

Ayrshire Regional Economic Strategy



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



Summary Document for Ayrshire Chamber of Commerce Engagement Event

May 2023

Our Vision

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

Community Wealth Building cross cutting theme

Opportunities

- Strong foundational economy
- Significant sectors: tourism, food and drink, space/aerospace
- Tourism and brand 'Ayrshire'
- Natural capital and the blue economy
- Strong entrepreneurial culture/business base
- Developable vacant land
- Excellent track record in CWB
- Existing strong regional governance
- External funding e.g. Ayrshire Growth Deal

Enablers

- Ayrshire Growth Deal
- UK and Scottish Government Funding
- CWB Commission, Anchor Charter and Anchor Network
- Recovery and Renewal Workstreams
- Regional Economic Partnership Board

Priority Themes

- Support for Enterprise
- Fair Work
- Innovation
- Good Health and Wellbeing
- Stronger Places and Communities
- Enhancing Natural Capital

Outcomes

Actions

Improvement Targets

Wellbeing Economy

PURPOSE OF SUMMARY DOCUMENT

This summary document has been created to provide a background to the Regional Economic Strategy for participants of the engagement sessions being organised by the Regional Strategy Working Group to help inform the development of an accompanying Delivery Plan. This document contains the executive summary to the Regional Economic Strategy along with detail on the priority themes and the outcomes. A set of actions will be developed that will allow for achievement of the outcomes. These will be finalised through engagement and discussion with stakeholders and will underpin the Delivery Plan.

EXECUTIVE SUMMARY

Ayrshire has the potential to take a **leading role in Scotland's economy**. We offer a wealth of **opportunities** and a **unique destination** for those who want to **live, work, learn, and invest** in the region. Our geography and **stunning natural landscape** rival the best in Scotland and are attractive to residents and to visitors alike. We are pioneers in **sustainable tourism** with a strong focus on the **blue economy**. We are home to a number of **sectors of national significance**, including **aerospace, space** and **food and drink**, creating both **investment** and **employment opportunities**.

We have a **vibrant higher and further education sector**, with local college and university campuses spread across the region, to support the **future workforce** and **develop our young people**. We have a history of **entrepreneurialism and innovation**, with excellent business support programmes. Our **Ayrshire Growth Deal** supports **regeneration** and **infrastructure improvements** alongside substantial investment in support for employers and for individuals to learn new skills in growth areas.

CHALLENGES AND STRENGTHS

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

- **Delivering a wellbeing economy:** addressing high incidences of deprivation and child poverty by connecting communities to opportunities, whilst achieving a just transition to net zero.

- **Enhancing economic activity and productivity:** addressing low economic activity rates, high unemployment rates and skills mismatch/shortages to make the most of inward investment opportunities and facilitate greater international trade.
- **Improving physical infrastructure:** addressing poor road linkages, reduced and unreliable public transport, high levels of vacant and derelict land and island and rural specific challenges, whilst capitalising on significant blue economy/marine environment opportunities.

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

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

WORKING TOGETHER TO BUILD A STRONGER AYRSHIRE: OUR VISION

Our regional vision has been shaped by the key partners driving forward the strategy, in engagement with wider stakeholders. It is externally positioned within a national policy context at Scottish and UK levels, including the National Strategy for Economic Transformation (NSET) and the Levelling Up White Paper. It reflects the desire of Ayrshire to take a different approach to regional economic development; an inclusive approach based on the principles of Community Wealth Building. Our shared vision is:

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

PRIORITIES

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

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

OUR DELIVERY APPROACH

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

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

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

ACTION PLANS

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

A CULTURE OF DELIVERY

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

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

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

OUR PRIORITY THEMES

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

PRIORITY THEME 2: FAIR WORK

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

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

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

Outcomes:

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

FW02 Improved access to training and lifelong learning, with particular emphasis on industries experiencing current and predicted skills gaps, enabling the workforce to adapt to changing requirements.

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

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

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

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

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

PRIORITY THEME 3: INNOVATION

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

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

Outcomes:

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

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

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

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

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

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

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

PRIORITY THEME 4: GOOD HEALTH AND WELLBEING

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

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

Outcomes:

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

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

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

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

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

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

PRIORITY THEME 5: STRONGER PLACES AND COMMUNITIES

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

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

Outcomes:

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

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

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

PC04 Improved road infrastructure, better connecting the region with areas of opportunity, and improved public transport for rural communities.

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

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

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

PRIORITY THEME 6: ENHANCING NATURAL CAPITAL

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

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

Outcomes:

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

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

NC03 Supporting a just transition to Net Zero.

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

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

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