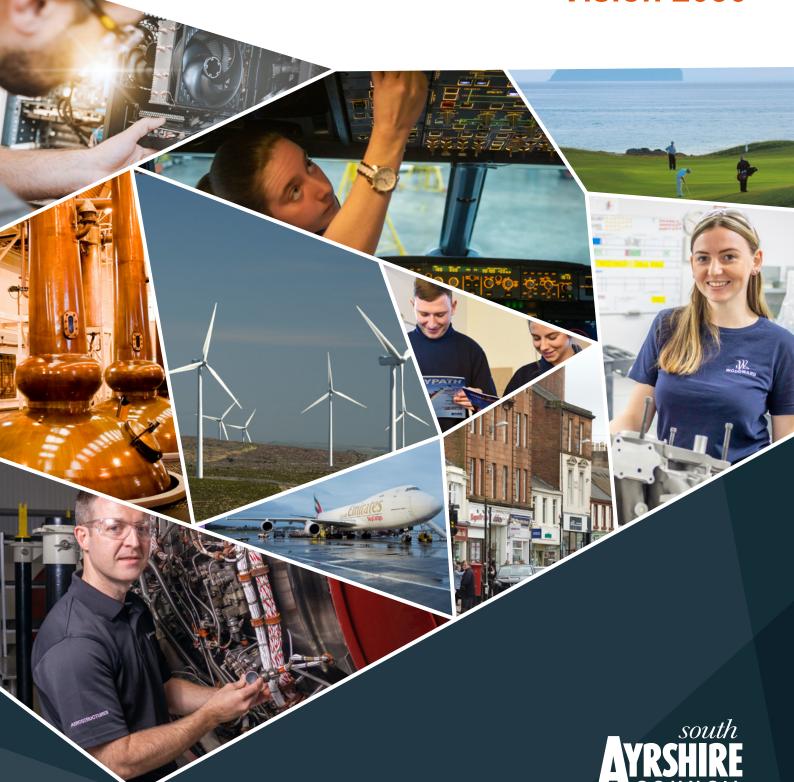


local economy

South Ayrshire Strategic Economic Plan

Vision 2030











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INTRODUCTION

The Impact of COVID-19

South Ayrshire Council has played a vital role in leading emergency responses to the COVID-19 pandemic. We should now move to be at the forefront of planning the next phases of the recovery effort and take the lead in rebuilding and reforming our local economy. Our strategic, policy and practical responses to these tasks will define the future of our local area and communities for generations.

The COVID-19 crisis has already brought about irreversible structural and societal change for our communities and local economy. The current crisis has laid bare the fragilities and failings of our national and local economies and has powerfully demonstrated that the economic development practices of the past cannot provide a road map for the task ahead. Recent analysis by Context Economics sets out the following top line findings about jobs at risk in South Ayrshire as a result of the pandemic:

JOBS AT RISK IN VAT REGISTERED BUSINESSES: 11,344 (RANK 15 OF 32)

JOBS AT RISK IN VAT-REGISTERED BUSINESSES (RANKED BY PROPORTION OF TOTAL JOBS IN VAT REGISTERED BUSINESSES): 24.1% (RANK 1 OF 32)

Many businesses and suppliers will struggle to meet their contractual obligations. This will put their financial viability, ability to retain staff and their supply chains at risk. The opportunity is now upon us to make the aftermath of the pandemic and the coming economic recovery effort a reformation moment for a new kind of local economy. To do this we must refashion the vision and practice of our Strategic Economic Plan: Vision 2030 as the vehicle to drive this systemic change. The present crisis makes the case for Vision 2030 all the stronger.

The job of rebuilding is huge, as the risk is that we return to the old economic model which has made so many so vulnerable to the pandemic and its impacts. At the South Ayrshire level, the risk of business as usual and not delivering Vision 2030 would include:

- Displacement of businesses which generate community wealth by those which extract it.
- Asset stripping of generative, locally rooted businesses liable to be bought out by investors seeking to maximise profit.
- Downwards pressure on pay and terms and conditions, resulting from high unemployment, as well as a refocusing of employment support services on getting people into any job, regardless of employment quality¹.
- Piecemeal action which delivers some improvement in some sectors but leaves the majority more precarious and insecure than before the crisis.

Our Strategic Economic Plan: Vision 2030 offers a powerful means of minimising these risks.

**Useful article: https://www.theguardian.com/business/2020/may/06/risk-dole-queue-future-young-people-after-covid-19-crisis



FOREWORD

In September 2019, Scotland's First Minister published the Government's programme for Scotland. The First Minister introduced the programme by saying:

"WE ARE CURRENTLY LIVING THROUGH UNPRECEDENTED AND DEEPLY TROUBLING TIMES FOR SCOTLAND AND THE UK"

Who would have thought then, that six months on, the country would be in the first of a series of lockdowns, with a major public health crisis and an emerging economic crisis? This Strategic Economic Plan aims to boost productivity by backing businesses to create good jobs to increase earning power of people across South Ayrshire. However, it also aims to create capacity to respond to economic shocks and provides agility to deal with changes in our economy. Vision 2030 creates a framework that enables the development of council policy and integrates across services. Our Strategic Economic Plan (SEP) has been developed by the Economy and Regeneration Service in collaboration with local and regional partners, and reflects shared ambitions for the future of our Ayrshire regional economy. It has been built on a robust evidence base and can be used in conversation with government and for decision making around investments and the economy in the future. It also provides the basis for an exciting policy development agenda that will span across the Council.



SECTION 1: OUR VISION

VISION 2030

The South Ayrshire Council Strategic Economic Plan 2020 - 2030

South Ayrshire faces a fantastic opportunity to be at the forefront of a new economy. one that prospers in a unique creative, entrepreneurial and productive landscape. The connection of business, people and place is at the heart of our strategy. Our strategy sets a course for a decarbonised and sustainable future for business, for people and for our environment.

By collaborating, aiding innovative investment and building partnerships across sectors, we will help drive and deliver this transformation to a new economy. This SEP (Vision 2030) lays out how we will fulfil our objectives and the tough targets we have set ourselves to measure our success.



South Ayrshire Strategic Economic Plan Vision 2030 South Ayrshire Strategic Economic Plan Vision 2030

Context

The power of connectivity means enterprises from all over the world are making South Ayrshire their home – attracted not just by the economic opportunities on offer, but that extra innovative edge that sets us apart as an inspirational place to live and work.

The challenge is to ensure that those who want to do business in or with South Ayrshire, can do so. We'll help tell those stories that demonstrate impact on people across all walks of life and that span the generations.

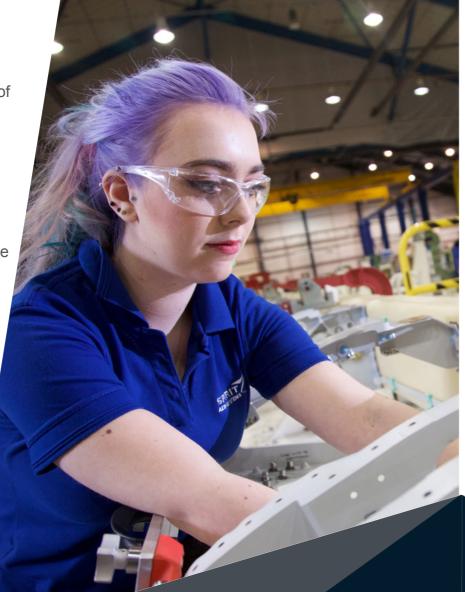
We will build on our traditional sectors, supporting the visitor and food & drink industries that are known around the world. We will continue to grow and transform our economy in the digital age, adapting to the market, improving productivity and growing exports to create a flourishing, sustainable, entrepreneurial year-round economy that benefits all our communities.

These are just some of the challenges that South Ayrshire Council will tackle.

Our Economy

Around 4540 registered businesses call South Ayrshire home. Most of these are small businesses (96.6%), but together they contribute about £2.7 billion a year of economic output known as Gross Value Added or GVA (2016 prices).

This output means we are one of the smallest of all areas in Scotland (2%). However, we are also distinctive in that 55% of Scotland's aerospace workforce is based in South Ayrshire, our aerospace GVA per job filled is above the UK average and manufacturing represents 18% of the South Ayrshire economy. The impact of COVID-19 will be particularly severe on our economy due to its reliance on aerospace, manufacturing and the visitor economy.



Our Environment South Ayrshire is known around the world for its outstanding golf courses and areas of natural beauty. With a coastline acting as backdrop to literature and art, our landscape has been shaped by economic activity and human expression. It defines a cultural identity like no other.

Our Connectivity

Our plans for digital infrastructure will attract new hi-tech business to the area and allow current businesses to tackle the challenge of distance. Investment in roads and rail mean that South Ayrshire has become more accessible, physically and virtually. However, rurality makes it more difficult for people to get around and there is a high reliance on cars due to rural dispersed communities and poor public transport use. Despite investment into the trunk road system, congestion remains.



Our Opportunity

The Ayrshire Growth Deal (AGD) represents a major opportunity to strengthen the South Ayrshire, Ayrshire and indeed Scottish economy. The deal will act as a powerful catalyst stimulating growth, resulting in increased prosperity for local people.



10 Making a Difference Every Day

South Ayrshire Strategic Economic Plan Vision 2030 South Ayrshire Strategic Economic Plan Vision 2030

Challenges

The businesses and economy of South Ayrshire face a range of prolonged challenges. The strategy will address how these all link together and the ambitions needed to solve these key challenges.

1. WAGES



Large number of jobs in low-wage sectors and areas of deprivation

Low wages and poor productivity make it hard for businesses, and the area, to compete nationally and internationally. The social benefits of growth must not be underplayed. Enterprises that are willing and able to pay more and produce more will ensure that economic success transforms our communities and delivers inclusive growth.

While employment was increasing prior to COVID-19, average earnings were still below the Scotland and UK average. In 2016, almost 12% of the population lived in the 15% most deprived areas. With a high wage aerospace cluster and with a large percentage of our workforce self-employed, the true picture is likely to be even worse as incomes in this group are traditionally lower still. The consequences of such wage gap are severe, leading, for example, to high rates of child poverty (24%), to poor health and low educational attainment (only 40% HNC/HND and above).

2. PRODUCTIVITY



Low productivity is a problem across Scotland. Of great concern is that the productivity gap is widening. The gap with Germany is 35%. It is through productivity improvements that living standards rise. Improving productivity is a long-term economic challenge which requires investment in better infrastructure, technology and skills.

Constraints

As well as responding to local economic strengths and weaknesses, our SEP must anticipate wider trends, both generic ones and those that are specific to South Ayrshire.

Major trends have informed our Vision 2030. In looking to 2030 and beyond, we need to take account of major social, environmental, economic, technological and political changes. These are national and global in nature but are likely to affect businesses and communities in South Ayrshire. Over the next few years, they will include:

- Global economic uncertainty
- The impact of the UK having left the EU
- Public spending austerity, including changed funding environments
- Climate change
- Ageing population
- Global urbanisation
- Digital connectivity and big data





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SECTION 2: OUR STRATEGIC OBJECTIVES

KEY THEMES

There are three themes that will inform our interventions:



Making sure our people have the opportunity to improve their skills and enjoy inclusive growth.

Focusing on productivity-led growth through the Ayrshire Growth Deal and support of growth companies in the area.

Inclusive Growth

Enabling as many people as possible to contribute to, and benefit from, economic growth.

Despite 20 years of European, national government, local authority and private sector investment, and low levels of unemployment. a high proportion of people living in South Ayrshire have no qualifications or lack required types and levels of skills. More 16-17 year olds are not in education, employment or training, and a higher proportion earn below the real living wage in comparison to the UK averages. South Ayrshire has a high and growing proportion of over 65s. People in some of the neighbourhoods across South Ayrshire continue to suffer from income and employment deprivation.

This strategy will align with and build on the South Ayrshire Council Plan, and the outcome that "We enjoy an inclusive economy that

promotes skills development and access to good work for all", and our vision for a "healthy, skilled and productive workforce with access to rewarding jobs, career progression and opportunities for all" in a "place where every household both contributes to and benefits from our growing economy".

Without intervention, inequality will increase, deprivation will continue and residents will continue to not benefit from, or contribute to, economic growth. This is particularly pressing following the COVID-19 outbreak and its impact on society.

There are distinctive opportunities to deliver inclusive growth. For example, focusing business support and investment into projects that engage with schools, pay the real living wage, provide in-work training, employ apprentices and that are inclusive and flexible. Without designing and evaluating interventions



and investments there is a risk that inequalities are exacerbated; that the high-value niche sectors such as aerospace remain inaccessible, and opportunities to inspire and engage our young people are missed; that the low-productivity sectors continue to pay below the real living wage; that good practice is not rewarded, valued or disseminated; or certain groups remain distanced or excluded from the workplace.

The inclusive growth principle of design evaluation will be designed to reflect the distinctive challenges and opportunities in South Ayrshire, and include criteria that make a positive contribution to inclusive growth and delivers against the metrics, but specifically quality of life.



South Ayrshire Strategic Economic Plan Vision 2030
South Ayrshire Strategic Economic Plan Vision 2030

Vision

By 2030, South Ayrshire will be the place businesses thrive and people enjoy an outstanding quality of life

Great Places
Community Led Local Economic
Development

Creating vibrant communities and inclusive growth

- Develop the economic vibrancy of town centres
- Enable Community Local Economic Development, creating joint investments
- Invest in natural capital and environmental growth, including food sustainability
- Promote/support social enterprise
- Build on the significance of older people in the workforce
- Link education providers, business and areas of deprivation
- Enhance the provision of a greater mix of homes for all
- Local transport to support rural/coastal areas
- Support the unemployment of public realm and amenities in our places



Strong **Businesses**

Economy and Business Development

Drive innovation/creativity for success and skills for great careers

- Support better access to finance
- Increase STE(A)M based skills
- Commercialisation of reserch and knowledge transfer [R&D]
- Support clusters/supply networks
- Improve business regulatory support
- Embed emerging space economy opportunities across wider sectors, including accessing new markets [supply chains]
- Increase apprenticeships in smaller firms in emerging sectors
- Develop enterprise and work readiness skills in young people
- Support skills in business collaboration and a comprehensive career structure



Good **Growth**

Ayrshire Growth Deal and Regional Development

Focus on productivity led growth and create a global presence

- Maximise the opportunity of the Ayrshire Growth Deal [SAC]
- Deliver suitable workspace and commercial infrastructure
- Leadership excellence in both the public and private sectors
- Promote research development and innovation
- Support the establishment of the spaceport
- Stimulate and grow advanced manufacturing linked to the aerospace cluster
- Create a new attraction for the visitor economy
- Develop a 'think global' mindset
- Further invest in connectivity: digital, road, rail and air
- Equip South Ayrshire to attract new investment



AEROSPACE/SPACE, DIGITAL ECONOMY, VISITOR ECONOMY, ADVANCED MANUFACTURING/ENGINEERING, AGRITECH

Strategic Drivers - Great Places

Creating vibrant communities and inclusive growth

The economy of South Ayrshire is built around lots of smaller local economies, often based in the larger towns but extending across the most rural areas. These economies are also often disconnected from each other, meaning they are relatively small, have limited access to the labour market and little prospect of growth. It also limits opportunity for people to find suitable work where they live. This has worsened the situation in areas previously reliant on declining industries. The work of the Scottish Centre for Regional Inclusive Growth has highlighted that our rural areas have a higher proportion of small and micro businesses. An approach based on Community Wealth Building aims to help these businesses to scale up which would provide a major boast to our rural communities, recognising their economic as well as social value.

We know that pockets of deprivation often sit next to areas of affluence and poverty is often hidden. This is where the challenge of inclusive growth must be met. These localised economies do also present opportunities. They tend to be distinctive, shaped by their environment and location. This means that strategy must be tailored in response to these factors and location celebrated and harnessed.

It is vital to bring more people into the economy. Helping social enterprise to reach rural and/or deprived areas without access to the market is key to introducing people to the economy. This must be supported by good place making and locally led investments. The chance to revitalise our town centres must be grasped as the changing retail landscape now provides the opportunity to convert empty space into business, residential or leisure use. There needs to be a clear vision for our town centres which complements the wider ambitions of the Strategic Economic Plan. This requires collaborative working with partners, communities and, importantly, other council services.

How will we measure it?

- A clear, place based economic vision, locally owned and market facing will encourage business confidence to invest in growth
- A clear regeneration strategy for places, contributing to both physical and social outcomes
- Economic growth impacts positively across the whole community with the dividends of prosperity impacting on better public services, wellbeing, health and overall quality of life

Key success measures:

- Median wage levels in the locality
- Workless/inactivity rates
- People with qualifications

Why is it important?

- SAC is building its place making capacity and has clear growth plans through the Local Development Plan 2
- Private sector investment will be needed to achieve our ambitions across places
- Low pay associated with in-work poverty results in financial hardship

- Promote and support Community Wealth Building projects
- Promote our world class natural and cultural environment
- Invest in natural capital leading to environmental growth
- Develop economic vibrancy of town centres
- Build on the significance of older people in localities
- Reduce transactions cost and improve connectivity infrastructure (digital as well as physical)
- Target support for those underemployed or on low pay to gain increased skills and training



Strategic Drivers - Strong Businesses

Drive innovation/creativity for success and skills for great careers

Every sector of the economy needs innovation and creativity to adapt to market demand. This is not only about utilising new ground-breaking technology, but about an attitude – seeking out solutions and new ideas, and having the

bravery to try them. The impact of digital connectivity must be at the forefront of our economic potential. From the visitor economy to space innovation, our digital economy will be vital to growth.

How will we measure it?

- New knowledge and application to create new or improved products, processes and services addressing market need
- Tackle low productivity through increasing research, development and innovation
- Improve access to finance for growth

Key success measures:

- GVA per job increased
- R&D expenditure per person employed

Why is it important?

- Very low levels of R&D expenditure. £60 compared to £185 for Scotland
- Low productivity

- Support access to finance and financial instruments
- Support commercialisation of research and knowledge transfer, invest in R&D support
- Invest in business support and investment activity that promotes clusters and value streams/supply networks



Building great careers

South Ayrshire struggles to retain its young talent. Reasons for leaving South Ayrshire are many and some are positive. Young people have a desire to experience new locations. However, some are forced to leave by a lack of clear career pathways. Without addressing this challenge, the ability to transform the South Ayrshire economy to one bursting with creativity and innovation will be impossible. We must attract and retain our young people. For example our Skypath initiative, is an experiment in raising career

aspirations in aerospace and should be extended across other sectors.

This means raising aspirations and ensuring young people can access learning, work and leisure that will allow them to thrive and play their part in our economic journey. This is important, because our vision is that by 2030, South Ayrshire will have a healthy, skilled and productive workforce with access to rewarding jobs, career progression and opportunities for all.

How will we measure it?

 Increased levels of those with HNC/HND or equivalent apprenticeships and above qualifications

Key success measures:

- Median wage levels
- People with qualifications
- GVA per job

Why is it important?

- Only 40% have level HNC/D and above
- 10% have no qualifications

- Increase apprenticeships, targeting smaller firms in emerging sectors
- Support enterprise and work readiness skills in young people
- Promote local career opportunities in partnership with employability and education
- Support skills in business collaboration and partnering to offer comprehensive career structure and up-skilling of the existing workforce



Strategic Drivers - Good Growth

Focus on productivity led growth and create a global presence

Our strategy aims to encourage businesses, communities and individuals to work together to increase environmental, social and economic prosperity. This will encourage ethical investments and good productivity growth.

People drive productivity, and productivity is crucial because it has the most influence on standards of living. In business, it determines how much they pay staff, how much they grow and what they can invest in. Boosting productivity is a partnership between the public and private sector.

Businesses also need to be innovative, efficient and connected to increase their productivity. Creating the right conditions for growth includes investment in new technology, but also road, rail and air to keep our economy connected and accessible to markets in South

Ayrshire and beyond. This will also mean developing competitive local supply chains. Businesses that achieve productivity growth will be encouraged to motivate and inspire other entrepreneurs.

With our economy dominated by small and micro sized enterprises, serving local markets, many lack management expertise which limits their potential to grow. Firms also face challenges recruiting the right staff, with the skills necessary to lead at a senior level. To give our businesses the confidence to compete nationally and internationally requires a commitment to excellence. This means our products and services rival the best on offer internationally. We aim that by 2030, South Ayrshire will be known as the place where outstanding businesses compete within a range of sectors in the UK and global markets.

How will we measure it?

- High levels of productivity underpin competitiveness, wellbeing and sustainable economic growth
- Attracting inward investment and opening new markets
- Increased share of firms actively exporting and growth of export intensive sectors

Key success measures:

- Median wage levels
- GVA per job

Why is it important?

- The performance of productivity is weak and not increasing at the same rate as the rest of the country
- The Ayrshire Growth Deal creates opportunities for real change
- Space, Aerospace and Advanced Manufacturing are core sectors in bouncing back from the COVID-19 crisis

- · Maximise the opportunity of the Ayrshire Growth Deal
- Secure investment in R&D and innovation hubs in priority clusters
- Support the development of suitable workspace utilising public and private investment
- Improve our local approach to business regulation
- Capture assets and potential for inward investment marketing



SECTION 3: OUR INTERVENTIONS

Strategic Interventions

Studies and analysis have been undertaken in shaping the Ayrshire Growth Deal and the emerging regional economic strategy. This work has identified priority clusters, particularly in emerging sectors likely to have significant impact on our economic growth.

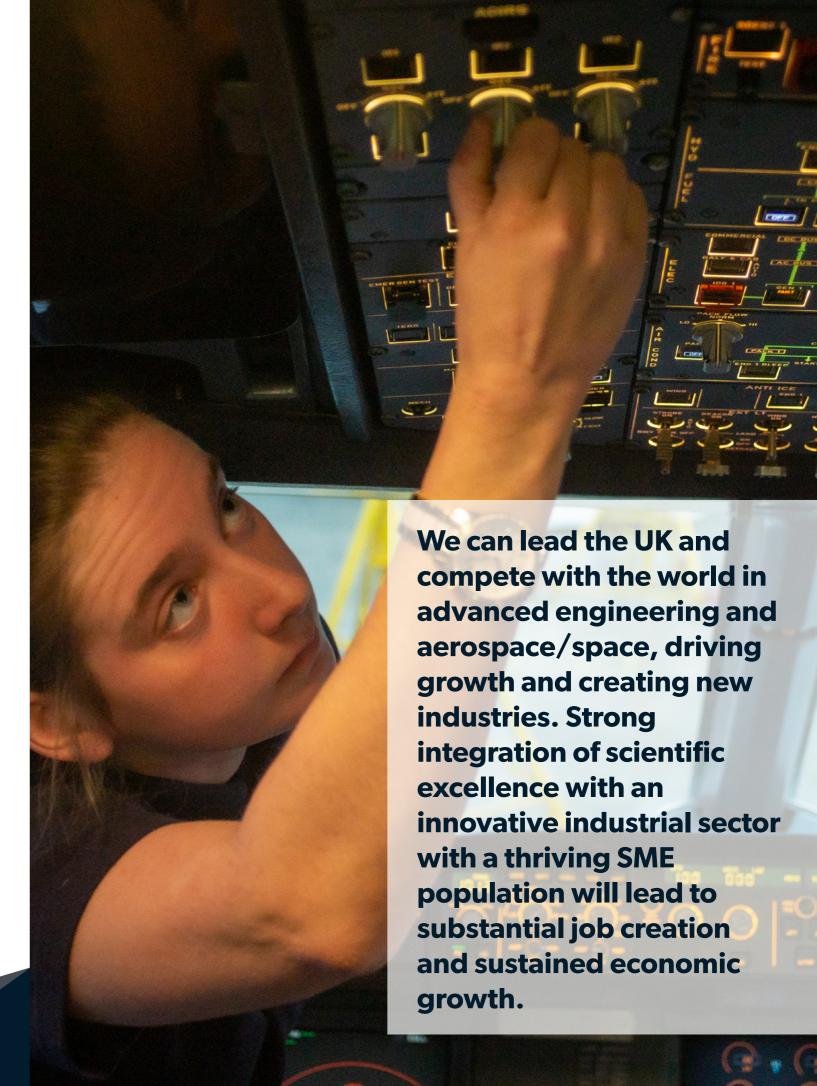
Our priority clusters identify a limited number of emerging sectors where South Ayrshire has a competitive advantage. These sectors have the potential to exploit new markets and drive growth through innovation and research.

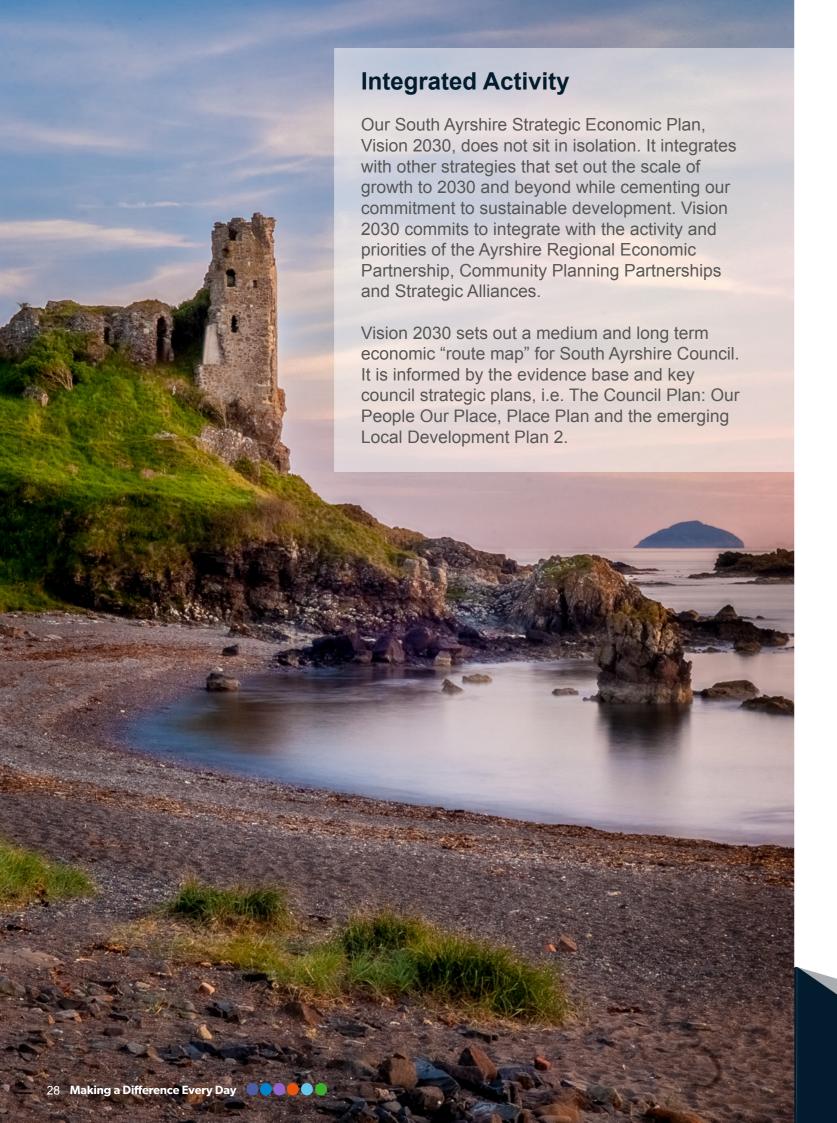
This is not to say that we will ignore other sectors, i.e. the visitor economy, and food & drink will remain core bedrock industries. Support in these sectors will be focused on productivity increases and linking to innovation within the priority clusters, for example through digital innovation. The rural economy and the opportunities for agritech/marine innovation require action across the foundations of productivity to deliver the right mix of interventions. There is no 'one size fits all' solution to lifting productivity in our region.

The evidence is clear that emerging global growth market areas can be identified for South Ayrshire on the basis of our physical assets (such as buildings and connectivity); knowledge assets (academic and vocational strengths); and business assets (businesses that can exploit new market opportunities). These can be grouped under two priority clusters – although it should be noted that there are elements of crossover and interdependency between the clusters:

- Advanced Manufacturing/Engineering
- Aerospace / Space²

²Whilst COVID-19 has had a devastating impact on aerospace, companies have come out saying that they will use this crisis and time to focus on electrification and other innovations. This presents long term opportunities for South Ayrshire (via AGD)





SECTION 4: OUR PARTNERS

The team responsible for the delivery of Vision 2030 will work in partnership across sectors, across services, across organisations and across places. We will have to be committed to new ways of working to reflect the changing and uncertain economic and political landscape.

The key drivers of the South Ayrshire economy - Businesses and Business Leaders - can gain confidence from the partnership outlined here.

Our relationship with North and East Ayrshire Councils is, and will remain, key to delivering this plan. Funding from government is reducing while the expectation to be financially viable remains. We will work with our public sector partners to develop new investment models and processes.

The Ayrshire Growth Deal is having a real influence on our economy through employment and skills, business support and digitisation.

We will continue to work with government. This will include maintaining and enhancing our relationships with government departments and their agencies to help us deliver on our objectives. Vision 2030 will provide clear direction for applications for funding to ensure they are matched to our ambitions.

Unlocking our potential



Jobs • Investment • Business • Community

SECTION 5: OUR PERFORMANCE

To measure progress in relation to the overall Strategic Economic Plan, five high level Key Performance Indicators (KPIs) have been identified:

1. Median wage levels

This provides an insight into the wages of people working in South Ayrshire. Focusing on the median avoids the distorting effect of a few very high wage earners, particularly in the aerospace sector.

2. GVA per job

This is one of the standard measures of (labour) productivity, and it is widely used as a headline indicator of economic efficiency and well-being. Unless GVA per job increases, wage levels are very unlikely to rise. Within our Strategic Economic Plan, the emphasis is on the "per job" measure as this is more closely related to the functioning of the economy.

3. Market reach of South Ayrshire businesses

The extent to which businesses are outward-facing is important in terms of long term competitiveness. Export activity provides a barometer.

4. Inclusive growth

Economic growth across South Ayrshire must achieve higher levels of inclusion – essentially so that the economy of South Ayrshire "works for everyone" and both the number and proportion of households that are "just about managing" is reduced.

5. Private sector investment

There is a strong imperative for private sector investment to replace public sector investment. This may take many forms, including in R&D.

VISION 2030

Indicators of progress

In order to track the impact of Vision 2030, a framework has been developed.



This information can be made available, on request, in braille, large print or audio formats and can be translated into a range of languages. Contact details are provided below.

در خواست کرنے پریہ معلومات نابیناا فراد کے لئے اُبھرے حروف، بڑے حروف یا آڈیو میں مہیا کی جاسکتی ہے اور اسکامختلف زبانوں میں ترجمہ مجھی کیا جاسکتا ہے۔ رابطہ کی تفصیلات ینچے فراہم کی گئیں۔

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Niniejsze informacje mogą zostać udostępnione na życzenie, w alfabecie Braille'a, w druku powiększonym lub w formacie audio oraz mogą zostać przetłumaczone na wiele języków obcych. Dane kontaktowe znajdują się poniżej.

Faodar am fiosrachadh seo fhaighinn, le iarrtas, ann am braille, clò mòr no clàr fuaim agus tha e comasach eadar-theangachadh gu grunn chànanan. Tha fiosrachadh gu h-ìosal mu bhith a' cur fios a-steach.

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