

South Ayrshire Council

**Joint Report by Director of Housing, Operations and Development
and Director of Communities and Transformation
to Cabinet
of 27 August 2024**

Subject: Ayrshire Growth Deal update

1. Purpose

1.1 The purpose of this report is to provide Cabinet with an update on the Ayrshire Growth Deal (AGD) Aerospace and Space programme and the revised management arrangements for the projects.

2. Recommendation

2.1 It is recommended that the Cabinet:

2.1.1 notes the current status of projects within the Ayrshire Growth Deal Aerospace and Space programme as outlined in the monthly RAG report at Appendix 1;

2.1.2 notes the revised management and delivery arrangements for the Ayrshire Growth Deal and Regeneration Build programme, in line with recent changes to Chief Officer remits;

2.1.3 agree updates to the SAC AGD Steering Group Terms of Reference at Appendix 2;

2.1.4 notes the work undertaken by officers to review the Aerospace and Space programme and the ongoing communication with Scottish and UK Governments and;

2.1.5 agrees that the AGD Senior Responsible Officer continues discussions with Scottish and UK Governments - with activity limited so as to reduce financial risk to the Council - and brings back proposals to Cabinet as soon as practicable.

3. Background

3.1 On 19 November 2020, the Ayrshire Growth Deal (AGD) was signed by the Secretary of State for Scotland; Cabinet Secretary for Transport, Infrastructure and Connectivity and the Leaders of the three Ayrshire Councils. South Ayrshire Council is the Lead Authority for the AGD Space and Aerospace programme comprising Spaceport; Commercial Build; Prestwick Roads; and the Aerospace, Space and Technology Applications Centre (ASTAC) projects. South Ayrshire

Council is the Lead Authority for the regional digital capital projects. The most recent status summary update and RAG report is provided at Appendix 1.

- 3.2 In May 2021, the Council's Leadership Panel approved the Council's governance arrangements for the AGD and a Terms of Reference for the AGD Steering Group. The AGD Steering Group, chaired by the Chief Executive, is the senior officer group within the Council accountable for the AGD. The Steering Group Terms of Reference is presented at Appendix 2.
- 3.3 The Regeneration Build programme was established following approval of the AGD Commercial Build Full Business Case (FBC) by Scottish and UK Governments and aims to address market failure in terms of availability of commercial space around Prestwick Airport. Regular updates are provided to Cabinet with the most recent update provided on 18 June 2024. Governance arrangements are in place and the Regeneration Build Programme Board provides oversight and management at officer level for the programme. Two Regeneration Build projects are currently being progressed.
- 3.4 As a result of slippage and changes to the AGD, a regional review is ongoing led by the AGD Portfolio Management Office (PMO) and an updated AGD programme will be proposed to enable the funding investment to be drawn down and economic benefits realised. Significant changes to projects require to be approved by regional partners, including the Ayrshire Economic Joint Committee (AEJC), with final decision making from Scottish and UK Governments.
- 3.5 Cabinet agreed on 14 February 2024 that the Assistant Director – Strategic Change, work with the AGD Steering Group and stakeholders to review the South Ayrshire Council AGD to inform the regional review and propose an updated programme.
- 3.6 As a result of changes to the Council's senior management structure in March 2024, responsibilities for management and delivery of the AGD and Regeneration Build programmes have changed and the proposals are being progressed by the Council's Economy and Regeneration Service, overseen by the Assistant Director – Communities. The Director for Housing, Operations and Development is the Senior Responsible Officer for the Regeneration Build Programme and Chair of the Regeneration Build Programme Board.
- 3.7 New AGD proposals have been developed in conjunction with Scottish Enterprise and following engagement with industry partners: the Chamber of Commerce, Prestwick Aerospace Oversight Group (PAOG), the AGD PMO and local authority partners. The outline proposals were shared with Scottish and UK Governments with feedback received on 26 June 2024 from the Regional Economic Development Division and Growth Deal Office on behalf of Scottish and UK Governments.
- 3.8 Officers from the AGD Steering Group have raised concerns on the requirements set out by Governments that would require the Council to expend further Council funds at risk developing AGD proposals and business cases prior to any grant funds being released. The Assistant Director – Communities has written to the Growth Deal Office to highlight the financial risks for the Council associated with the proposed approach and to seek further engagement with governments, particularly on risk sharing, to date, there has been no response to sharing of the financial risk and it is reasonable to assume that any sharing of risk would set a precedent for other 'deals' across Scotland.

4. Proposals

- 4.1 The Cabinet is asked to note the current status of projects within the Ayrshire Growth Deal Aerospace and Space programme as outlined in the monthly RAG report at Appendix 1.
- 4.2 Cabinet are asked to note the revised management and delivery arrangements for the Ayrshire Growth Deal and Regeneration Build programme including changes to personnel – with the Assistant Director – Communities now senior responsible officer for the AGD and the Director of Housing, Operations and Development responsible officer for the Regeneration Build programme.
- 4.3 Cabinet are asked to approve the proposed changes to the SAC AGD Steering Group Terms of Reference as tracked in Appendix 2.
- 4.4 In developing revised AGD proposals, options appraisals were carried out with options short-listed including alternative regeneration and capital investment and infrastructure projects. Proposals were discounted where they were deemed not to meet the parameters and requirements of AGD funding conditions, or where they did not result in substantial net FTE creation, and/or, did not harness the opportunities presented by aerospace and space industries in and around Prestwick.
- 4.5 The proposals shared with Governments (presented as the ‘Prestwick Proposition’) focus on three distinct elements: Programme 1 – Providing advanced enabling infrastructure at the Prestwick International Aerospace Park (PIAP) which will provide South Ayrshire with a significant competitive advantage over competing locations in attracting new and secondary inward investment; Programme 2 - Site Wide Flexi-Space which sets out to create substantial and additional high quality industrial/commercial accommodation and; Programme 3 - ASTAC Skills/Innovation/Training, enabling the enhancement of a skilled workforce and a commitment to technological agility and innovation to stay competitive on a global scale.
- 4.6 Whilst Programme 2 can evidence a Full Business Case (FBC) approved for the AGD Commercial Build project by Scottish and UK governments, governments have confirmed that updated OBC/ FBC’s would require to be submitted for approval before AGD funds could be released, given the period of time that has passed and changes in the market. Programme 3 has an Outline Business Case (OBC) in development and Programme 1 is entirely exploratory at this stage and would require OBC and FBC development to be funded by the Council as Lead Authority.
- 4.7 Officers are of the view that in excess of £500,000 of Council funds would be required to fund business case development activity with no certainty that business cases would be approved and AGD funds released, as per the AGD grant terms and conditions. Where Cabinet are of the view that business cases should be progressed and this activity funded by the Council, the SAC AGD Steering group consider there is unacceptable financial risk to the Council in that funds could be expended with no guarantee of a return or deliverable AGD project/s. Cabinet are therefore asked to agree that the AGD Senior Responsible Officer continues discussions with Scottish and UK Governments, on the basis that development activity is limited so as to reduce financial risk to the Council, and; that the AGD SRO brings back proposals to Cabinet for consideration as soon as practicable.

5. Legal and Procurement Implications

5.1 There are no legal or procurement implications.

6. Financial Implications

6.1 A summary of AGD capital expenditure to 1 August 2024 is provided in the table below.

	AGD Project	AGD grant funds	SAC spend	Total spend
1.	Spaceport Infrastructure	NIL	£3,269,783	£3,269,783
2.	Commercial Build Project A	£2,553,779	£359,176	£2,912,955
3.	Prestwick Roads	NIL	£552,230	£552,230
4.	Aerospace and Space Technology Application Centre (ASTAC)	NIL	£903,182	£903,182
5.	Subsea Cable Infrastructure and Digital Infill projects	NIL	£133,790	£133,790
6.	Ayrshire Growth Deal General	NIL	£41,809	£41,809
	<i>Total</i>	<i>£2,553,779</i>	<i>£5,259,970</i>	<i>£7,813,749</i>

6.2 The AGD Grant offer letter sets out the grant conditions for deal Authorities. It clarifies *'Payments of Grant should only be claimed once both the Scottish and UK Governments have endorsed Project Business Cases and Implementation Plans or, where an exception is agreed, where they are satisfied with the basis for Project Business Cases and Implementation Plans'*. The Council is currently in discussions with the Ayrshire regional partners and Scottish and UK Governments over the treatment of funds incurred by the Council on projects that are unlikely to progress as initially scoped.

6.3 The Council provide funds to East Ayrshire Council as a contribution to the regional AGD Portfolio Management Office. At the start of Financial Year 2024/2025 £121,675 remained in the allocated reserves, with £73,800 committed this financial year. This leaves £47,875 remaining for future years.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 ***Risk Implications of Adopting the Recommendations***

8.1.1 A Programme Risk register is in place for the Space and Aerospace programme and risks managed in accordance with the Risk Management Strategy for the Ayrshire Growth Deal.

8.1.2 Further spend on development work undertaken by SAC, or its contractors, is at risk until approval of the respective Full Business Case.

Where the FBC is not approved, any spend relating to that project is considered abortive and SAC will incur the full costs, unless confirmed otherwise by Government ministers.

8.2 ***Risk Implications of Rejecting the Recommendations***

- 8.2.1 Not proceeding to progress the AGD insofar as possible may impact on the reputation of the Council as a Lead Authority and partner under the AGD Heads of Terms.
- 8.2.2 If the Council is unable to present a revised programme and proposal for any AGD funds available for re-apportioning, funding will not be allocated to South Ayrshire/ Aerospace and Space projects.

9. **Equalities**

- 9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as Appendix 3.

10. **Sustainable Development Implications**

- 10.1 ***Considering Strategic Environmental Assessment (SEA)*** - The proposals in this report do not represent a qualifying plan, programme, policy or strategy for consideration for SEA. There exists therefore no obligation to contact the Scottish Government Gateway and no further action is necessary. An SEA has not been undertaken.

11. **Options Appraisal**

- 11.1 Extensive desk-based research and analysis has been carried out and engagement with stakeholders to review options for a new Aerospace and Space programme. Options were reviewed by the Council's AGD Delivery Group and shortlisted by the AGD Steering Group.

12. **Link to Council Plan**

- 12.1 The matters referred to in this report contribute to Priority 2 of the Council Plan: Live/ Work/ Learn - Work and Economy – Everyone benefits from a local economy that provides opportunities for people and helps our businesses to flourish.

13. **Results of Consultation**

- 13.1 There has been no public consultation on the contents of this report.
- 13.2 Consultation has taken place with Councillor Martin Dowey, Portfolio Holder for Corporate and Strategic, and Councillor Bob Pollock, Portfolio Holder for Economic Development, and the contents of this report reflect any feedback provided.

14/

14. Next Steps for Decision Tracking

- 14.1 If the recommendations above are approved by Members, the Director of Communities and Transformation will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the 'Council and Cabinet Decision Log' at each of its meetings until such time as the decision is fully implemented:

Implementation	Due date	Managed by
Continue discussions with Scottish and UK Governments and provide update on proposals to Cabinet	31 December 2024	Assistant Director Communities

- Background Papers** **Report to Cabinet of 30 August 2022 - [Ayrshire Growth Deal Aerospace and Space Programme - Update](#)**
- Report to Cabinet of 15 February 2023 – Ayrshire Growth Deal Update (Members only)**
- Report to Cabinet of 29 August 2023 – Ayrshire Growth Deal Update (Members only)**

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Date: 20 August 2024

Spaceport Infrastructure											June 2024		
Overall Risk Status			Red			AGD Theme			Aerospace & Space				
Delivery Status			Red			RES Theme:			Innovation				
Budget Status			Red			Lead Local Authority			South Ayrshire Council				
Project Summary Position			Change Management			Senior Responsible Officer Project Lead			N/A				
<p>South Ayrshire Council, the regional Partnerships Board and Ayrshire Economic Joint Committee agreed at the beginning of 2024 that the Spaceport project is not viable under the terms of the Deal, cannot progress and no further funds at risk will be expended on the project. A volume of information, including reports to the various Boards and legal advice obtained by the Council have been forwarded to governments as per the governance arrangements for the AGD. The Deal Office confirmed no decision has yet been taken by Ministers on the project. There is no activity for regional partners to take forward in relation to the aborted project.</p>													
Project: Next Steps													
Final decision making by Governments/ Ministers													
Targets													
Business Cases		Target date	Status	Business Cases		Target date	Status						
OBC		30/10/2021	Complete	FBC		N/A	N/A						
Milestones													
Milestone					Due date	Milestone status	Milestone				Due date	Milestone status	
Change management approved by Partners						Complete	Ministerial sign off on major change - this is for SG/ UK Gov to propose date				30/09/2024	Red	
Benefits Realisation - N/A													
FINANCIAL PROFILE £'000													
Source	Capital / Revenue Expenditure	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
UK Government (Capital)	18,000	0	0	0	0	0	0	0	0	0	0	0	18,000
Scottish Government (Capital)	5,000	0	0	0	0	0	0	0	0	0	0	0	5,000
Total	23,000	0	0	0	0	0	0	0	0	0	0	0	23,000
Risk		Impact	Likelihood	Score	AGD Status	SG Status	Mitigation Action				Target Closure Date (dd/mm/yyyy)		
Failure to recoup costs already expended by SAC on spaceport project		5	3	15	Red	Red	£3m in costs incurred to date on spaceport project by SAC. This can only be recouped once FBC approved.				31/05/2024		
Delay in decision making by Scottish and UK governments is creating uncertainty regarding the space and aerospace programme		5	4	20	Red	Red	Governments provide decisions on programme in a more timely manner				31/12/2024		
Lack of clear and concise information is having a negative impact on the council, AGD programme and partners reputations		5	4	20	Red	Red	Governments/PMO provide information on programme in a more timely manner				31/12/2024		

Aerospace and Space Technology Application Centre (ASTAC)								June 2024			
Overall Risk Status			Amber		AGD Theme			Aerospace & Space			
Delivery Status			Amber		RES Theme:			Innovation Support for Enterprise			
Budget Status			Red		Lead Local Authority			South Ayrshire Council			
Project Summary Position			Define OBC		Senior Responsible Officer Project Lead			Louise Reid George Hunter			
<p>The ASTAC project remains in the developmental phase, the project is undergoing a thorough review, inviting the possibility of alterations that may impact the specifics outlined in the Heads of Terms and the signed Deal.</p> <p>The project's exploration of new ways of delivering is largely due to the cost estimates for the original scope increasing due to external challenges. The project moving forward is contingent on reprofiling of £4m from the digital project.</p> <p>The formation of a new partnership with Ayrshire College seeks to collaborate and ensure the project's primary objectives, particularly those related to education and specialist /innovative training, are fully achieved. Given these developments, a revised project scope is anticipated, likely necessitating a formal change management request. The projected timeline for the conclusion of the project scope is set for Spring 2025, which will result in the submission for approval of the OBC. Due to the setbacks described, a delay in the expected business case development has been identified, with a tentative target post Q1 2025 for the OBC and Q4 2025 for the Final Business Case (FBC). Financially, a drawdown of £11m is expected from Q1 2026 to Q1 2027, with peak spending anticipated in Q2 /Q3/Q4 of 2026, relating to the Capital Spend of circa £10.2m.</p> <p>The development of the land/property deal remains critical supporting a finalised option. These conversations remain ongoing and could further influence the programme dates provided here. Most of the information supporting the OBC is developed but has not been as yet progressed until wider dependencies /externalities supporting the agreed build/site programme are concluded.</p>											
Project: Next Steps											
<p>The objectives are still to seek £4m reallocation from Building Digital Capital fund towards the project. To finalise a land/property deal in consideration of existing options and/or to consider other options in terms of location.</p> <p>To undertake necessary due diligence in terms of agreed way forward, fit with subsidy law and any other pertinent financial/legal considerations. To agree HoTs with Ayrshire College and any 3rd party landowners (as necessary) in support of the project. Key successes include letters of support from stakeholders/Ayrshire College and conclusion of the options appraisal on location. Subject to review following comments from Chief Officers and members. Any finalised options will require Cabinet approval from SAC and relative board approval from Ayrshire College. Any significant review on additional options will require time to implement and this could delay initial timelines. Project is critical re the pipeline for skill requirements at Prestwick Aerospace cluster and is fully supported by both SAC, Ayrshire College and Prestwick Aerospace Operational Group (PAOG).</p>											
Targets											
Business Cases		Target date	Status	Business Cases	Target date	Status	Business Cases	Target date	Status		
OBC Cabinet		31/12/2024	Amber	OBC AEJC	31/03/2025	Amber	FBC AEPB	30/11/2025	Red		
OBC PMO		31/12/2024	Amber	FBC Cabinet	30/09/2025	Red	FBC AEJC	31/12/2025	Amber		
OBC Gov		28/02/2025	Amber	FBC PMO	30/09/2025	Red					
OBC AEPB		28/02/2025	Amber	FBC Gov	30/11/2025	Amber					
Milestones											
Milestone				Due date	Milestone status	Milestone			Due date	Milestone status	
Develop local partnership delivery model				31/12/2024	Red	Completion of Phase 2			30/10/2029	Green	
Complete final project design and procurement documentation				30/09/2025	Amber	Subject to FBC requirements re market testing/fully tendered plans. Final financial drawdown			30/03/2028	Green	
Hand-over (Phase 1) to operational organisation				31/12/2026	Amber						
Benefits Realisation Plan											
OUTPUTS			Target	Target Date	Actual (to date)	IMPACTS			Target	Target Date	Actual (to date)
AGD/O/1 - New Jobs created (direct & indirect)			68	31/03/2030		TBC					
AGD/O/2 - Constructon Jobs Created			61	31/03/2030		Community Benefits			Target	Target Date	Actual (to date)
AGD/O/16 - Leverage (incl LA, HE/FE, Private sector and any other leverage) £					£ 48,600	TBC					
OUTPUTS			Target	Target Date	Actual (to date)						
TBC											

FINANCIAL SPEND PROFILE 24/25															
Source	Total Allocation £'000	Total for Previous Years	Apr-24 Actual	May-24 Actual	Jun-24 Projected	Jul-24 Projected	Aug-24 Projected	Sep-24 Projected	Oct-24 Projected	Nov-24 Projected	Dec-24 Projected	Jan-25 Projected	Feb-25 Projected	Mar-25 Projected	Total 24/25 £'000
UK Government	4,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Scottish Government	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Ayrshire Council	6,000	903	0	0	9	9	9	9	9	9	9	9	9	9	89
Total	11,000	903	0	0	9	9	9	9	9	9	9	9	9	9	89
Risk	Impact	Likelihood	Score	AGD Status	SG Status	Mitigation Action								Target Closure Date (dd/mm/yyyy)	
Securing agreements and approvals requires additional time and programme delayed	4	5	20			<ul style="list-style-type: none"> Develop Programme with Steering Group. Align SAC and AC resources. Secure early SAC agreements and internal reporting. Stronger proposition if project links SAC/-AGD with AC/ GPA. Tripartite agreements required. Board Approvals. Increased dependencies and partner bespoke risks 								31/10/2024	
Site for the ASTAC Facility not secured within GPA Estate offering airside access/scale/offside access on acceptable terms	5	4	20			<ul style="list-style-type: none"> Secure early dialogue with Glasgow Prestwick Airport. Identify ASTAC spatial Needs. Review options. New option presented to GPA/AC on 20.12.23. Slide Presentation of conceptual Plan for ASTAC Campus 								31/10/2024	
GPA lease costs not affordable within AC business case.	5	4	20			<ul style="list-style-type: none"> Review with AC/Development of OBC and confirmation of costs/affordability 								31/10/2024	
Terms of lease do not satisfy the requirements of SAC/AC	4	4	16			<ul style="list-style-type: none"> Consult/Develop terms of lease to ensure conditions and terms are clearly understood. GPA HoT's received 09.11.2023. Revised proposals to GPA 20.12.23. Concern at commercial interest GPA. Potential that GPA seek terms unacceptable to SAC/ AC. 								31/10/2024	
Business Case and use of AGD Funding not supported by AGD based on capital/revenue arrangements	5	3	15			<ul style="list-style-type: none"> Meetings AGD / PMO and internal briefings. Discussion SAC Estates. ELT Briefings. 								31/10/2024	
A Viable and Sustainable Operational Funding (OPEX) model not achieved	3	4	12			<ul style="list-style-type: none"> Review existing models (UK- HIE/Perth College) Consultation Scottish Funding Council on academic funding support (OPEX) Consultation and developing model with Ayrshire College 								31/10/2024	
ASTAC capital costs (CAPEX) exceed ASTAC approved budgets and other funding not available	4	3	12			<ul style="list-style-type: none"> Complete early assessment of CAPEX Costs and Prestwick build costs. Ensure adequate OB Provision. Make allowances for fees/legal's inflation. Seek access for initial inspection. Seek Drwgs GPA and Building Condition Reports. Advised additional funding from Digital Project. 								31/10/2024	
Economic and social benefits and a positive BCR not delivered	4	3	12			<ul style="list-style-type: none"> OBC to include full EIA to Green Book/PMO template. Develop the Monitoring and Evaluation Framework. Complete in the OBC the Benefits Realisation Plan 								31/10/2024	

Risk	Impact	Likelihood	Score	AGD Status	SG Status	Mitigation Action	Target Closure Date (dd/mm/yyyy)
Failure of Mangata to resource additional funding	5	5	25			Closing Series B continues to prove challenging for Mangata, with timing now forecast for 31st March 2024 (previously end-December 23). A letter of intent had been signed with a lead investor but this investor has now pulled out. Mangata are funding the business through Convertible Loan Notes until Series B close. This requires them to continue to raise cash as current funding forecast lasted until October 23 and included the R&D Grant payment noted above.	30/12/2024
There is a risk if Mangata project does not go ahead then the projects B-J within the FBC cannot proceed.	5	5	25			This is due to the financing model for the programme, where income from Project A is being used to reinvest to develop projects B-J	30/03/2024
Increase in costs	4	5	20			SE have confirmed that this eventuality was contracted for in their Deal documents, and any difference remains the liability of Mangata. SE continue to work with Mangata, Morgan Sindall, G&T and their sub-contractors on both the potential to reduce costs, and to mitigate risk by ensuring appropriate financial guarantees are in place. Latest reporting from SE indicates project costs are now at £120 million which is approx £53 million over budget.	30/12/2024
SAC are unable to recoup any costs expended if project does not proceed	4	4	16			SAC seeking clarification from SE/PMO and SG on SAC's ability to recoup costs should project not proceed. SE PMO have confirmed that any expenditure incurred after FBC will be able to be reclaimed if the project does not proceed. Also been confirmed that any expenditure before FBC cannot be claimed. This is approx £300,000	30/03/2024
Failure of Cabinet/AEPB/AEIC to approve changes to costs, programme	5	2	10			Report drafted for submission to cabinet 14th Feb 2024 to highlight the changes within the project for members to note. A further report will be taken to cabinet May 2024 once the outcome of series B funding exercise is known.	30/05/2024
Failure to procure and install the specialised manufacturing equipment on time.	3	3	9			Equipment orders are dependent on the successful conclusion of MGTA funding. Once this has been established, the overall programme to procure and install can be secured and aligned to the build programme. SE/G+T working with Mangata to mitigate. On current plan, only 2 items (the seismic block and the EMC chamber) are now to be installed by Mangata's sub-contractors during the Morgan Sindall contract. All other Mangata equipment would be installed by Mangata after the Morgan Sindall practical completion / Mangata lease commencement. Mangata have confirmed they will provide an updated equipment procurement plan (required by SE prior to entering Build Contract)	31/12/2024

Prestwick Roads										June 2024	
Overall Risk Status			Amber			AGD Theme				Aerospace & Space	
Delivery Status			Amber			RES Theme:				Stronger places and communities	
Budget Status			Amber			Lead Local Authority				South Ayrshire Council	
Project Summary Position			Define OBC			Senior Responsible Officer Project Lead				Louise Reid Kevin Braidwood	
<p>A Scottish Transport Analysis Guide (STAG) has been completed and this STAG has identified a number of roads mitigation measures required to build capacity into both the Trunk Road and Local Road network to facilitate growth in and around Glasgow Prestwick Airport, this phase is essential for obtaining approvals necessary for the project's progression. The project initially faced challenges that have required a reassessment of its original proposals, the challenges stem from a combination of insufficient budget and the absence of necessary evidence to support the implementation of one or more project phases. Ongoing changes to the development schedule for commercial build have also resulted in changes to the proposals, challenges further faced include - Reliance on LDP2 being approved (transport modelling) & Requirements to undertake a full transport assessment of the proposal to provide a justifiable case for delivery. These challenges create the difficult situation where the project is unable to adhere to the initial scope, prompting a need for a revised approach. The project is connected to other initiatives within the broader Space and Aerospace programme such as the Spaceport and Commercial Build (currently being delivered outside AGD), each with their own challenges in planning and execution. Coordination and alignment with these interconnected efforts add a layer of complexity to the project's overall landscape, emphasising the need for strategic collaboration and cohesive planning across the programme. As the project develops, its success is influenced by the broader objectives and developments and the team is working hard to ensure the connectedness.</p>											
Project: Next Steps											
Project Targets below reflect the previous proposals which will no longer be progressed as approved by South Ayrshire Council in August 2023, a STAG has been completed which identifies mitigation measures which will build capacity into both the Trunk Road and Local Road networks. These improvements have not yet been approved by SAC, PMO or Scottish Government											
Project Targets											
Business Cases	Target date	Status	Business Cases	Target date	Status	Business Cases	Target date	Status	Business Cases	Target date	Status
OBC Cabinet	TBC	Green	OBC AEIC	31/10/2024	Green	FBC phase 1 AEPB	TBC	Green	FBC phase 2 Gov	TBC	Green
OBC PMO	TBC	Green	FBC phase 1 Cabinet	TBC	Green	FBC phase 1 AEIC	30/06/2025	Green	FBC phase 2 AEPB	TBC	Green
OBC Gov	TBC	Green	FBC phase 1 PMO	TBC	Green	FBC phase 2 Cabinet	TBC	Green	FBC phase 2 AEIC	30/06/2025	Green
OBC AEPB	TBC	Green	FBC phase 1 Gov	TBC	Green	FBC phase 2 PMO	30/11/2025	Green	FBC phase 3 AEIC	30/11/2025	Green
Milestones											
Milestone	Due date	Milestone status	Milestone	Due date	Milestone status						
Roads Enabling STAG Appraisal	31/05/2024	Complete	Procurement of contractor and commencement of works – Public Transport Improvements	30/06/2026	Green						
Roads Enabling OBC - TS & Council Approval	31/10/2024	Amber	Completion of works – Public Transport Improvements	31/03/2027	Green						
Roads Enabling FBC - TS & Council Approval	31/03/2025	Amber	Procurement of contractor and commencement of works – Active Travel	31/03/2027	Green						
Detailed design, land assembly, site preparation, contract documentation - Active Travel	31/03/2026	Green	Completion of works – Active Travel	31/03/2028	Green						
Detailed design, land assembly, site preparation, contract documentation - Public Transport Improvements	31/03/2025	Green	Completion of works – Public Transport Improvements	31/03/2029	Green						
Detailed design, land assembly, site preparation, contract documentation - Roads Improvements	31/03/2026	Green	Final financial drawdown	31/10/2029	Green						
Procurement of contractor and commencement of works – Active Travel	30/06/2025	Green									
Benefits Realisation Plan											

OUTPUTS				Target	Target Date	Actual (to date)	Community Benefits							Target	Target Date	Actual (to date)
AGD/O/7 - New or upgraded roads/junctions (km)				3	31/03/2027		TBC									
AGD/O/7 - New or upgraded roundabout				5	31/03/2027											
AGD/O/7 - New or upgraded footpath/cycleway (km)				16	31/03/2027											
AGD/O/11 - Public Transport %age increase of commuters				10	31/03/2027											
FINANCIAL SPEND PROFILE 2024/25																
Source	Total Allocation £'000	Total for Previous Years	Apr-24 Actual	May-24 Actual	Jun-24 Projected	Jul-24 Projected	Aug-24 Projected	Sep-24 Projected	Oct-24 Projected	Nov-24 Projected	Dec-24 Projected	Jan-25 Projected	Feb-25 Projected	Mar-25 Projected	Total 24/25 £'000	
UK Government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Scottish Government	12,000	0	0	0	196	196	196	196	196	196	197	197	197	197	1,964	
South Ayrshire Council	5,000	49680	(100)	100	10	10	10	10	10	10	10	10	10	10	103	
Total	17,000	49,680	(100)	100	206	206	206	206	206	206	207	207	207	207	2,067	
Risk			Impact	Likelihood	Score	AGD Status	SG Status	Mitigation Action							Target Closure Date (dd/mm/yyyy)	
Delays in release of enabling infrastructure funding from Scottish Government via Transport Scotland			4	4	16	Red	Red	Meeting held with TS to discuss format of submission given the current development schedule and likely mitigation required on existing network as opposed to requirements for new build infrastructure							STAG May 2024 OBC late 2024 FBC July 2025	
Roads enabling Intervention - fails to meet demands from current occupiers in relation to future productivity. Fails to support the development of available land.			4	4	16	Red	Red	STAG process being followed to ensure a suitable solution if established • Final roads enabling solution(s) will be designed in detail by competent designer • On-going discussions with the current operators at Prestwick in respect of future plans							30/09/2024	
Interdependencies with Spaceport project Risk that the construction of new access to serve spaceport does not meet agreements with funders and Heads of Terms requirements			4	2	8	Yellow	Green	Spaceport development has reduced and is now being led by SE - liaison ongoing and requirement still existing to ensure interdependency impacts							30/09/2024	
Requirement for the traffic data within the AGD STAG and LDP2 to align and provide the same mitigation solution to Transport Scotlan to gain approval on both			4	2	8	Yellow	Green	Continued liaison between the ARA AGD and ARA LDP team • Agreement on traffic levels and any updates needed to ensure synergy and alignment							31/03/2023	
Planning Approval - Delays in planning due to capacity constraints, Objections to proposed route, Planning programme and interrelation between overall Spaceport development and enabling roads infrastructure			3	2	6	Yellow	Green	Programme recognised by Planning Department as a major project and given priority • Prestwick Campus Masterplan incorporated in development of LDP2 via main issues report and subsequent consultation with residents and other parties • On-going community consultation							31/12/2024	
Delays to procurement processes • Challenges to the process • Availability of contractors			2	2	4	Yellow	Green	Ayrshire Roads Alliance will adhere to the procurement policies set out within the AGD and East Ayrshire Council • Timescales have been set to ensure that there is a sufficient pool of suppliers to undertake the activities and are interested in providing a competitive tender							31/12/2025	

Building Digital Capital											June 2024		
Overall Risk Status			Red			AGD Theme					Digital		
Delivery Status			Red			RES Theme:					Support for Enterprise Stronger places and communities Innovation		
Budget Status			Red			Lead Local Authority					N/A		
Project Summary Position			Determine Beneficiaries			Senior Responsible Officer Project Lead					N/A		
<p>In response to subsea cable project not being feasible, a project has been devised to similarly meet the needs of the increasing demand for digital infrastructure development, underpinned by a comprehensive review of options detailed in the technical papers. After careful consideration, which included rigorous engagement with key stakeholders and the consideration of a total of seven re-scope options, it was agreed by the Ayrshire Economic Joint Committee to consolidate two digital projects and merge their funding, leading to the proposal of a 'Building Digital Capital' project. This project is designed to leverage selected AGD sites to effectively deliver digital infrastructure that aligns with the overarching objectives of the Deal.</p>													
<p>Project: Next Steps PMO are developing proposals for re-apportioning combined funds to recipient in train projects. Agreed by AEIC work is underway for re-profiling of funds from FY24/25 onwards.</p>													
Targets													
Business Cases		Target date	Status	Business Cases		Target date	Status						
OBC		N/A	N/A	FBC		N/A	N/A						
Milestones													
Milestone			Due date	Milestone status	Milestone			Due date	Milestone status				
Change management approved by Govt's and Partners			30/09/2024	Green	agree alternative projects			30/09/2024	Green				
Ministerial sign off on major change			30/09/2024	Green	Develop overarching Monitoring and Evaluation framework for Building Digital Capital			30/09/2024	Green				
Reapportionment of funds approved			30/09/2024	Green									
Benefits Realisation Plan													
OUTPUTS		Target	Target Date	Actual (Mar 24)	IMPACTS								
TBC					TBC								
OUTCOMES		Target	Target Date	Actual (Mar 24)	Community Benefits			Target	Target Date	Actual (Mar 24)			
TBC					TBC								
FINANCIAL PROFILE £'000													
Source	Expenditure	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
UK Government	11,000	0	0	0	0	0	0	0	0	0	0	0	11,000
Scottish Government	3,000	0	0	0	0	0	0	0	0	0	0	0	3,000
Total	14,000	0	0	0	0	0	0	0	0	0	0	0	14,000
Risk		Impact	Likelihood	Score	AGD Status	SG Status	Mitigation Action			Target Closure Date (dd/mm/yyyy)			
Risks will be identified by recipient project lead officers for each					0	0							

Appendix 2

The Ayrshire Growth Deal Steering Group (AGD Steering Group) approves the strategic direction of the Ayrshire Growth Deal Aerospace and Space portfolio of projects and at Officer level is overall accountable for the financial and risk management of the projects.

Significant decisions impacting on the wider regional Ayrshire Growth Deal programme are subject to regional governance arrangements.

The AGD Steering Group is responsible for the following areas:

- Establishing portfolio tolerances in relation to time, quality, cost, risk and benefits
- Approving escalation arrangements from AGD Project Boards to AGD Delivery Group to AGD Steering Group (and then to the Council's Leadership Group)
- Establishing a change management process and managing any change requests for projects escalated from the AGD Delivery Group
- Establishing a risk management strategy and managing risks and issues escalated from the AGD Delivery Group
- Ensuring projects have a benefits-led approach and that benefits are fully realised

The AGD Steering Group will escalate any decisions required that are out with the Steering Group's Delegated Authority to the Council's Leadership Group.

The AGD Steering Group will inform the AGD PMO on:

- Tolerance levels for projects in relation to time, quality, cost, risk and benefits
- The portfolio's change management approach
- Any changes to the portfolio or projects
- Risks that score out with accepted levels, even with mitigation in place
- Approaches to benefits management and benefits realisation
- Issues that cannot be resolved through the portfolio
- Periodic portfolio-level reviews and regular portfolio reporting

The AGD Steering Group will provide quarterly updates to the Council's Cabinet and Service, Partnerships and Performance Panel on progress as well as escalating for decision making any issues or change requests that are out with levels of delegated authority.

Membership of the AGD Steering Group

<p>Officers</p>	<ul style="list-style-type: none"> • Chair: Chief Executive of the Council • Vice Chair: Director of Communities and Transformation • Director of Housing, Operations and Development • Assistant Director – Communities (AGD SRO) • Assistant Director – Planning, Development and Regulation • Chief Financial Officer • Chief Governance Officer <p>Attendees as required:</p> <ul style="list-style-type: none"> • AGD Project Leads • AGD Finance Lead • AGD project officers • Service Leads
<p>Responsibilities</p>	<ul style="list-style-type: none"> • Responsible at Chief Officer level for escalated decision making across the portfolio of AGD projects. • Provide assurance that the AGD portfolio and project objectives are delivered. • Operate within agreed schemes of delegation and manage requests/ issue resolution from the AGD Delivery Group and projects • Ensure leadership is underpinned by the values of the South Ayrshire Way • Ensure the portfolio is operating within tolerances and the agreed change management approach with escalation managed appropriately. • Ensure alignment of AGD and Council priorities • Provide assurance that the AGD portfolio is appropriately linked with other strategic initiatives in respect of South Ayrshire and at a regional and national level • Lead the development and communication of the overall vision for the AGD across the organisation, acting as a figure head body • Responsible for achieving the benefits realisation of the AGD portfolio (Financial, Outcome and Performance)

Ayrshire Growth Deal Steering Group - Terms of Reference

	<ul style="list-style-type: none">• Provide clear sponsorship, leadership and direction throughout the portfolio and project lifecycle• Secure investment/ resources for the AGD to meet its objectives through the creation of an overall portfolio budget.• Escalation and reporting to the Councils Cabinet/ Council as appropriate
Operating arrangements	<ul style="list-style-type: none">• Meets quarterly or as required• Minuted meeting• Papers to be sent out 3 working days in advance• Forward plan in place to inform future agendas• Decision making will be by consensus

Specific roles within the Ayrshire Growth Deal Steering Group

Chair of the AGD Steering Group

- Articulates, sustains and exemplifies the purpose of the AGD with senior stakeholders
- Ensures that the requirements of members and key responsibilities of the AGD Steering Group are fulfilled.
- Acts as the link person between the AGD Steering Group and the Councils leadership

Senior Responsible Officer for the AGD

- Provides quarterly updates from the AGD Delivery Group
- Escalates change requests and issues for decision making from the AGD Delivery Group
- Day to day responsibilities for managing the AGD programme

Updated 8th May 2024

South Ayrshire Council Equality Impact Assessment Scoping Template

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

Policy Title	Ayrshire Growth Deal update
Lead Officer (Name/Position/Email)	Louise Reid – Assistant Director - Transformation

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	No	No
Disability	No	No
Gender Reassignment (Trans/Transgender Identity)	No	No
Marriage or Civil Partnership	No	No
Pregnancy and Maternity	No	No
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	No	No
Religion or Belief (including lack of belief)	No	No

Sex – (issues specific to women & men or girls & boys)	No	No
Sexual Orientation – person’s sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	No	No
Thematic Groups: Health, Human Rights & Children’s Rights	No	No

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	No	No
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	No	No
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	No	No
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	No	No
Socio-economic Background – social class i.e. parent’s education, employment and income	No	No

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	Low
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low

Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	Low
Increase participation of particular communities or groups in public life	Low
Improve the health and wellbeing of particular communities or groups	Low
Promote the human rights of particular communities or groups	Low
Tackle deprivation faced by particular communities or groups	Low

5. Summary Assessment

Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as Medium and/or High)	NO
Rationale for decision: The proposal does not have significant positive or negative impact with regards to equality therefore an EQIA is not required	
Signed : Louise Reid – Assistant Director - Transformation	
Date: 17 July 2024	