

South Ayrshire Council

Report by Director – Place to Leadership Panel of 24 November 2020

Subject: Economy and Regeneration - Restructure

1. Purpose

- 1.1 The purpose of this report is to bring forward proposals to restructure the economy and regeneration service that will strengthen the economic development function of the Council and assure that the service delivers on the Council Plan and the Directorate Place Plan.

2. Recommendation

- 2.1 **It is recommended that the Panel considers the proposals set out in the report and approves the proposed functions and structure of the Economy and Regeneration service set out in Appendices 1 and 2.**

3. Background

- 3.1 In March 2019, the Leadership Panel approved the integration of the Council's Economic Development and Regeneration activities to establish a new Economy and Regeneration service. At the same time, the Tourism and Events team was transferred from the Place Directorate into the People Directorate.
- 3.2 In December 2019, the Council approved the revised fourth tier staffing arrangements.
- 3.3 It is important to recognise that economic development is a discretionary service, and whilst it can be viewed as a Council priority, it has over time been subject to efficiency savings when seeking to mitigate the impact on other services. In line with almost all services, economic development activities by the Council have been subject to significant changes and loss of resource. Since FY15/16, the FTE resource has been reduced by 26%. The most recent Local Government Benchmark Framework shows that South Ayrshire ranks below the Scottish average in Scotland on economic development resource per head of population. These changes have led to a situation where renewed focus and new ways of working are essential to deliver outcomes effectively. Effective economic development requires a broad range of interventions, ranging from place making and skills development, to specific sector support. It is common within many Councils that economic development tools straddle across directorates within the Council. This is a challenge that will be addressed through robust programme

management arrangements and effective collaboration with other services in the Council.

- 3.4 The current establishment of the Economy and Regeneration service comprises 16.1 FTE as set out in Appendix 3.

4. Proposals

- 4.1 A strong and effective Economy and Regeneration service will make a significant impact on the delivery of the Council's key strategic objectives. A strategic economic plan, Vision 2030 (Agenda Item 5c) has been developed to provide more clarity on how the service will deliver the aspirations of the Council and proposals have been developed to create a new structure for delivery.

- 4.2 The focus of the proposals addresses the Council's key strategic objective to make the most of the local economy by working with local businesses and organisations to utilise local assets and economic opportunities to support jobs, growth, investment and regeneration.

4.3 Functions Performed by the Service

4.3.1 The Council's approach to economic growth is led by the Place Directorate, bringing together Planning, Sustainable Development, Transport and Infrastructure, Housing, Environmental, and Economic growth functions to deliver a large part of the South Ayrshire Council Plan 2018 – 2022. The Economy and Regeneration activity is framed by the Strategic Economic Plan: Vision 2030, the Regional Economic Strategy and the emerging LDP2. Delivery is through a variety of internal and external strategies such as Housing Strategy, Climate Action Plan and Regional Economic Strategy.

4.3.2 On 5 August 2020, the Scottish Government published its Economic Recovery Implementation Plan. Our proposals complement the actions set out in the Scottish Government Recovery Plans. The proposals are intended to strengthen capacity and focus, and enable the Council to intervene both in business support, sector development and place-based economic development, to enhance our role in delivery, coordination and as facilitator of activity delivered by other agencies. The additional resource will ensure that we are more able to participate in partnership based activity and are able to lead and respond by creating and safeguarding South Ayrshire jobs, building and restoring confidence, and boosting investment – including green and digital infrastructure, and working with other key agencies to create the right conditions for our local economy to recover and thrive.

4.3.3 A logic chain approach has been adopted to ascertain which functions, capacity and roles will be required for the successful delivery of Vision 2030. This approach is reflected throughout the design stages, and provides a clear link between input, output and results. The core functions of the service include:

- The three R's [secure Resources, manage Risk and deliver Results];
- Policy development and communication/engagement;

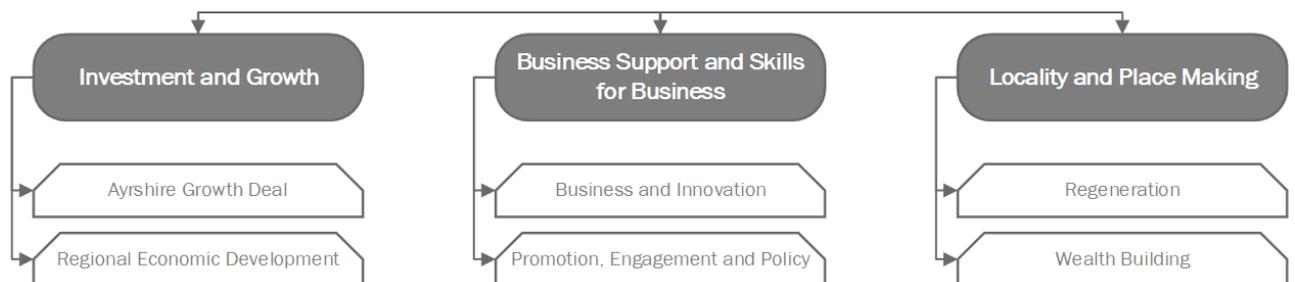
- Locality facilitation and community wealth building;
- Business relationship management;
- Commercialisation and internationalisation; and
- Commercial infrastructure development.

4.4 Roles and Structure

4.4.1 The Economy and Regeneration Service does not operate in isolation and close collaborative working with other Council services is essential. This collaboration will be strengthened over the next few months during the implementation of the plans.

4.4.2 Vision 2030 and the Ayrshire Growth Deal set out an ambitious plan for the South Ayrshire economy which requires dedicated and effective use of resource. It is clear from a preliminary analysis that it will not be possible to deliver the full ambition within the current resource envelop. It will be essential to identify external funding sources and/or develop new ways of integrated working within the Council in order to move forward and to build up capacity over time.

4.4.3 Activity across economy and regeneration is funded through a mix of Council, Ayrshire Growth Deal and other external funding. All staff work towards delivery the Council’s strategic objectives and the implementation of Vision 2030. It is proposed to introduce a new service operating model that is made up of three function groups as shown below. Roles have been designed to effectively deliver these functions



4.5 Delivering on the Ayrshire Growth Deal requires additional and dedicated resource. To provide additional support to the Ayrshire Growth Deal coordinator, it is proposed to create three new posts and re-assign the budget of one existing post. These posts will be fully funded by capitalising on the funding available through the Ayrshire Growth Deal capital programme.

4.6 Both Vision 2030 and the overarching Ayrshire Growth Deal have identified community wealth building and its supporting interventions as core to delivering a stronger local economy. COVID-19 has even strengthened the case for fresh focus on these activities, particularly during the restructure phase of the crisis. The approach adopted by the AGD is to develop a pan-Ayrshire approach to community wealth building and business case development is underway. It is proposed to create three new roles to support community wealth building, funded through the Ayrshire Growth Deal programme. These posts will only be implemented once the Full Business Case is approved and funding is secured.

4.7 Against the backdrop of Vision 2030, the Service Activity Plan and the COVID-19 crisis, the team has reviewed current roles and functions that are present within the service. Role profiles have been updated and new roles have been developed. These role profiles have been submitted for job evaluation and have been confirmed. It is evident from our analysis that the capacity required for the successful delivery of the Ayrshire Growth Deal and Vision 2030 are not currently present within the team or indeed the Council. In the immediate term, external resource will be secured to address this gap, for example, procurement of development management to deliver commercial workspace and bids for external funding have been secured to provide additional revenue to support supply chain development. Going forward, however, it will be much more cost efficient for the Council to bring new skills and capabilities into the service as set out in this proposal.

4.8 There is a risk that if insufficient resource is allocated to economic recovery, businesses in South Ayrshire may not be adequately supported. Whilst not the only provider of local economic development services, the Council plays a key role. Without adequate capacity we will be unable to play this important role effectively, to the detriment of local businesses and jobs. This will also lead to damage to the Council's reputation and the potential loss of businesses relocating to other areas where a more comprehensive package of support is available.

4.9 The proposed organisational structure is set out in Appendix 1.

4.10 Financial Plan

4.10.1 The full year budget for financial year 2020/21 has been approved as shown below:

	Data
Level 3 Account Code and Description	Full Year Budget 2020-21¹
108000 - Employee Costs	800,652
250000 - Supplies and Services Costs	20,480
300000 - Transport Costs	5,500
350000 - Administrative Costs	34,290
450000 - Third Party Payments	365,477
605000 - Income	(41,060)
Grand Total	1,185,339

4.10.2 The financial table in Appendix 2 provides an overview of the staff resources available, including a summary of the proposed changes to the permanent and temporary establishment. The proposed permanent establishment has been increased by two posts that will primarily focus on local economic development and provides close alignment to the Council's place making activity. It is proposed that part of the overall increase to the establishment budget will be funded through the Ayrshire

¹ The full year Budget for FY20/21 excludes £32K savings based on corporate savings allocation in relation to payroll turnover.

Growth Deal. A funding gap of £54,764 has been identified through the analysis. It is proposed that this gap is funded by a transfer from Third Party Payments to Employee Costs.

- 4.11 It is recommended that the Council approve the proposed structure in Appendix 1 and agree the above proposal to fund it..

5. Legal and Procurement Implications

- 5.1 There are no legal implications arising from this report.
 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 The proposed restructure increases the overall number of FTE within the service by two and adds six temporary posts. If Members agree to adopt the proposed changes and recommendations, external funding will be allocated to fund the temporary posts in full, including severance. There is no additional revenue funding required as noted in the financial analysis as shown below. Detailed breakdown is attached as Appendix 2.
- 6.2 As noted at paragraph 4.10.2, to fund the proposals in this report it is proposed to reduce the current third party payments budget permanently by £54,764. The Service will seek to attract external funding to augment the reduced third party payments budget and support suitable projects in the future.

Current Structure		Proposed Structure		Increase	
FTE	£	FTE	£	FTE	£
16.10	800,652	18.10	911,526	2.00	110,874

Proposed Funding

Ayrshire Growth Deal 56,110
 Economy & Regeneration – Third Party Payments 54,764

Balance to Fund 0

Changes/

Changes to temporary structure is funded by external sources

Current Temporary Structure		Proposed Temporary Structure		Increase	
FTE	£	FTE	£	FTE	£
5.60	297,941	8.60	438,951	3.0	141,010

Proposed Funding

Ayrshire Growth Deal - SAC 141,010

Balance to Fund

7. Human Resources Implications

7.1 Role profiles have been updated and created to reflect requirements of the service to deliver the Strategic Economic Plan: Vision 2030. The signed off job evaluation scores have been used to calculate budget requirements.

7.2 Initial discussion with the unions has taken place on the process and implications of developing a strong Economy and Regeneration service. These discussions have been positive. Further discussion will continue during the implementation phases. Consultation and co-design has also taken place with staff within the service through a series of workshops.

7.3 If this proposal is approved, a period of implementation will start. There would be some impact on individual staff within the service, who may be re-aligned to sit under a new function or coordinator. However there is no material impact or changes to employee terms and conditions.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 There is a serious risk that the Council is unable to achieve its Strategic Economic Plan and that South Ayrshire Council will slip further in the LGBF rankings on economy indicators.

8.2.2 There is an immediate risk to the delivery of key projects that have been identified in the Ayrshire Growth Deal due to a lack of resources in the current resource envelope. These proposals mitigate this risk.

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 4.

10. Sustainable Development Implications

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

- 11.1 An Options Appraisal has been carried out in relation to the delivery of the Strategic Economic Plan: Vision 2030 (Appendix 5).

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to Commitment 4 of the Council Plan: South Ayrshire Works/ Make the most of the local economy.

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 Siobhian Brown, Portfolio Holder for Economy and Culture, and Councillor Brian McGinley, Portfolio Holder for Resources and Performance, and the contents of this report reflect any feedback provided.

14. Next Steps for Decision Tracking Purposes

- 14.1 If the recommendations above are approved by Members, the Director – Place 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 Leadership Panel in the ‘Council and Leadership Panel Decision Log’ at each of its meetings until such time as the decision is fully implemented:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Implement new posts for Economy and Regeneration	31 December 2020	Service Lead – Economy and Regeneration
Implement Community Wealth Building Capacity once the Ayrshire Growth Deal funding for this pan-Ayrshire project has been secured	31 March 2021	Service Lead – Economy and Regeneration
Report to Leadership Panel regarding progress on implementation and results	16 March 2021	Service Lead – Economy and Regeneration

Background Papers **Report to Leadership Panel of 12 March 2019 – [Economic Development and Regeneration – Management Arrangements](#)**

Report to South Ayrshire Council of 18 December 2019 – [Economy and Regeneration](#)

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Date: 19 November 2020