



## **South Ayrshire Inward Investment Strategy March 2024**

Driving forward our ambitions  
for securing existing and  
attracting new inward  
investment in South Ayrshire



**Inward investment is critical to growing our future local economy and enabling our communities to thrive.**



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**We have adopted a new approach to inward investment by placing communities at its very core.**



## 1 — Foreword

**A thriving economy is essential for generating wealth, increasing opportunities for all and reducing poverty in our communities.**

A critical factor in growing our future and local economy is attracting businesses to invest in South Ayrshire, leading to well-paid jobs and the wide range of benefits this brings to local people and families.

With this strategy, we have adopted a new approach to inward investment by placing communities at its very core.

We have focussed on opportunities that can best redirect wealth back into the South Ayrshire economy to ensure the positive outcomes of inward investment are spread more evenly throughout our region.

Scotland remains the top UK investment location outwith London. This strategy sets out how we will target inward investment that aligns with our regional strengths, ensuring South Ayrshire fulfils its potential to be the destination of choice for inward investors.



**Councillor Bob Pollock,**

Portfolio Holder for Economic Development



## 2 — Executive Summary

This Inward Investment Strategy sets out the priorities for South Ayrshire Council in driving forward our ambitions of securing existing and attracting new inward investment to our region.

Inward investment is critical to growing our future local economy and enabling our communities to thrive. One of the most significant contributions inward investment makes is the creation of high value jobs, with inward investors paying higher than average salaries. This strategy recognises the need to improve performance in maximising the wider spillover benefits of inward investment, and as such adopts and embeds community wealth building at its heart.

This supports regional economic growth in line with the Ayrshire Regional Economic Strategy (ARES) and our own [Council Plan \(2023 - 2028\)](#), especially in respect of Priority Two “Live, Work, Learn” where “Everyone benefits from a local economy that provides opportunities for people and helps our businesses to flourish”.

Economic development centres on bringing money into the area (wealth generation), retaining wealth within the area and developing local supply chains (wealth retention) to create job opportunities for local people (employability).

While it is led by the Economy and Regeneration service and its Invest South Ayrshire (ISA) team, economic development can only be fully delivered in collaboration across the council.

The ISA service will work alongside colleagues in Community Wealth Building and Employability teams to develop local supply chains and connect job opportunities to local communities, and those who are unemployed or under employed. We will also work with Planning and Development as they develop Local Plan 3 (LP3) to identify employment land and ensure that planning policy is supportive of our place-based approach to inward investment.

In this strategy we identify our regional strengths for attracting inward investment, including our success in cluster building. We set out our core approach for attracting strategically aligned inward investors, including focussing on secondary investment from existing investors, which presents our greatest opportunity. We outline how we can widen the benefits of inward investment across the region and to a wider demographic, which includes adopting a place-based, sector-led approach.

We also explore the opportunities and challenges in creating the right environment for inward investors through infrastructure and workforce development. We highlight our current, main barrier to securing inward investment – the lack of commercial building stock – which has resulted in significant opportunities being lost over the last 24 months. However, we also look at how South Ayrshire can have a ‘first mover advantage’ by capitalising now on energy and digital.

This strategy lays out a change to our sector-led approach to inward investment, which previously focussed on aerospace. While it is evident this type of approach is working, we now need to capitalise on opportunities in other key sectors, for the economic gains this can achieve, to build resilience in our local economy and to spread the benefits of inward investment more evenly across the region.

We have therefore identified seven strategic sectors where South Ayrshire has a competitive and comparative advantage. These include both mature sectors – tourism, food and drink, engineering and aerospace – and the exciting new sectors of agritech, energy and manufacture of space-related products.

Through developing these key opportunities, South Ayrshire can become a leading inward investment destination, with the whole region benefitting from the positive impacts on our local economy.

In delivering this strategy, we will adopt a Team Scotland approach, working with our national, external partners, such as Scottish Enterprise and Scottish Development International, our network of regional partners, including our education providers, and, crucially, our colleagues across other council services.

This strategy recognises the value that inward investment can bring to the local economy and sets the direction on securing new and existing inward investment in South Ayrshire. Aligning with Scotland’s Inward Investment Plan: Shaping Scotland’s Economy and building on our success to date, this strategy outlines our new approach and identifies 18 Ambitions which are collated in Appendix A on pages 38–39.



**One of the most significant contributions inward investment makes is the creation of high-value jobs.”**







## 3 — Overview of South Ayrshire Inward Investment

### 3.1 Defining inward investment

For the purposes of this strategy, “inward investment” is defined as an investment made by a company headquartered outside of South Ayrshire that creates jobs, economic opportunities and any associated capital investment. It covers both “Foreign Direct Investment” (FDI) and investments from the rest of Scotland/UK. (Where “FDI” is used rather than “inward investment,” this is to specify investment from outside the UK.)

“Mobile investment” refers to an investment that does not have to happen within a particular region. A company looking to establish a new manufacturing base may have options not only in multiple regions, but across multiple countries. This includes companies already based within South Ayrshire, who may choose to invest in South Ayrshire to grow their business or invest in other locations.

The South Ayrshire region competes with other areas, nationally and internationally, to secure these investments. Therefore, it is important that the ISA service focuses on investments in sectors where the region has a competitive and comparative advantage.

### 3.2 Why inward investment is important for South Ayrshire

Attracting new inward investment and secondary investment from existing investors creates a wide range of benefits including:

- The creation and retention of high value jobs
- More opportunities for our young people
- Wealth for South Ayrshire
- Increased spend in our economy
- Income generation for South Ayrshire Council

Details of all the positive impacts – including direct and “spillover” benefits – from inward investment are outlined in Appendix B on page 40. Appendix C on page 41 shows how inward investors wages are higher than Scottish/UK owned companies across all regions in Scotland.

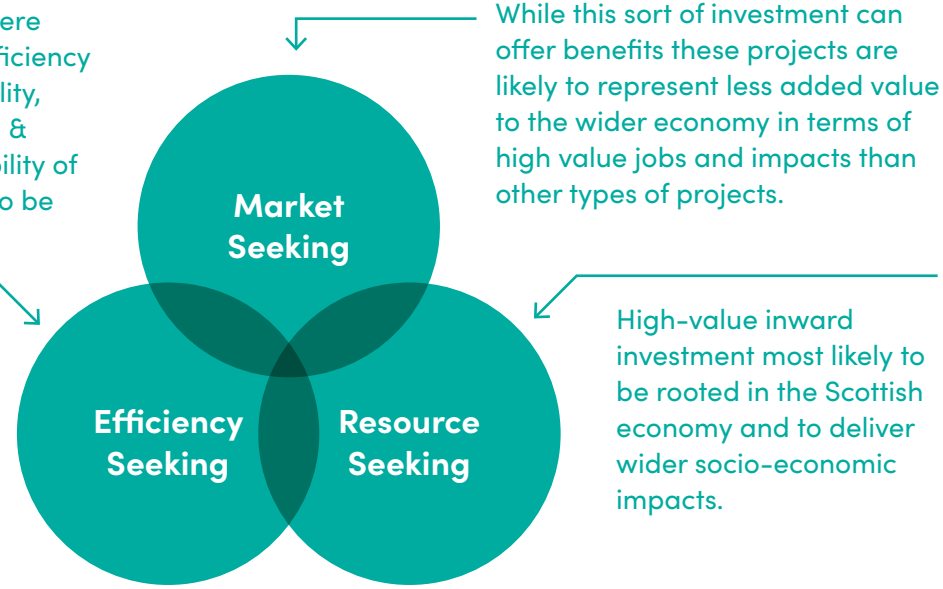
### 3.3 Why do investors seek new markets?

Inward investors seek new markets for their organisation for three main reasons:

- **Market seeking** – they are looking to secure access to new markets for their products as a consequence of having a base inside a customs area.
- **Efficiency seeking** – they are looking to lower production costs compared to their existing operations.
- **Resource seeking** – they are focussed on securing easier access to human or natural resources, supply chains or innovation clusters (‘intellectual’ resources).

**Figure 1: Reasons for Inward Investors Seeking New Markets**

There will be some areas where Scotland can compete for efficiency seeking business in high quality, future facing industries (tech & R&D), however the sustainability of these investments will have to be carefully considered.



While this sort of investment can offer benefits these projects are likely to represent less added value to the wider economy in terms of high value jobs and impacts than other types of projects.

High-value inward investment most likely to be rooted in the Scottish economy and to deliver wider socio-economic impacts.

*Source: Dunning, J. H. (1993). Multinational enterprises and the global economy. Reading, MA: Addison Wesley. As used in Scotland's Inward Investment Plan: Shaping Scotland's Economy.*

**South Ayrshire is best able to compete in resource seeking investments and this will be the focus for this strategy.**

Targeting resource seeking investment makes this investment more likely to stay and build capacity in the long term.

Adopting a sector approach, we are working with the sectors to understand what they need. We are also using the Shared Prosperity Fund to support this – two Sector Lead positions are being created and will play a vital role in our resource seeking approach to inward investment.

**3.4 What are inward investors looking for?**

**Inward investment criteria**

Inward investors review common criteria when deciding on potential investment destinations. Figure 2 below shows these criteria for regional locations outside of London in the UK ranked, as identified in the annual UK Attractiveness Survey for 2023.

Year after year, these surveys show skills to rank near the top of the list of priorities. Although in 2023, across sectors, the availability of skills has decreased slightly on a national level, this may be explained by a general cooling in the labour market nationally. However, from a sectorial perspective, within aerospace, engineering and social care, labour shortages remain a challenge and it is anticipated that workforce availability will remain a top priority within these sectors.

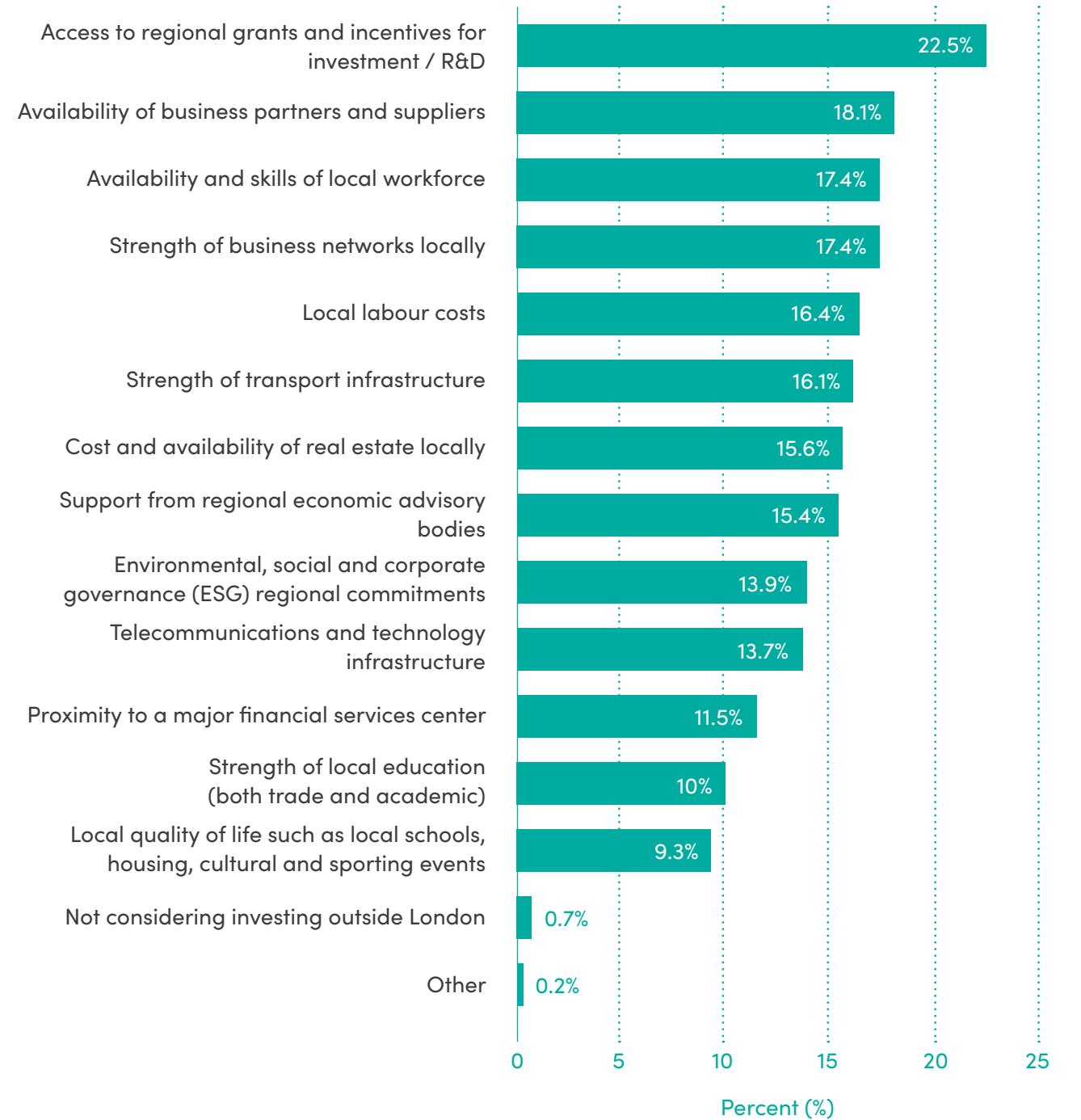
The ISA service works to create the right environment for potential investors to enable them to be more competitive and capable of achieving higher production rates than they would in any other area. By doing this, we are positioning South Ayrshire as the location of choice for our secondary and targeted investors (see page 24).

**Support from local government**

Inward investors' expectations from local government are primarily focussed on business support, such as expert knowledge, introductions (e.g. to local supply chain, training providers, partner agencies), help with recruitment and assistance with the planning process. Aftercare to support expansion and feeling valued in the area are also important to inward investors.

**Figure 2: Regional Inward Investment Criteria**

**What are your investment criteria when considering investing in the regional locations outside of London in the UK?**



*Source: EY UK Attractiveness Survey 2023 (409 respondents)*



### 3.5 South Ayrshire's regional strengths

Attracting inward investment is highly competitive, however South Ayrshire can capitalise on several key regional strengths:

#### Aerospace cluster

- South Ayrshire is one of Scotland's smaller local authorities in terms of both population (19th out of 32) and geography (15th out of 32), but we are unique in having a globally recognised aerospace cluster.
- No other Scottish region has an aerospace cluster, with only a small number of aerospace clusters across the whole of the UK.

This is not only a regional strength but a national one, presenting enormous opportunities, including creating a cluster environment for other sectors.

#### Workforce & skills

- Access to a large, skilled and well-educated workforce - 2.6 million people within 1 hr travel time, including 90,000 university students.
- Local further and higher education institutions, Ayrshire College and the University of the West of Scotland – both work closely with industry to ensure the future workforce has the relevant skills, qualifications and experience to assist business growth, competitiveness and sustainability.



#### Infrastructure: transport & digital connectivity

- Excellent transport connectivity across air, sea and land - Prestwick Airport, ports at Troon and Ayr, rail link to Scotland's largest city, and direct motorway access connecting the region to the rest of Scotland and the UK.
- South Ayrshire is Gigabit enabled: upwards of 73.61% of premises have access to speeds of 1Gbps or faster. The remaining 24.79% have access to superfast broadband and work continues through the digital connectivity projects to significantly improve speeds to these and the outstanding outlying premises.

#### Innovation and R&D

- Development of ASTAC (Aerospace and Space Technology Application Centre).
- Well established relationships with NMIS (National Manufacturing Institute Scotland), University of the West of Scotland, University of Strathclyde and University of Glasgow.
- Spirit AeroSystems' Aerospace Innovation Centre.

#### Quality of life

- Beautiful countryside and coastal location, but close proximity to the central belt.
- High standards of education and housing.
- Rich, cultural heritage.
- World class golf, wide range of leisure and outdoor pursuits.
- Award winning food and drink.



**South Ayrshire's globally recognised aerospace cluster is not only a regional strength but a national one, presenting enormous opportunities.**







## 4 — Setting the Direction on Inward Investment

This Inward Investment Strategy has four key strands:

1 —

**Our core approach to attracting strategically aligned investors**

2 —

**Widening the benefits of inward investment across the region and demographics**

3 —

**Creating the right environment for investors through infrastructure and workforce development**

4 —

**Taking a sector-led, cluster building approach to inward investment**

Within each section below, we have stated specific Ambitions to help achieve our overall aim of securing existing and attracting new inward investment in South Ayrshire. These Ambitions are collated in Appendix A on pages 38–39.



**Attracting new forms of private sector investment into our towns will be key in revitalising them.👉**



## 4.1 — Our core approach to attracting strategically aligned investors

The ISA service categorises inward investment into five types – **Safeguarding, Targeted, Reactive, Secondary and Capital Attraction** – which make up our core approach.

### 1. Safeguarding (existing FDI)

Establishing close relationships with existing investors is key not only in securing new investments, but in safeguarding investments already made.

For example, a significant employer based in Ayr was threatened with significant redundancies and possible relocation outwith South Ayrshire. Having strong working relationships established, the service was able, along with partners, to provide support across a number of areas and develop plans which resulted in a reversal of policy to relocate and downsize the facility, safeguarding the South Ayrshire operation and over 100 jobs.

#### Ambition 1

To safeguard our existing Foreign Direct Investments (FDIs) by providing client management services, in conjunction with our partners, to 15 strategically important foreign owned companies in South Ayrshire.

### 2. Targeted (national and international)

We will identify specific inward investment opportunities within South Ayrshire. These opportunities will be derived from assets such as large, vacant commercial units when available and development land.

These opportunities will also arise from the work of Sector Leads, through identification of local supply chain opportunities, specific cluster strengths, workforce strengths and links to academia.

#### Ambition 2

To target specific investors by aligning our regional strengths to inward investment opportunities, working with partner organisations to gain a deep understanding of the strategic decision-making criteria of our targeted companies.



**Secondary investment is a primary focus and presents the best opportunity to secure further inward investment for South Ayrshire.**

### 3. Reactive

Reactive enquiries are those received via direct contact from an interested party or through our network of local and national partners.

The ISA service works with Scottish Enterprise, SDI and commercial property agents to increase the number of reactive enquiries received. These enquiries are also generated from promotion of the region under the ISA branding and sector promotion. The approach taken for the aerospace sector through the Prestwick Aerospace branding and website has proved to be more impactful than general ISA promotion alone.

Given the greater impact of sector tailored promotion in attracting enquiries, this approach will be adopted for all our key sectors.

#### Ambition 3

To enhance the Invest South Ayrshire soft landing support through the establishment of private sector regional ambassadors and, with the support of our Planning service, provide early engagement and direction on the planning process.





#### 4. Secondary

South Ayrshire has a significant presence of FDI, particularly in the aerospace sector. ISA works with these FDI companies to understand the environment these organisations require to become more competitive and grow.

Existing FDI in the area are one of multiple commercial units within a global organisation. As such, they must compete not with other local businesses, but with other commercial units within their own organisation across the globe, for further investment and work packages.

Supporting them to create strategies and narratives that secure further investment from their HQ is therefore core to the role of the ISA service. Secondary investment through securing new work packages, company expansion and site investment, is a more likely source of economic growth than new to the region investments:

**Projects by existing investors in the UK account for 62% of FDI, with only 38% coming from new to the UK investors** (Source: DIT)

**Secondary investment is a primary focus and presents the best opportunity to secure further inward investment for South Ayrshire.**

##### Ambition 4

Through the provision of client management services to 15 strategically foreign owned operations, we will support their development of local strategies and business cases to secure further investment in the region from their respective HQs.



#### 5. Capital Attraction

This will form a key part of the inward investment mix: attracting new capital investment – from both the private sector and government – that can unlock developments or bring forward key infrastructure projects. Examples include investments sourced from property developers, government infrastructure financing, energy and digital infrastructure investors, and innovation funding.

##### Ambition 5

To attract new capital investment by developing appropriate external funding bids for opportunities that align to the Inward Investment Strategy and wider economic development aims.

##### Ambition 6

To secure further private sector investment and government funding relating to digital 5G infrastructure, capitalising on the 5G Innovation Regions Project (see page 28).





## 4.2 — Widening the benefits of inward investment across the region and demographics

Central to our new approach to inward investment is to ensure the benefits of inward investment are spread more evenly throughout the region and to a wider demographic.

This is underpinned by five key areas:

1. Selling the whole of South Ayrshire
2. Adopting a place-based, sector-led approach
3. Creating opportunities for local people and local supply chains
4. Developing our workforce
5. Developing our town centres

### 1. Selling the whole of South Ayrshire

South Ayrshire has a clear and compelling inward investment proposition which needs to be communicated effectively to increase visibility and attraction to potential investors.

The ISA service proactively sells South Ayrshire to potential investors. Previously, much of the marketing focus has been centred on Prestwick, however this needs to be extended to attract more investment to other areas within the region.

### Ambition 7

To increase the visibility and attractiveness of South Ayrshire as an inward investment location, to secure new inward investment across the region.

#### Our approach will include:

- Developing an overarching communications plan and collateral to raise the profile of South Ayrshire, and create a consistent narrative on the benefits of investing in the South Ayrshire region.
- Developing individual inward investment communication plans for key sectors/areas, such as food and drink manufacturing, Ayr Town Centre and Grangestone Industrial Estate in Girvan.
- Aligning tourism inward investment to the strong branding proposition already in place through Destination South Ayrshire.
- Working with Scottish Development International to develop the Ayrshire Regional Inward Investment Proposition to highlight the strengths and attractions of Ayrshire as a whole.



## 2. Adopting a place-based, sector-led approach

Our new inward investment approach focuses on opportunities that can best redirect wealth back into the local economy – in terms of local procurement opportunities and wide ranging job opportunities for local people – and which strengthen our traditional and emerging clusters.

Inward investment opportunities have been predominantly focused within Prestwick relating to aerospace and space sectors. However, going forward, the ISA service will seek to secure investment across the South Ayrshire region, targeting other sectors as a means to build more resilience within the local economy.

### Ambition 8

To spread the benefits of inward investment to more rural locations through a place-based approach, focussing on emerging sector opportunities, in particular energy and agritech.

#### Our approach will include:

- Developing place-based inward investment proposals, beginning with the Grangestone Industrial Estate in Girvan, creating a distinctive inward investment proposition based around existing strengths in low carbon and the green energy sector. Subsequent developments will include Ayr Town Centre; Olympic Business Park, Dundonald; Ports of Troon and Ayr; Prestwick Aerospace Cluster; Maybole.
- Developing sector strategies for identified emerging sector opportunities in agritech and energy.
- Working with key rural businesses, such as Neogen (Auchincruive), William Grants (Girvan), Land Energy (Girvan) and SAS (Maybole), to develop proposals for secondary inward investments in South Ayrshire.





### 3. Creating opportunities for local people and local supply chains

Developing local supply chains for inward investing businesses is vital. Not only does this maximise the wealth retained within the local area, but also secures the investment, making it more difficult for the business to relocate from where strong local supply chains have been established. Large inward investing companies are anchor institutes similar to large public sector organisations.

#### Ambition 9

To ensure local people and local supply chains benefit as a result of new inward investment, creating wealth and opportunities in the local area.

#### Our approach will include:

- Working alongside Thriving Communities and large FDIs to develop means to raise aspirations and awareness of employment opportunities within deprived communities.
- Working with FDIs to reduce entry level requirements to open up more opportunities for young people and those precluded due to lack of formal qualifications.
- Appointing two Sector Leads within the Economy and Regeneration service to engage with sectoral groups to identify supply chain gaps and opportunities.
- Through the Sector Leads, work with existing FDIs to identify supply chain opportunities and match to local SME capabilities.
- Working in conjunction with our own Business Advisors, Scottish Enterprise and SMAS (Scottish Manufacturing Advisory Service) to provide support for SMEs to help them enter the supply chains of FDIs, through opportunity identification, and support in improving productivity and competitiveness.
- Working with new inward investors to identify their supply chain requirements, introducing them to indigenous supply chain companies and attracting other organisations into the region to provide additional support.

### 4. Developing our workforce

Availability of skills and workforce is a top priority for inward investors. The challenge of available workforce in South Ayrshire is outlined on page 26.

However, while South Ayrshire benefits from close proximity to the central belt for attracting workforce (a key selling point for attracting potential investors), we need to develop more 'home grown' talent to meet workforce demands and also prevent the migration of our young people (see Ambitions on page 26).

### 5. Developing our town centres

The function of town centres has fundamentally changed. Attracting new forms of private sector investment into our towns will be key in revitalising them.

#### Ambition 10

To support the development of South Ayrshire's town centres, by aligning inward investment activities to town centre plans.

#### Our approach will include:

- Working alongside our Estates and Regeneration services, we will identify commercial opportunities and target specific investors that align to opportunities emerging from the Ayr Town Centre Framework.
- Developing inward investment propositions for Ayr Town Centre across leisure, housing and experiential retail.
- Developing targeted proposals for individual vacant units within town centres, in conjunction with commercial agents and property owners, which align to wider town centre strategies.





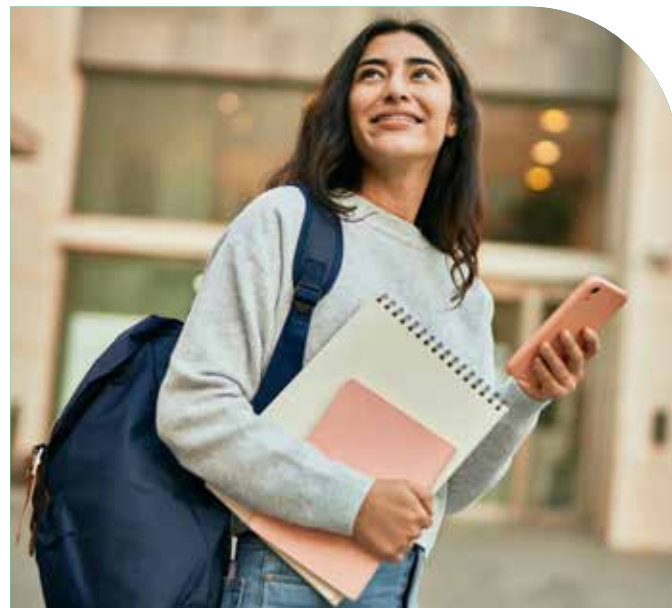
## 4.3 — Creating the right environment for investors through infrastructure and workforce development

Our role in Invest South Ayrshire is to create the right environment for inward investment so our strategic sectors can thrive, thereby ensuring new and secondary investment.

By shaping and improving the local environment to enable businesses to be more competitive and capable of achieving higher production rates than they would in any other area, we are positioning South Ayrshire as the location of choice for our secondary and targeted investors.

For example, in the Prestwick Aerospace Cluster, new investment or work packages for some of the FDIs could easily be awarded to multiple countries – GE Aviation have over 90 sites across 22 countries, including Prestwick.

By creating the right, local environment for our existing aerospace companies, they can create the narrative for their global HQ that South Ayrshire is the best place for their expansion or new products.



### What do we mean by 'local environment'?

For inward investors, the local environment encompasses:

- Commercial building stock
- Workforce development and skills
- Connectivity (both transport and digital)
- Energy provision (access to low cost, green energy network)
- Innovation/R&D
- Supply chain
- Quality of life/housing
- Business support (e.g. expert knowledge, assistance with planning, etc)

The ISA service has identified four key challenges and opportunities facing the South Ayrshire environment for inward investment which are detailed below.



Our role is to create the right environment for inward investment so our strategic sectors can thrive, ensuring new and secondary investment.👉

## Challenge 1 — Lack of commercial building stock

South Ayrshire's lack of modern, commercial building stock is currently our main barrier to inward investment.

Currently (March 2024) across South Ayrshire, there is only one unit over 20,000 sq. ft. available (Ayr) – it is rated Poor Quality (2 out of 5 stars), constructed in 1955.

While we have been successful in generating a high level of opportunities for inward investment, we have been unsuccessful in securing these potential investments because of a lack of commercial space.

For example, in March 2023, the ISA service had 18 live enquiries for significant inward investment which were lost due to the lack of available stock.

Current issues in building new stock include:

- **Costs** – there is a commercial viability gap between building costs and achievable rents. Construction costs since COVID have risen significantly, further widening the viability gap.
- **Timescale** – new developments typically take over two years to build, while new inward investors typically require occupiable space within 12 months. This has been a key factor in South Ayrshire losing inward investment opportunities over the past year.
- **Competition with other locations** – existing FDIs looking to expand and invest in South Ayrshire cannot justify building new stock in our area when existing stock is available in other regions/countries.

### Ambition 11

To work with Ayrshire Growth Deal colleagues and Scottish Enterprise partners to develop options appraisals which can unlock commercial development.

Our approach will include:

- Working with key internal and external partners to explore opportunities to reprofile existing AGD funds for investment in Commercial Build projects.



South Ayrshire's lack of modern, commercial building stock is currently our main barrier to inward investment.👉

## Challenge 2 — Workforce shortages

The workforce shortages in multiple sectors currently faced by South Ayrshire are reflected nationally.

However, South Ayrshire's current challenge is exacerbated by the migration of our young people outwith the region, an ageing population and wage inflation.

There is a concern, particularly within the aerospace sector, regarding wage inflation - if unabated, this will result in high labour costs prohibiting further investment and may lead ultimately to disinvestment in the region. The care sector is also experiencing high levels of workforce shortages.

Taking a sectoral approach provides the best opportunity to align educational partners' delivery with industry requirement, as a means to address workforce challenges.

Therefore, in the long term, local investment in the skills of both future and current generations - and aligning skills provision to industry demand - will be a critical factor in safeguarding existing and securing further inward investment in South Ayrshire.

### Ambition 12

To provide the link between industry and sectors with our Education service/local education providers and the Local Employment Partnership (LEP), to inform the provision of skilling, upskilling and reskilling to ensure the skills pipeline aligns with future industry demand.

Our approach will include:

- The reprofiling of ASTAC (Aerospace and Space Technology Application Centre) towards workforce development and innovation in the training process, and on-job instructions to support workforce development.

### Ambition 13

To encourage promotion of high value careers in South Ayrshire to young people, to increase retention/reduce outward migration within the region, in conjunction with the Local Employment Partnership (LEP).



## Opportunities

South Ayrshire has an opportunity to create competitive advantage through the development of **digital and renewable energy infrastructure**. By concentrating on these areas, South Ayrshire can offer a more productivity-focused environment in attracting inward investment.

**It is essential that South Ayrshire capitalises now on these opportunities, giving the area a competitive advantage, prior to them becoming a base requirement for inward investment locations over the next decade.**





## Opportunity 1 — Digital infrastructure

Digital connectivity will be vital to all industry sectors in the future. Here, South Ayrshire has the opportunity for “first mover advantage” as one of the first areas in the UK to offer an advanced digital infrastructure through becoming a 5G Innovation Region (5GIR).

This follows a successful pan-Ayrshire bid in June 2023 to the Department of Science, Innovation & Technology (DSIT) to secure funding of £3.8m to become one of only three 5G Innovation Regions (5GIR) in Scotland.

A wireless Innovation Hub is being created in the heart of the Prestwick Aerospace Cluster:

- This will form an anchor platform and showcase the benefits of adopting advanced wireless technology within a manufacturing setting.
- This facility will allow businesses around the cluster and beyond to understand the possibilities and demonstrate the benefits of adopting this step-change in technology.
- Development of advanced digital infrastructure supports all sectors but will be of particular importance in developing the agritech, and food and drink manufacturing sectors.

- Incorporating advanced digital infrastructure into future commercial developments will not only make South Ayrshire more appealing to inward investors, but will also act as the catalyst to Mobile Network Operators, spurring them on to invest in the public network services and improve the connectivity of the area as a whole.

### Ambition 14

To jointly deliver, in conjunction with our partners, the 5G Innovation Regions Project by 31 March 2025, improving South Ayrshire’s attractiveness for new and existing investors, and promoting South Ayrshire as a digitally advanced region.

Our approach will include:

- Attracting capital investment from the private sector through the promotion of commercial digital opportunities informed by the 5G Innovation Regions Project.



## Opportunity 2 — Energy

The transition to renewable energy is a key priority for all businesses.

South Ayrshire has the opportunity to develop more renewable energy at strategic industrial locations, in conjunction with colleagues in Planning and aligning with the Ayrshire Energy Masterplan.

Target locations include the Grangestone Industrial Estate in Girvan, the Olympic Business Park in Dundonald and Prestwick.

### Ambition 15

To explore opportunities for the development of renewable energy production at key industrial locations in South Ayrshire and develop investment propositions.

### Ambition 16

To position South Ayrshire at the forefront of renewable energy production by accelerating the development of renewable energy infrastructure in partnership with private sector energy providers and aligning to the Ayrshire Energy Masterplan.

Our approach will include:

- Attracting capital investment from the private sector and government through the identification and promotion of commercial opportunities.



South Ayrshire has an opportunity to create competitive advantage through the development of digital and renewable energy infrastructure.



## 4.4 — Taking a sector-led, cluster building approach to inward investment

The Economy and Regeneration service is taking a sector-led approach to economic development in South Ayrshire.

This includes the employment of two new Sector Leads through the UK Shared Prosperity Fund. These positions will play a key role in developing existing, mature sectors and emerging sectors, with the aim of achieving effective clusters in South Ayrshire.

Taking a sector approach will allow us to more effectively:

- Identify supply chain opportunities
- Identify future workforce requirements
- Adopt a more targeted approach to inward investment
- Target market opportunities within key sectors

### What do we mean by ‘clusters’?

Clusters are defined as where:

**“interconnected businesses, suppliers, universities and research organisations exist and operate together, so much so that they gain a competitive advantage over other places”**

- Clusters grow by building on their foundation of a specialised/skilled workforce, local supply chain and a knowledge pool.
- They have a ‘snowball effect’ in that the bigger the cluster becomes, the more it attracts to the region in terms of talent, businesses and investors.
- This fosters growth and development that benefits all the cluster participants, with the environment shaping itself to support it.
- For example, as the aerospace cluster has developed in South Ayrshire, this has led to changes in education provision at Ayrshire College and within our schools to ensure a skills pipeline for Prestwick.

See Appendix D on pages 42-45 for more details on cluster building and Prestwick Aerospace Cluster.



Historically, we have focussed our sectorial work on aerospace. However, we now need to exploit opportunities for cluster building in other key sectors, both for the economic gains that this can achieve and to build resistance in our local economy.

South Ayrshire has several mature and emerging sectors on which to capitalise:

### Strategic Sectors

Mature	Emerging
<ul style="list-style-type: none"> <li>• Aerospace</li> <li>• Food &amp; Drink Manufacturing</li> <li>• Engineering &amp; Advanced Manufacturing</li> <li>• Tourism</li> </ul>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Agritech</li> <li>• Space (manufacture of space-related products)</li> </ul>

**N.B.** Engineering & Advanced Manufacturing will underpin the aerospace, food & drink manufacturing, energy, agritech and space sectors.

### Ambition 17

To create new clusters within our key sectors, where interconnected businesses, suppliers, universities and research organisations collaborate to gain a competitive advantage.

### Ambition 18

To support our mature sectors to grow and to stimulate the development of our target emerging sectors through securing inward investment from an anchor organisation.



**Our new wider sector approach will focus our efforts on seven strategic sectors, which are aligned to South Ayrshire’s regional strengths and where we have a competitive and comparative advantage.**







## 5 — Delivery

### A Team Scotland approach

To identify and secure leading investors, develop new sectors and maximise the benefits of inward investment, the ISA service has adopted a 'Team Scotland' approach, working across a wide network of national, regional and internal partners.

#### National external partners:

- Scottish Development International (SDI)
  - the international trade and investment arm of Scottish Enterprise which acts in Scotland's interest
  - identifies South Ayrshire as the priority area for aerospace and space inward investment
- Scottish Enterprise
- Skills Development Scotland (SDS)
- Department for Business & Trade
- Innovation network
  - National Manufacturing Institute Scotland (NMIS)
  - Advanced Forming Research Centre (AFRC)
  - University of Strathclyde
  - Scottish Manufacturing Advisory Service (SMAS)

#### Regional partners & sector groups:

- Ayrshire Economic Partnership Board
- Ayrshire Regional Economic Partnership
- Ayrshire College
- University of the West of Scotland
- Ayrshire Chamber of Commerce
- Prestwick Aerospace Operational Group (PAOG)

#### Internal partners – Team South Ayrshire:

- Business Gateway
- Community Wealth Building
- Education
- Thriving Communities/Employability
- Destination South Ayrshire
- Housing and Operations
- Planning and Development/Estates



We have adopted a 'Team Scotland' approach, working across a wide network of national, regional and internal partners.🗨️



## 6 — Measurement and Evaluation

We will develop a new appraisal, performance measurement and evaluation framework for inward investment which will provide more focus on the wider spillover benefits of inward investment, as well as capturing the direct impacts.

**Indirect benefits** to be measured will include:

- Apprenticeship levels for local young people within FDI (Foreign Direct Investment) organisations
- Number of FDI organisations complying with Fair Work
- Number of SMEs providing supply chain support
- Number of SMEs entering locally based foreign owned subsidiary

**Direct benefits** to be measured will include:

- Number of inward investment enquiries received
- Number of new inward investment projects secured
- Number of new jobs created from inward investment projects
- Annual employment levels within South Ayrshire derived from inward investment
- Secondary investments, in-site expansion
- Non-Domestic Rates income from FDI organisations

We will drive implementation of actions identified in this strategy through a regular, structured review process within the Invest South Ayrshire team to track progress.





## 7 — Summary

Inward investment makes a hugely significant and highly positive impact on South Ayrshire's economy.

This Inward Investment Strategy sets out the rationale and ambitions for securing new and existing inward investment to create economic growth in our region and wealth in our communities.

South Ayrshire has performed well in the past on securing inward investment projects, particularly in aerospace. Our new wider sector approach will focus our efforts on seven strategic sectors, which are aligned to South Ayrshire's regional strengths and where we have a competitive and comparative advantage.

This will build resilience in the economy and provide more balance, allowing the spillover benefits of inward investment to be spread across the region.

South Ayrshire offers a unique proposition to global, national and local companies to achieve their ambitions for growth, which will in turn help our communities to prosper and thrive.

The Invest South Ayrshire team will develop a strong narrative for South Ayrshire as a destination in which to live, work, study and invest. It is important that our work to attract inward investment aligns and contributes to that narrative to deliver our ambition for South Ayrshire.

Beyond promoting South Ayrshire as a destination and working with potential investors, the core activity of the Invest South Ayrshire team is to create a competitive environment that can attract investment. This aim can only be achieved through joint efforts across the whole council.



**South Ayrshire offers a unique proposition to global, national and local companies to achieve their ambitions for growth, which will in turn help our communities to prosper and thrive.**

# Appendix A — Inward Investment Strategy Ambitions

## 1. Our core approach to attracting strategically aligned investors

- Ambition 1** To safeguard our existing Foreign Direct Investments (FDIs) by providing client management services, in conjunction with our partners, to 15 strategically important foreign owned companies in South Ayrshire.
- Ambition 2** To target specific investors by aligning our regional strengths to inward investment opportunities, working with partner organisations to gain a deep understanding of the strategic decision-making criteria of our targeted companies.
- Ambition 3** To enhance the Invest South Ayrshire soft landing support through the establishment of private sector regional ambassadors and, with the support of our Planning service, provide early engagement and direction on the planning process.
- Ambition 4** Through the provision of client management services to 15 strategically foreign owned operations, we will support their development of local strategies and business cases to secure further investment in the region from their respective HQs.
- Ambition 5** To attract new capital investment by developing appropriate external funding bids for opportunities that align to the Inward Investment Strategy and wider economic development aims.
- Ambition 6** To secure further private sector investment and government funding relating to digital 5G infrastructure, capitalising on the 5G Innovation Regions Project.

## 2. Widening the benefits of inward investment across the region and demographics

- Ambition 7** To increase the visibility and attractiveness of South Ayrshire as an inward investment location, to secure new inward investment across the region.
- Ambition 8** To spread the benefits of inward investment to more rural locations through a place-based approach, focussing on emerging sector opportunities, in particular energy and agritech.
- Ambition 9** To ensure local people and local supply chains benefit as a result of new inward investment, creating wealth and opportunities in the local area.
- Ambition 10** To support the development of South Ayrshire's town centres, by aligning inward investment activities to town centre plans.

## 3. Creating the right environment through infrastructure and workforce development

- Ambition 11** To work with Ayrshire Growth Deal colleagues and Scottish Enterprise partners to develop options appraisals which can unlock commercial development.
- Ambition 12** To provide the link between industry and sectors with our Education service/local education providers and the Local Employment Partnership (LEP), to inform the provision of skilling, upskilling and reskilling to ensure the skills pipeline aligns with future industry demand.
- Ambition 13** To encourage promotion of high value careers in South Ayrshire to young people, to increase retention/reduce outward migration within the region, in conjunction with the Local Employment Partnership (LEP).
- Ambition 14** To jointly deliver, in conjunction with our partners, the 5G Innovation Regions Project by 31 March 2025, improving South Ayrshire's attractiveness for new and existing investors, and promoting South Ayrshire as a digitally advanced region.
- Ambition 15** To explore opportunities for the development of renewable energy production at key industrial locations in South Ayrshire and develop investment propositions.
- Ambition 16** To position South Ayrshire at the forefront of renewable energy production by accelerating the development of renewable energy infrastructure in partnership with private sector energy providers and aligning to the Ayrshire Energy Masterplan.

## 4. Taking a sector-led, cluster building approach to inward investment

- Ambition 17** To create new clusters within our key sectors, where interconnected businesses, suppliers, universities and research organisations collaborate to gain a competitive advantage.
- Ambition 18** To support our mature sectors to grow and to stimulate the development of our target emerging sectors through securing inward investment from an anchor organisation.



## Appendix B — Benefits of Inward Investment

The positive impacts from inward investment are seen across an entire range of areas:

### Higher than average salaries

- Creates additional wealth for the local economy
- Leads to increased spend within the local shops and communities
- Improves long term business outcomes for local businesses, including retail, tourism and hospitality

### New opportunities for people

- Increased number of jobs creates new opportunities for local people and future workforce
- Increase in high value career opportunities with diverse routes to employment raises aspirations of young people from all socio-economic backgrounds
- Reduces unemployment

### New opportunities for businesses

- Increased supply chain opportunities
- Additional spend on R&D
- Support for the development of local workforce

### Improved productivity

- Local, existing businesses can engage with new investors to learn new ways of operating/ new manufacturing techniques which can improve their productivity
- Increased exporting
- Increased investment in innovation

### Income generation for local council

- Increase in employees within a region leads to additional requirements for housing and opportunities for retailers, plus expansion of commercial building stock, which leads to income generation for the local authority through Council Tax and Non-Domestic Rates

### Other positive outcomes

- Increased wealth in the region
- Increased disposable income
- Improved health & wellbeing for local people
- Reduced poverty
- Retention of young people/reduction of out-migration
- Large scale inward investment can lead to in-migration to the region

## Appendix C

Wages across all regions are higher on average in inward investors

### Gross wages and salaries per head (£), by ownership and region

Region	Scottish Owned	UK Owned	Foreign Owned
01. Aberdeen City	26,479	36,425	52,083
02. Aberdeenshire & Angus	21,391	29,414	38,959
03. Ayrshire (North, South and East)	16,769	18,573	27,142
04. City of Edinburgh	21,609	23,662	26,302
05. Dundee, Fife and Clackmannanshire	20,331	20,101	25,865
06. Glasgow City	19,250	23,215	25,876
07. Highlands and Islands	16,898	17,107	25,434
08. Lanarkshire (North and South)	18,374	20,820	25,906
09. Lothians (East, West, Midlothian)	19,895	18,372	27,092
10. Perth, Stirling and Falkirk	20,554	19,859	27,854
11. Renfrewshire, Dunbartonshire, Inverclyde	17,502	19,782	27,413
12. South of Scotland	15,921	17,447	26,534

Source: Office of the Chief Economic Adviser

## Appendix D — Cluster Building

Clusters create multiple advantages within an economy, with the Confederation of British Industry (CBI) currently campaigning to make the UK a world leader in cluster development.

The CBI is committed to supporting the development of world-class business clusters in every region and nation in the UK. They believe this will drive investment, innovation and resilience which can raise productivity, wages and living standards across the economy.

### Key facts about Clusters

- 1 — Clusters are more productive than other parts of the economy, creating huge benefits to local, national and global growth.
- 2 — Clusters are a tried and tested policy solution to raising productivity and creating globally competitive industries.
- 3 — Clusters drive innovative behaviours and help attract world class talent.
- 4 — Clusters create new jobs, new investment and new spillover benefits to the wider regional economy in areas like retail, hospitality and leisure.
- 5 — Cluster activity plays a vital role in helping regions maximise their potential, reinventing themselves to attract public and private investment.
- 6 — Clusters create an eco-system where all the participants benefit from their proximity to each other, unleashing the potential for collaboration, knowledge-sharing and partnering.

Source: "Clusters Playbook: Powering the UK's Regions and Nations"

One of South Ayrshire's key regional strengths is cluster building, being home to Scotland's largest aerospace cluster at Prestwick.

The diagram on pages 44–45 shows Prestwick Aerospace Cluster and its outputs. The following global and local companies have operations at Prestwick Aerospace.

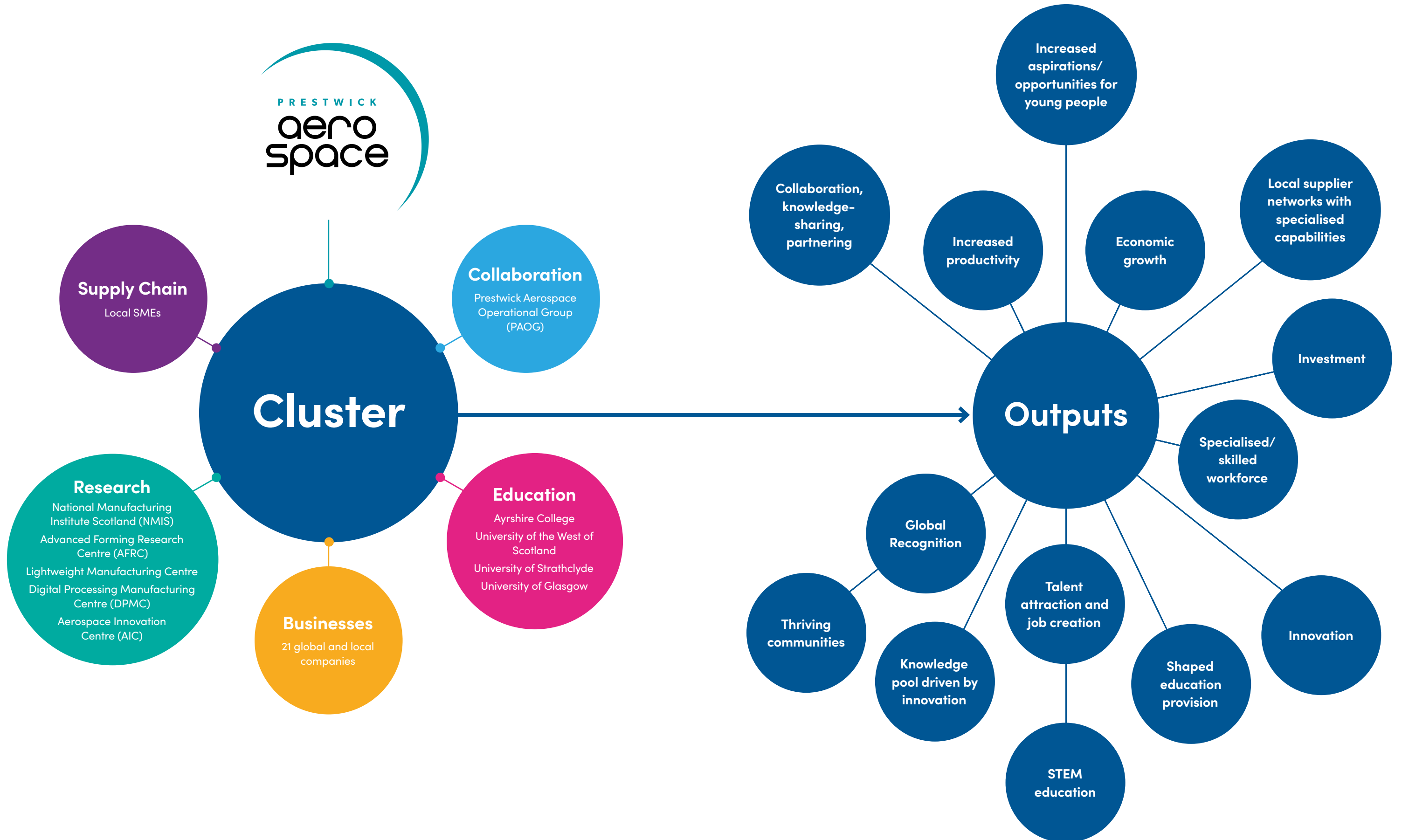


**BAE SYSTEMS**





# Prestwick Aerospace Cluster





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