vibrant communities where everyone has a good quality of life and access to opportunities, choices and high quality services which are sustainable, accessible and meet people's needs."**

Our strategy provides a high level plan for economic development and it will contribute positively to the overall vision for the area. It feeds into the processes of Community Planning and the Single Outcome Agreement which in turn links it to a coordinated framework of other plans including the Local Development Plan, the Local Housing Strategy, the Local TransportStrategy, the Leisure and Cultural Strategy, the Ayrshire and Arran Tourism Strategy. It takes account of our challenging financial environment and the Council's Transformation Plan. We touch too on wider issues that contribute to and impact on economic growth in relation to, for example, educational attainment – issues which are being addressed with specific plans for making their contribution to and gaining from economic growth.

Our strategy also reflects and complements the work of key partners includingthe Ayrshire Economic Partnership, Skills Development Scotland, Business Gateway, the voluntary sector, the Ayrshire Chamber of Commerce and Industry, Federation of Small Businesses, Scottish Enterprise, Scottish Development International, Prince's Scottish Youth Business Trust, Taste Ayrshireand Higher Education and Further Education providers locally. The action plan derived from this strategy will include partnership activity.

Over the period from 2012 to 2017 the focus of our work will be to raise the profile and promote the area of East Ayrshire as a business location of choice, by building on our strengths to shape and deliver an enhanced infrastructure that will support more businesses to start up, grow or be attracted to the area.

The Strategy is evidence based, and has been produced taking cognisance of the Improvement Guide issued in 2011 by Scottish Local Authorities Economic Development Group and Audit Scotland's review of the role of community planning partnerships in economic development.

The strategy has been prepared at a time when all the indications are that the UK has slipped back into recession. Construction, one of the barometers of the nation's economic health has seen its activity contract by 3% in the three month period from May to July 2012, our exports are struggling in very volatile European and global markets and access to finance for our business community has dried up.

The future is uncertain and our strategy is therefore supported by an annually updated action plan which provides the necessary flexibility to respond quickly to a complex and unpredictable economic outlook.

A performance framework has also been devised to indicate delivery and monitor progress against the strategic priorities. Key operating principles define how we and our partners will pursue the agenda of economic development for the growth and success of East Ayrshire.

WHO WE ARE

East Ayrshire covers some 490 square miles; has a population of approximately 120,000 and has a mixture of urban, rural and isolated communities. Kilmarnock is the largest urban area with a population of around 44,000. The rest of the population live in smaller communities ranging from two hundred people to around 9,000 in the second largest urban hub, Cumnock.

Situated to the south west of Glasgow and away from the Ayrshire coast, East Ayrshire has a varied natural environment; lush meadows, forests, deserted moorland and rolling hills. It has castles, stately homes, museums and Ayrshire's only theatre. It offers a range of activities for residents and visitors alike and is associated with many of Scotland's historic figures, such as Robert Burns, William Wallace and Alexander Fleming.

Despite excellent transport links, parts of the area are remote. East Ayrshire is located between the M77 corridor from Glasgow to South Ayrshire and the M74 from Glasgow to the north of England. Investment in rail infrastructure has seen an increase to two trains an hour from Glasgow and direct regular connections to Carlisle and the West Coast rail link to London.

Kilmarnock is 20 minutes by car from Glasgow and 40 minutes from Glasgow Airport. It is also only 15 minutes from Prestwick Airport which not only offers a range of holiday destinations but from a business perspective is open to freight 24 hours a day.

The area has good services and a strong sense of community. It can boast excellent schools, leisure facilities and a variety of heritage and cultural attractions and events. The housing offer in East Ayrshire caters to all budgets and needs and the proximity of the area to Glasgow has in recent years led to an increase in population as commuters have made it their home.

Historically, East Ayrshire's economy was based around coal mining, textile manufacturing and engineering but, like the majority of the West of Scotland, these sectors fell into decline in the 70s and some of our communities have failed to fully recover from the impact of this and have been unable to reposition themselves for new industry. Despite investment by the Council of £200m, some of our built environment and our business and industrial space continues to reflect that decline.

New employers have come into the area but growth has been slow and economic inactivity has persisted. Most recently one of Kilmarnock's major employers, drinks company Diageo has closed the Johnnie Walker bottling plant in the town with the loss of some 700 jobs and the recession has claimed other smaller companies such as construction business Forbes and Whiteford, who have been unable to react to the pressures of reduced bank financing and shrinking order books. Our high streets have been affected by national bankruptcies such Clinton Cards while other companies, for example Mahle Engineering, has shed jobs in the last year.

Large engineering companies once dominated and while in recent years they have been replaced by smaller businesses the significance of the sector and its contribution to the local economy should not be underestimated. Food and Drink and tourism have also become our key growth sectors. The latter is underpinned by a strong culture and leisure offering across East Ayrshire with major investment in the Palace Theatre and the Dean Park.

In our rural areas agriculture and open cast mining continue to offer employment opportunities and the UNESCO Biosphere Designation in the Doon Valley/Cumnock area together with the Dark Sky Observatory in Dalmellington present opportunities for further growth in tourism.

At present, the Health Service is the single largest employer in the area and the Council itself employs some 6,000 people. There are 4,500 social care jobs in East Ayrshire. This is in line with many other local authority areas in Scotland, howeverpressures on the public sector purse are creating a need to move away from an over dependency on the public sector.The Council has recently approved a Transformation Plan which sets out the priorities for East Ayrshire against that reducing budget and our proposals are set in this context.

Economic commentary in 2012 has indicated a small growth in private sector jobs in Scotland since late 2011 and it is essential that East Ayrshire is in a strong position to compete with other areas in Scotland and the UK for investment and business growth.

Our economic development strategy seeks to set out the priorities to achieve that competitiveness whilst also taking account of the economic outlook for Scotland and the UK for the next two years; an outlook which will largely determine the success of all our plans, at least in the short term.

In this regard, the views of economists are extremely cautious and a mixed picture for the UK is predicted.

At the beginning of August 2012, the Governor of the Bank of England, Sir Mervyn King, forecast that it would not be until 2014 that activity would return to its pre-recession peak in 2008. He stated that “the recovery and rebalancing of our economy will be a long, slow process.”

Our fortunes are affected by events in Europe and the rest of the world and changes of political leadership across Europe makes it look likely that the Eurozone crisis will continue to cause uncertainty in the short term. Credit ratings are under threat in several EU member states and unemployment is above 20% in some countries. Demand for exports to these countries is unlikely to be buoyant until recovery takes hold.

Reflecting these problems, the UK is officially back in recession with GDP showing that the economy has contracted in the last 2 quarters despite previously not contracting for 12 months.

Unemployment has risen steadily since 2008 (6.1% for April 2007 to March 2008) and for the period from April 2011 to March 2012 has been 11%.

Claimant count figures are available on a monthly basis and have risen from 3.5% in October 2008 to 5.7% in October 2012.The forecast is that the economy will show only very modest GDP growth over the next four years. It is also predicted that it may be 2027/28 before Scottish public spending returns to the 2009/10 level in real terms.

However, on a positive it is true to argue that Scotland’s last recession was shorter and shallower than the UK as a whole.

Sectors of the economy such as food and drink, hotels and catering, and business services have showed positive growth in 2011, despite the economic backdrop.

RECENT ECONOMIC PROGRESS

At present, it is impossible to deny the challenges for East Ayrshire's economy and the impact on our residents. We acknowledge that delivering on our aspirations is some way off but much of our story is positive and we should not ignore the many successes of recent months.

- Our employability team,and partner organisations, particularly those with a community base, have worked with 1600 people in the period from 2008 to 2010 and 700 have secured jobs. A similar project is currently in place and there is a particular focus for this work in tackling youth unemployment;

- National Training Programmes, facilitated by Skills Development Scotland, have supported over 800 young people in 2011 to move closer to the labour market;

- We have a strong Further Education sector in Ayrshire which is currently undergoing change. Ayr and Kilmarnock Colleges and the Kilwinning campus of James Watt College will merge in August 2013 to form a single Ayrshire College. This new regional college willcontinue to offer a broad curriculum to our school leavers and adult learners and will strive to build strong links with the business base to provide meaningful work experience opportunities to students and to ensure that learning is aligned to business needs. This agenda is complemented by strong links to Higher Education and the presence of a University of the West of Scotland campus in Ayr;

- Business start-up rates have been sustained with 280 new companies in 2011;

- Scottish Enterprise provides support to approximately 60 of our larger companies each year; particularly where there is significant growth potential and access is provided to Scottish Enterprise's business support grants and loans. We currently have 36 account managed companies in East Ayrshire and in 2012 another 29 benefited from support from Scottish Enterprise;

- East Ayrshire's Third Sector Interface works with our social enterprises to support their sustainability and growth plans;

- The Ayrshire Chamber of Commerce and Industry is a membership organisation supporting over 200 East Ayrshire businesses and providing access to networking and training opportunities as well as mentors to our growth companies;

- We have, with partners Scottish Development International, fielded an increasing number of inward investment enquiries and translated 2 of these into relocations into East Ayrshire in the late 2011 with on-going discussions with others;

- We have invested £1m in developing an enterprise culture within our schools and enterprise projects are being delivered across our secondary schools.

- We have supported the West Coast Hatchery, a free facility where our entrepreneurs can access the range of advice and support they require to turn their ideas into successful businesses;

- We have invested £40m in the regeneration of our town centres; enhancing the built environment and safeguarding our built heritage;

- In line with national figures for Scotland, tourism has seen growth of 5% in real terms between 2006 and 2010 with increased visitor numbers and spend and despite a downturn in other parts of Ayrshire;

- Our young people are benefitting from 6 new schools and 4 refurbishments;

- We have invested £45m in our roads network;

- We continue to build social housing with another 134scheduled for completion in 2015;

- Our capital investment has supported in the region of 4000 construction jobs locally;

- We have relocated over 1000 council staff into our town centres;

- In 2012, we have invested £260,000 in grants and loans to our indigenous business base to support its sustainability and growth and have engaged with some 300 companies;

- A new Integrated Urban Development Plan has been produced as the template for Kilmarnock Town Centre's future;

- £200m of Council investment has also secured Commonwealth standard athletics facility in Kilmarnock, new libraries, community hubs and leisure facilities.

Despite these successes, our economic profile suggests much remains to be done. Some of our key issues are:

Jobs Growth and Wages

While Business Gateway has delivered on target business start-ups between 2009 and 2012, the rate of growth has been slower than the Scottish averages over the same period.

Similarly our job density figure is below the Scottish average. which presents considerable problems for our job seekers in terms of entering the labour market locally. It effectively means that In East Ayrshire we have 77,900 people of working age (between 16 and 64) and we have a total number of jobs in the area of 45,000 or that for each job available there are two people looking for that work.

Average weekly earnings are above the Scottish level both in terms of East Ayrshire residents and those working in East Ayrshire. The variance which existing between these two figures suggests that out-commuters are disproportionately concentrated in higher paying jobs; reflecting the important interactions with neighbouring authorities, in addition to close proximity to Glasgow.

Business and Innovation

The area, our rural and urban communities, is home to a variety of industries and has an impressive portfolio of growing businesses.

Clusters characteristics are evident including food and drink, renewables, engineering and tourism.

In terms of productivity it is not possible to obtain data on economic output for East Ayrshire alone. Figures are available for East and North combined and the most up to date data (from 2008) showed economic output, measured as Gross Value Added or GVA was £3.1bn. This represented 3% of Scotland's total GVA which is in line with the area's share of national population.

In sector terms, the service sector accounts for over half of all economic output form East and North Ayrshire with services accounting for 62% of total GVA while industrial activities including manufacturing and construction accounting for 37%. This indicates a greater reliance on the industrial sector than for Scotland as a whole, where the sector only accounts for 24% of GVA.

The area is performing relatively well in public and other services, manufacturing, distribution, transport and communications and less well in financial and business service.

Inward Investment

Despite the recession East Ayrshire has attracted a number of inward investment enquiries in the last year.

Enquiries for land and property remains steady and a portfolio of development opportunities have been promoted to the private sector with potential employment sites updated as part of the Local Development Plan processes.

The M77 extension has created an important new employment corridor with excellent M8 and M74 links. This should stimulate further interest in development and investment when economic recovery is underway. EU funding has been secured to undertake speculative build of industrial property to further enhance the competitiveness of the area post-recession.

Business Sectors

The table below details workplace employment by sector for East Ayrshire and Scotland:

Workplace Employment by Sector, 2009

	East Ayrshire		Scotland	
	No	%	No	%
Health	9,500	24%	383,400	16%
Retail	4,200	11%	237,500	10%
Business administration & support services	3,400	9%	177,800	7%
Public administration & defence	3,300	8%	153,000	6%
Manufacturing	3,200	8%	187,800	8%
Education	2,700	7%	195,900	8%

Construction	2,100	5%	132,200	6%
Accommodation & food services	1,900	5%	173,400	7%
Transport & storage	1,600	4%	102,500	4%
Other services	1,500	4%	102,900	4%
Professional, scientific & technical	1,400	4%	149,000	6%
Wholesale	1,200	3%	73,600	3%
Mining, quarrying & utilities	1,100	3%	61,700	3%
Motor trades	800	2%	40,400	2%
Financial & insurance	500	1%	93,500	4%
Information & communication	300	1%	57,000	2%
Property	300	1%	27,300	1%
Agriculture, forestry & fishing	0	0%	33,800	1%
All Employees	**39,200**	**100%**	**2,382,500**	**100%**

Largest Private Sector Employers in East Ayrshire:

More than 500 employees	Between 250 and 499 employees	Less than 250 employees
ASDA	ATH RESOURCES PLC	CALEDONIA BOTTLERS
MORRISONS	heroTSC	MACKENZIE HALL
TESCO	KIER MINING	WABTEC
	LAND ENGINEERING	
	MAHLE	
	SCOTTISH RESOURCES GROUP LTD	

Key Business Sites

Strategic sites for business offering quality available employment sites and buildings for development include:

Moorfield North Industrial Estate, Kilmarnock

- **29 hectares of industrial land, close to the A71 and M77. Fully serviced, plots available in phase 1 and 2.**

Rowallan Business Park, Kilmarnock

- **27 hectares of business land and property. Adjacent to the M77.**

Caponacre Industrial Estate, Cumnock

- **Range of industrial and business premises available to rent of buy. Close to A76 with goodlinks to Carlisle and M6 south.**

Thistle Business Park, Cumnock

- **9 hectare site, fully developed but containing a number of vacant units. Adjacent to the A76.**

Hill Street, Kilmarnock Town Centre

8 hectare site beside the new FE college campus, adjacent to Kilmarnock railway station and town centre amenity. Mixed used development permissible.

Town Centres

Town centres are key attractors for both retail and office based businesses which in turn are the catalyst for a chain of local suppliers.

East Ayrshire's town centres have not been immune to the impact of the economic downturn or out of town retail developments in our own area and further afield although vacancies rates are in line with national averages.

We have invested in the physical fabric of our town centres and made improvements at transport hubs; we have relocated Council staff into town centres and have aspirations to further remodel the footprint of our centres.

In Kilmarnock, the development of an integrated Urban Development Plan has created a blueprint for the future of the town. Investment in the built environment has safeguarded the heritage of the town as well as creating additional office space within its core. Vacancy levels with the retail centre are below the Scottish average and the town offers a mix of small independent and national retailers.

In Cumnock we have relocated more than 200 public sector staff into the town centre and we have aspirations to recreate the high street and replace the existing shopping centre with new units which offer greater flexibility to meet the needs of modern retailers.

We have committed to attracting people back into our town centres by creating appropriate housing options.

Kilmarnock College have confirmed relocation plans and the development of a new £50m campus within the town centre at Hill Street and other sites within the core will be brought forward for redevelopment.

Some of our aspirations have stalled due to the economic climate but we remain committed to bring forward further redevelopment activities to our town centres as the economy improves.

Traffic and transportation will play an important part in improving our town centres and their overall feel and vibrancy – to enhance their attractiveness as locations for living.

Engineering works will reconfigure key junctions and introduce two way traffic flow along the length of Glaisnock Street and we have longer term aspirations to change the flow of traffic in Kilmarnock to move away from an environment which is dominated by the car.

Our high streets are important too in townscape and architectural terms and many buildings need physical works to restore their heritage and to bring back into use space above ground floors.

Infrastructure and Business Environment

The completion of the M77 extension and the more recent opening of the extension to the M74 around Glasgow are important milestones for the area.

There are currently two trains an hour through East Ayrshire and further enhancements to the rail network are planned. The East Ayrshire Local Development Plan sets out ambitions to increase services and stations on the Glasgow to Carlisle route through East Ayrshire.

Post-recession this improved accessibility will encourage investment and development along the M77 corridor.

There is a supply of available land across the area for business growth. The area currently offer 5 main industrial estates but they need significant investment and an analysis of business needs versus supply will be key to ensuring we can meet future demand and that land and property is fit for purpose and in the most appropriate locations for the modern business investor. There is currently a shortage of easy in easy out office and workshop space to meet demand.

While **broadband connectivity** is improving and there is much that is positive for our urban areas in relation to investment announcements from the Scottish Government in recent weeks, hotspot areas particularly in our more rural location

The Council is preparing a broadband strategy for the area and is working with the Scottish Government to determine the impact of Government investment in broadband locally and what gaps will remain. The Council has also made a commitment of £1.2m to support the delivery of enhanced broadband to 80% of the area.

Economic Participation

The area's employment profile lags behind its neighbours and is linked to hotspots of deprivation and inequality within our communities.

East Ayrshire (Oct 2012)	Scotland (Oct 2012)
11% unemployment (6,500 residents)	8%
17% of working age population claiming benefit	14%
9% claiming incapacity benefit	8%

In some of our rural communities these figures are much higher. Similar to national trends our population is aging significantly, bringing implications for our health and social care sectors.

We have groups of vulnerable and disadvantaged adults with low economic activity, particularly those with caring responsibilities, work limiting illnesses or with a disability.

Education and Skills

East Ayrshire's schools have a positive reputation and the area also benefits from the presence of Further Education colleges, which will soon merge to form a new regional college, and its proximity

to the West of Scotland University Campus in Ayr. We are building an enterprise culture within our schools and are supporting our aspiring entrepreneurs by providing free office facilities; expert advice and guidance and mentoring at Ayrshire's new business incubation space; the West Coast Hatchery.

Although the proportion of residents in Scotland educated to degree level has increased by 28% since 2004, the proportion of East Ayrshire residents educated to degree level remains below the national averages. This equate to 13.2% of East Ayrshire residents in 2010.

East Ayrshire Education	Scottish Average
93% of pupils passed standard grade English and Maths in 2010	94%
83% of students completed Further or Higher Education courses in 2010	94%
89.9% of pupils entered a positive destination upon leaving school in 2012	89.9%
17% of our working age population have no qualifications	12%

WHAT WE DELIVER

We are committed to tackling the issues set out above and we do so in the context of recent national policy updates.

Our strategy also takes cognisance of the national and local partnerships within which we strive to deliver.

NATIONAL AND LOCAL CONTEXT	**STRATEGIC CONTEXT**	**PRIORITIES**
Scottish Government	Scotland's Economic Development Strategy	• Learning, skills and well-being; • Supportive business environment; • Infrastructure development and place; • Effective government; and • Equity.
	Scotland's Regeneration Strategy	• Deprivation; • Low educational attainment; and • Poor physical environment.

	Scotland's Opportunities for All	• A shared responsibility for skills between the individual and the employer; and • Modern apprenticeships are at the heart of developing skills for growth.
East Ayrshire Community Plan Partnership	Single Outcome Agreement	• Promoting lifelong learning; • Delivering Community Regeneration; • Improving Community Safety; and • Improving Health and Wellbeing.
LEAD AUTHORITY	**REMIT**	**PRIORITIES**
East Ayrshire Council	Subsequent to the restructuring of Scottish Enterprise in 2008 the Council is the lead authority for local economic development. The Council provides a range of interventions designed to support our business base; to stimulate inward investment and to ensure that local people are equipped to access job opportunities that are created. A key element of this Economic Development Strategy is a Youth Employment Plan devised by the Council and its partners.	• Employability and in particular youth employment; • Business support; • Inward investment and • Town centre management.
East Ayrshire Council - Business Gateway	Business Gateway is a Council service, provided by a contractor, and designed to provide support and guidance to anyone wishing to start a business.	• Support to business start-ups and smaller growth companies.
PARTNER AGENCIES	**REMIT**	**PRIORITIES**
Scottish Enterprise	In 2008, Scottish Enterprise's Local Economic Companies structure was dismantled by the Government, marking an important shift away from national and regional to sub-regional economic development. Scottish Enterprise is now focused on delivery at a national level and	• Creative industries; • Renewables; • Life sciences; • Food and drink; • Engineering; • Tourism; and • Finance. Financial support and advice

	through its Business Plan 2012/15 has articulated its support to business to address the Government's Economic Development Strategy.	and guidance to larger companies with significant growth potential.
Skills Development Scotland	Skills Development Scotland was established by the Scottish Government to deliver the aspirations it set out in its Opportunities for All Strategy; specifically targeting those 16 to 19 year olds not in employment, education or training.	The delivery of National Training Programmes through contractual arrangements with regional and sub-regional organisations: • Modern Apprenticeships; • Get Ready for Work; • Training for Work; and • Lifeskills.
Scottish Development International	A national agency remitted to promote Scotland to potential investors and to export markets.	• Inward investment; • Growing Scotland's exports.
Further and Higher Education	Further Education is currently being rationalised by the Government and moving to a regional model of delivery which brings together Kilmarnock, Ayr and James Watt College in Kilwinning as a single Ayrshire College. Higher Education remains a key priority for the Government and is considered to be one of the country's key sectors for growth. Our communities access Higher Education opportunities across the UK and also benefit from having a University of the West of Scotland campus in Ayr, providing local access to a wide range of courses.	• Improved skills and qualifications for unemployed and employed individuals to ensure they move closer to the labour market and can sustainable employment.
Ayrshire Economic Partnership	A private/public partnership providing strategic direction and support to grow the Ayrshire economy.	• Food and Drink; • Tourism; • Renewables; and • Engineering.
The Third Sector		• Building capacity within local communities; • Supporting the growth and sustainability of social enterprises; • Creating additional volunteering opportunities within our communities.

Ayrshire Chamber of Commerce	A membership body supporting the needs of local business and providing a business to business network across Ayrshire.	• Networking; • Training; and • Sharing best practice.
Federation of Small Businesses	A membership body supporting SMEs and providing networking opportunities across the West of Scotland	• Networking; • Lobbying; and • Sharing of best practice.

In a regional context, East Ayrshire Council has assumed a lead on the food and drink theme on behalf of the AEP and the remaining priority sectors include:

SECTOR	**LEAD PARTNER**
Food and Drink	East Ayrshire Council
Renewables	Scottish Enterprise
Engineering	South Ayrshire Council
Tourism	The Tourism Leadership Group and Ayrshire and Arran Tourism Team, hosted by South Ayrshire Council.

More recently a private sector led body, Taste Ayrshire, has been created with Council support to drive the Food and Drink agenda forward. Not only will Taste Ayrshire have a key role in the delivery of economic development, its model of public/private sector partnership working is one which we seek to build upon for the wider delivery of this strategy.

At a local level, and to ensure the delivery of the **Community Plan** vision for East Ayrshire, each of the themes of the Community Plan has a four year plan and targets to deliver local outcomes and to contribute to national outcomes. It is the intention that our economic development strategy and associated action plan will directly link to these local outcomes and will operate within the context and structures of Community Planning.

NATIONAL OUTCOMES	**LOCAL OUTCOMES**
1.We live in a Scotland that is the most attractive place for doing business	Delivering Community Regeneration
2.We realise our full economic potential with more and better employment opportunities for our people	
3.We are better educated, more skilled and more successful, renowned for our research and innovation	
4.Our young people are successful learners, confident individuals, effective contributors and responsible citizens	Promoting Lifelong Learning
7.We have tackled the significant inequalities in Scottish society	Improving Health and Wellbeing

These local outcomes may change as the result of a review of the workstreams and activities incorporated into the Single Outcome Agreement (SOA) and the actions emerging from this strategy will be subsumed into the changing SOA.

Additionally, the Council has developed its own Transformation Plan and has revisited its priorities in the context of increasing demand for services against a reduction of around 10% in funding. The priorities and key actions for 2012/17 are to:

PRIORITY	**ACTIONS**
Raise Educational attainment and equip our young people for the world of work.	Raise educational and skills attainment. Foster and grow the partnership between local schools and businesses to ensure our young people are work ready. Support young people into apprenticeships with the Council and pioneer a new apprenticeship scheme to support local businesses.
Support older people live independently in the community.	Encourage older people to participate in community life. Promote intergenerational work. Support more older people to live independently in their own homes.
Promote town centre living.	Build new council houses in and around our town centres and encourage external investment in town centres. Work with retailers and local businesses to improve our town centres and villages. Build on our investment on town centre regeneration.

Our economic development strategy and our vision for the future takes account of these priorities and reflects the commitment of partners to particular areas of focus.

OUR VISION FOR 2025

In relation to the strategic context and the profile set out above, and for East Ayrshire to deliver a comprehensive plan for economic development we will build on existing strengths and opportunities. While our strategy sets out our plans for the short term our vision is for long term change, post recession.

As demonstrated above and through strong local leadership, East Ayrshire has experienced significant investments in key opportunities across the area, aimed at business creation, infrastructure and facility provision, attracting inward investments, wealth and job creation, environmental enhancements, community well-being and civic pride.

The area's local and external connectivity plays a key role in attracting businesses and most recent improvements to the M77 and M74 must be maximised to promote the area as a viable business alternative to our cities.

Investment in our town centres has re-invigorated our unique heritage and traditional townscapes and has improved the environment for residents and visitors. The role of these centres is important to the area's economic vitality and they provide potential for future development and opportunity.

Moreover the flexibility and willingness of East Ayrshire's workforce to adapt to change has had a positive impact in attracting new business to the area and is a key element of any discussion with potential inward investors. Our young people are well educated and our communities are resilient and responsive to change.

Investment in the Further Education sector locally will ensure we continue to prepare our residents for job opportunities and the focus on enterprise within our schools will stimulate local business formation and growth.

In Kilmarnock, investment by Scottish Enterprise at Rowallan and by the Council at Moorfield has enhanced our key employment sites and investment by the private sector at Caponacre in Cumnock will improve our business locations further.

Good public transport links and private sector housing investment have extended communities in East Ayrshire. We have a portfolio of high profile cultural attractions and a range of outdoor pursuits and events which attracts visitors to the area.

Quality of life is an important aspect of economic success and the physical and natural environment of East Ayrshire is of a high standard. The rural hinterland around Dalmellington and the Doon Valley secured UNESCO recognition in July 2012 as a Biosphere and our sometimes remote rural areas are a key asset for creating a leisure economy.

Small and medium sized enterprises (SMEs) are the lifeblood of our economy. Our business start-up levels are consistently high, we have a good level of business engagement and good inter-business relationships.

In recent years, some of our bigger companies have become vulnerable to global influences and their prospects have been difficult to determine. The success of our SMEs has improved perceptions

of the area and promotes it as a place to do business. We will continue to ensure our business base receive advice and support required to help them survive and grow.

In summary, our aspirations can be clearly articulated. We want to contribute to the Community Plan vision for East Ayrshire by using economic development to create a vibrant, thriving East Ayrshire:

"A thriving area with a strong local economy delivering higher levels of sustainable growth and employment for the benefit of existing and future residents".

Post-recession and within fifteen years, East Ayrshire will be a stronger, more vibrant and diverse economic growth area. It will be renowned for being open for business to all, driven by private sector led employment and economic growth. It will be recognised as a place that supports innovative and growing companies.

Economic growth is essential in order to support the area's housing growth agenda too. The road and rail network will place East Ayrshire at the heart of Scotland's growth agenda with outstanding physical infrastructure and employment sites that provide quality investment opportunities.

East Ayrshire will become a by-word for business, innovation and education. It will be home to some of the best schools in the country and partnerships creating the workforce of the future that meets business needs. Communities, urban and rural, will be more economically active and engaged to share their future.

The traditional heart of our town centres will be re-invigorated as locations for living. Townscape and heritage quality will be maximised, making them a destination for people of all ages at all times.

The area will retain its strong leadership and have a confident outlook, proud of its unique and distinctive heritage and known as an excellent place to live and do business.

DELIVERING THE VISION – CONSIDERING THE OPTIONS

In an effort to realise our future aspirations, in 2011, East Ayrshire Council undertook a review of its economic development service and as a result has established a new service, bringing together teams focused on supporting and enhancing the employability or our residents and those focused on our business base, both within our town centres and across our area.

This approach reflects the options available to the public sector and its partners in relation to how it delivers change, addresses the levels of deprivation which persist in East Ayrshire and how it stems an over dependency on public services which continues to put pressure on the public purse.

(i) Our Approach

We will pursue a strong, shared vision and a plan that will deliver tangible change, make a real difference to East Ayrshire's economy and bring a series of improvements that are needed and valued locally.

Ours, is a planned and a selective approach to intervention to meet the identified challenges. A smart growth approach to driving economic and employment growth is proposed which:

- Is focused around private sector led employment growth;

- Promotes and builds on the success and strengths of East Ayrshire and its character and heritage;
- Seeks to address the headline evidenced economic issues; and
- Takes guidance from current Government policy, alongside lessons learned and best practice from other areas.

OUR STRATEGIC PRIORITIES

To deliver the aspirations set out above, we must make the following our Economic Development priorities:

- To integrate East Ayrshire with the regional economy
- To facilitate economic restructuring
- To improve the vibrancy of our town centres
- To improve the quality of the tourism offer
- To increase economic participation in our communities
- To accelerate the pace of infrastructure improvements

STRATEGIC PRIORITIES AND KEY ACTIONS

PRIORITY 1: TO INTEGRATE EAST AYRSHIRE WITH THE REGIONAL ECONOMY.

Rationale: East Ayrshire has in the last year received a number of inward investment enquiries but has had very limited success in the past in translating these into relocations and employment growth. Much of this relates to negative perceptions of the area and the misunderstanding about its remote location. We must address this market failure. We must articulate the message that we are open for business. We must create and communicate a positive message about our assets. We must demonstrate that the public sector can assemble a comprehensive package of support for investors and market the accessibility of external funding and regional aid.

The M77 corridor is now a highly attractive business location, which can continue to be complemented by new quality housing areas, business and education establishments. Our more rural areas have equally high quality environments.

The area has considerable potential for market development. It has several visitor attractions, cultural programmes and spectacular rural environment.

The area will benefit from brand development and clarity of its 'offer' to promote and make the area an attractive place to live, work and visit.

As a partnership, we need to:

- Develop a unique brand identity for East Ayrshire.
- Market the area as a prime business location.
- Develop and promote East Ayrshire as a distinctive place to shop.
- Improve access and facilities; invest in place making along transport corridors and at high profile development locations.
- Communicate achievements and opportunities to audiences outside the area in order to simulate wider investment.
- Promote East Ayrshire as a great place to live and work.

Key measures of success:

Outcomes	Baseline at 2010	2017	2025
Amount of private sector investment attracted into the area through RSA/Business Grants	**£1,385,400**	**£3,000,000**	**£5,000,000**
Increased number of inward investment enquiries each year	**5**	**20**	**25**

PRIORITY 2: TO FACILITATE ECONOMIC RESTRUCTURING.

Rationale: East Ayrshire is more reliant than Scotland on the public sector as a generator of employment and this is a particular issue of concern given the contraction in public sector spending. Increased business start-up rates will be required if East Ayrshire is to make a positive contribution to the national target of growing the business base and a shift from high volume start-ups to those with growth and wealth creation potential is key to addressing unemployment and household income levels.

Investing in the right economic sector is vital to our future economic prospects. To understand the interventions necessary to support future growth, sectors are grouped into 3 types:

Priority growth sectors – already represented within the EA economy, or have the potential to deliver future growth and change perceptions of the area. The emphasis in supporting these sectors will be to secure growth, productivity and innovation. Sectors in this category include **food and drink, renewables and software development.**

Place making sectors – expected to grow in line with population and economic evolution of the area. An improvement in these sectors will lead to an uplift in the quality of the area as a destination. The emphasis will be on quality and differentiation. These sectors include **tourism, leisure and culture**.

Existing sectors – already have a strong presence locally and provide significant employment, whilst they may be in decline or subject to rationalisation, they are still critical to EA's economic future. The emphasis will be employment, skills and diversification. These sectors are **engineering, construction and textiles.**

Through the Ayrshire Economic Partnership, strategies are being developed to support Ayrshire's growth sectors and support will be provided to grow the business base of each of these and to promote innovation and technological advances.

As a partnership, we need to:

- Build closer partnerships between private sector and other organisations across the economic area to support investment and tackle barriers to growth.
- Consolidate and build East Ayrshire's competitive position in growing sectors.
- Ensure business support and advice is available locally to new and existing business to increase survivability, enable growth and secure reinvestment in the local economy.
- Encourage local businesses to work together and trade between each other to strengthen supply chains and consolidate commercial roots in the area.
- Nurture and promote enterprise and entrepreneurship across the area and through education, Business Gateway and the Third Sector.
- Encourage and support business to create long term employment opportunities.
- Work with Education partners to ensure that the correct skills are available locally to support business growth.
- Support rural diversification and spread the benefits of investment across our communities.

Key measures of success:

Outcome	Baseline in 2010	2017	2025
Increase new business	28	29	31

starts expressed as a rate per 10,000 population			
Increase business survival rates after year 3	**65%**	**67%**	**69%**
Increase gross weekly earnings	**£457**	**£510**	**£520**

PRIORITY 3: TO IMPROVE THE VIBRANCY OF OUR TOWN CENTRES.

Rationale: the evolving role and function of town centres across Scotland as places to work, live and visit presents significant opportunities for East Ayrshire. These centres provide an essential focus for local communities and while much resource has been invested in the physical fabric of our towns much remains to be done to maximise the benefits accrued from that investment.

Regeneration of our town centres is a key priority and this requires major investment in key locations; main streets, transport hubs and public open space. The retail offer needs to be improved and footfall must be increased by looking at a variety of uses coexisting in our town centres.

Our town centre must build on their distinctiveness and embrace the changing role of town centres particularly as a place to live. Getting to and from the town centres must be simple and create a positive impression.

Town centre living will be important in changing the dynamics of our town centres and creating more lively, vibrant community hubs with a 24 hour role. The Council's Transformation Plan identifies Kilmarnock and Cumnock as the principal town centre hubs within East Ayrshire.

The development of key projects within the Integrated Urban Development Plan, currently in place for Kilmarnock, will include an examination of the potential to improve access to the river and to embrace this natural asset as a core destination within the town centre. Our plans will also include mainlining the activities of Make It Kilmarnock when current arrangements come to an end in 2013.

In addition to office sites in Kilmarnock Town Centre, Cumnock has also been identified as a suitable location for new retail and office developments as part of the Council's plans to regenerate Cumnock.

As a partnership, we need to:

- Build on the strengths of our town centres – townscape, heritage and setting.
- Create a distinctive retail experience – not competing but complementing neighbouring areas.
- Introduce more mixed uses in the town centre, particularly housing.
- Redevelop to optimise key sites within our town centres.
- Provide improved retail and leisure offers alongside improved transport interchanges.
- Improve traffic management to reduce congestion and tackle poor air quality, promote alternative transport options and improve car park provision.
- Welcome visitors and shoppers to our towns.
- Support the private sector to grow and relocate in our town centres.

Key measures of success:

Outcome	Baseline at 2010	2017	2025
Reduce town centre vacancy rates	**20%**	**18%**	**15%**

Increase number of residential units in our town centres		**+134**	**+160**
Secure private sector investment to deliver the IUDP in Kilmarnock	**£0**	**£5M**	**£20M**

PRIORITY 4:TO IMPROVE THE QUALITY OF THE TOURISM OFFER.

Rationale: East Ayrshire has an existing tourism product comprising history and heritage, cultural venues and visitor attractions and the natural environment providing opportunities for a range of outdoor activities and recreation. The sector is already key in East Ayrshire and has been able to demonstrate growth and job creation in recent years. While the current economic climate, increasing competition from domestic and international destinations and decreasing tourism revenue is providing a considerable challenge locally, positively analysis of the product confirms that there is considerable potential for further growth.

Tourism is an extremely important sector in East Ayrshire and indeed in the whole of Ayrshire and reflecting this, a pan–Ayrshire strategy has been developed and a single team will be appointed to deliver this strategy.

This does not negate East Ayrshire's responsibility to support its tourism sector and we will do so by working with and through the new pan Ayrshire team but it is vital that East Ayrshire continues to attract increasing numbers of visitors to the area by building and strengthening its tourism offer.

We will participate fully in the pan Ayrshire efforts.

As a partnership, we need to:

- Develop and strengthen our local events in partnership with our local communities.
- Provide high quality public realm and investment in infrastructure.
- Work with the private sector to continually challenge and improve the standards our tourism industry offers its customers.
- Acknowledge and promote tourism as a key component of our economic development.
- Work closely with the Ayrshire and Arran Tourism Team to ensure East Ayrshire is an integral part of all plans and benefits from emerging opportunities within the sector.

Key measures of success:

Outcomes	**Baseline at 2010**	**2017**	**2025**
Increase total number of employees in the tourism sector	**1,400**	**1,580**	**1,850**
Increase amount of visitor spend in the area	**£65m**	**£75m**	**£80m**
Increase the number of visitors to the area	**917,000**	**1,200,000**	**1,350,000**

PRIORITY 5: TO INCREASE ECONOMIC PARTICIPATION IN OUR COMMUNITIES.

Rationale: Previous unemployment datasets demonstrated that the gap between unemployment in East Ayrshire and in Scotland was narrowing. The recession has halted that progress and the gap has begun to widen again. This suggests that many of our existing programmes of support are valuable tools in our efforts to stem unemployment increases but that in a fragile economy we must intensify these efforts as well as ensuring that additional job opportunities are created. We also need to address a range of barriers to economic activity.

Our school leavers are at disproportionate risk from any reduction in employment opportunities. Within education, efforts and available resources must be directed at providing sustained destinations for our young people by strengthening the links between education and learning, and employability.

More job opportunities are critical; however market failure and barriers to economic participation prevent some residents who require additional support from taking advantage of opportunities.

Developing the social economy will play a key role in empowering individuals and their communities to tackle economic participation, particularly in the most deprived areas of unemployment.

Further education will be at the heart of future growth and through East Ayrshire's Employability Network, business and education partners will develop high level skills strategies to underpin growth.

As a partnership, we need to:

- Facilitate closer partnerships and understanding between the private sector and support providers to increase economic participation and promote demand led skills development.
- Increase skills investment in growth sectors reinforcing their growth potential.
- Connect those most in need to jobs and support businesses to create additional jobs and apprenticeships.
- Improve the employability of school leavers; ensuring that our residents value and understand the link between learning and work.
- Develop community based approaches to reduce and remove barriers to employability.
- Work with education partners and employers to enhance provision, accessibility and take up of learning opportunities for existing and potential members of the workforce.
- Work with business leaders to build an enterprise culture within our schools
- Promote self-employment and business start-ups as a sustainable alternative to employment.

Key measures of success:

Outcomes	**Baseline at 2010**	**2017**	**2025**
Reduce number of claimants in receipt of out of work benefits	**21%**	**20%**	**17%**

Increase number of jobs available locally	**46,000**	**46,700**	**48,000**
Reduce levels of unemployment amongst our young people	**12%**	**11%**	**9%**

PRIORITY 6: ACCELERATE THE PACE OF INFRASTRUCTURE IMPROVEMENTS.

Rationale: East Ayrshire's Development Plan identifies sites for new business and new jobs across the area. Sites are not all to the same standard and investment is required in terms of decontamination, access and utilities. While the area has a legacy of brownfield and despoiled land generally unsuited for the needs of modern companies, there are strategic industrial/business sites at Kilmarnock North (Mosside), Rowallan and Moorfield. These remain largely undeveloped. Compounding our inability to meet the needs of business is the fact that the industrial and business property stock is outdated and has not benefitted from ongoing investment.

Anecdotally we know that our supply of land and property does not match the demands of modern business and to ensure a competitive edge when we do come out of recession we need to capitalise on economic opportunities within our core investment areas and particularly those arising from the M77 extension.

Jobs are key and providing the space and accommodation to support our indigenous business base and to attract new investment is essential.

Traffic congestion and sustainable transport are also important issues for our economy which will require capital investment.

Openreach and the Scottish Government have confirmed investment in Fibre to the Cabinet Next Generation broadband access to parts of East Ayrshire, however support is likely to be required to deliver a universal service across our area. The Council has committed £1.2m to supporting enhanced broadband access to 80% of the area.

As a partnership, we need to:

- Assemble sites for development.
- Ensure that development is aligned to business needs.
- Promote and support provision of a range of modern business site and premises within East Ayrshire.
- Remove physical constraints to the development of priority sites.
- Ensure a minimum level of next generation superfast broadband area wide for inclusion in a modern knowledge economy.
- Modernise outdated features of existing commercial estates.
- Ensure the sustainability of our new and existing sites and premises.
- Deliver improved traffic management systems particularly in Kilmarnock.

Key measures of success:

Outcome	Baseline at 2010	2017	2025
Increase the amount of available industrial/business	**74 hectares**	**79 hectares**	**85 hectares**

space			
Increase the number of companies accessing RSA support for large investment	**3**	**5**	**7**

PRINCIPLES OF DELIVERY

IMPLEMENTING CHANGE

Whilst our strategy will provide a new momentum within East Ayrshire it cannot address all of the potential opportunities across the area. To be successful it needs to:
Identify those opportunities that will contribute most to achieving its objectives;

Maximise the value its resources can add to the area by encouraging and complementing investment by others;

Build on previous achievements, to generate a critical mass of economic development; and

Demonstrate through supporting early and successful economic development, the viability and sustainability of the area as a location for private sector investors.

The options appraisal process associated with our action plan has helped us identify a series of projects, which at the time of drafting, will allow us to deliver most against our priorities given the level of resource available to us.

The options appraisal process applied is consistent with the approach suggested by the Treasury's Green Book for the assessment of unvalued costs and benefits, this multi criteria analysis (MCA) approach (ref Green Book Para 5.78) scored projects against a set of 6 pre-defined criteria included in detail in the action plan itself.

OPERATING PRINCIPLES

To ensure the needs and lifestyle aspirations of all communities are considered as part of our programme of economic development, the following cross cutting themes will influence activities within each of our priorities:

Outcomes based

The action plan will direct available resources towards agreed key outcomes contained within the Community Plan and SOA. No activities will be included which do not contribute significantly to the strategic priorities of the Community Plan.

Services built around People and Communities

Economic Development is not a statutory function of the Council, however the rationale for delivery is strong and its objective is to build resilient communities which are less dependent on public sector support. The activities this strategy seeks to implement will be delivered with, rather than for, our resident and business communities.

Preventative spend and early intervention

The principle of economic development support is to encourage business growth and job creation; improving opportunities for local people to access the labour market and to be less dependent on public sector support and a benefits culture.

Equality

Economic development activities will seek to meet the needs of all our communities, including minority ethnic groups, faith groups, people with a disability, women, young and older people and emerging communities, all of whom will be involved and consulted in the design and delivery of specific projects. Our commitment to equality in our strategy will enable all members of our communities to fulfil their potential.

Sustainability

In delivering economic development, all agencies should endeavour to use locally sources products and labour, build to high environmental standards, encourage green transport plans, improve industrial and domestic energy efficiency, promote renewable energy, re-use and recycling.

Alternative delivery models

The delivery of the action plan associated with this strategy will be underpinned by strong partnerships across sectors locally. We will seek to ensure that we stripe out duplication of effort and maximise the benefits of our available resource to our communities by working together on our shared aspirations.

Engagement

East Ayrshire Council and its partners will focus on providing strong engagement and leadership within communities, businesses and the local authority to act as ambassadors for the area and to drive forward economic development.

Our strategy sets out the priorities that need to be addressed to contribute to achieving a sustainable strong economy beyond 2017, fostering the conditions for growth and capturing the benefits for local people and businesses.