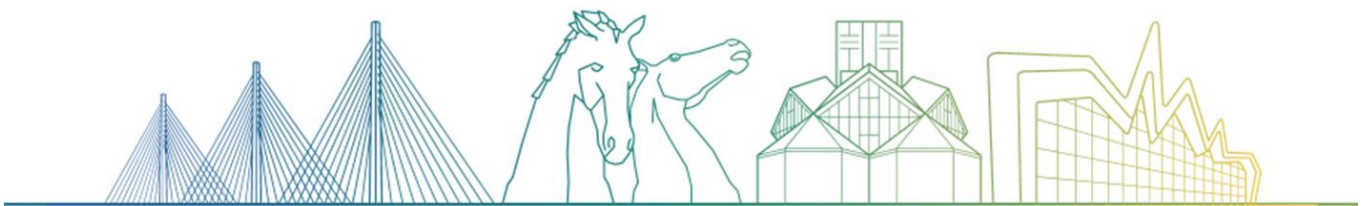


North Ayrshire Inclusive Growth Diagnostic

Evidence and scoring underpinning North
Ayrshire's inclusive growth diagnostic



JUNE 2017

SCRIG | Scotland's Centre for
Regional Inclusive Growth

1. Background

The North Ayrshire Inclusive Growth Diagnostic is a joint piece of work between the Office of the Chief Economic Adviser at the Scottish Government and North Ayrshire Council (NAC) which aims to assess what is holding back long-term sustainable inclusivity and growth in North Ayrshire.

This is a pilot of the inclusive growth diagnostic tool at the Local Authority level and is an assessment of long-term prospects for transformational change in North Ayrshire – it looks at the legacy effects of industry decline from a social and economic perspective, and also potential areas for ‘inclusive growth’ in the region.

This paper presents the prioritised inclusive growth drivers identified through the diagnostic, and the full results in annexes A and B.

Activities

The approach applied in North Ayrshire consists of the following stages:



2. Diagnostic Stage 1: Inclusive Growth Story

The diagnostic process began by benchmarking North Ayrshire’s performance on a range of inclusive growth indicators against neighbouring local authorities and the Scottish average to identify high-level areas of achievement and challenge. This expanded the focus beyond the traditional measures of economic success and highlighted the areas to investigate through the diagnostic.

The high level inclusive growth challenges identified in North Ayrshire include:

- *Productivity and the legacy of industrial decline*, as evidenced by low GVA per head, low business start-up rates, low business expenditure on Research and Development, and significant employment in low wage, low value sectors.
- *Economic and social inclusion*, as evidenced by lagging female labour market participation (relative to the Scottish average) and gender segregation in skilled/higher paid occupations; high unemployment, in-work poverty and high levels of deprivation; and poor health outcomes, including mental health outcomes (which are both an outcome and driver of inclusion).

3. Diagnostic Stage 2: Inclusive Growth Diagnostic

Due to the breadth of potential issues identified in North Ayrshire, a holistic diagnostic approach was applied which investigated three levels:

- The external environment to determine what external drivers may be impacting on growth and inclusion in the area;
- Local conditions that are determining the opportunities of the local population at each stage of life; and,
- Social factors which act to compound an individual's experience of inclusive growth.

This exercise also identified 'excluded' groups – that is, groups sharing similar characteristics that have been particularly excluded from the benefits of economic growth (and particularly labour market inclusion). The groups identified in North Ayrshire are: young people, those with long-term health problems, those in in-work poverty and females. When considering the inclusion impact of constraints in the diagnostic, we focused on the impact it was having on these groups. There will, of course, be an element of overlap between these groups.

Table 1 presents an overview of the drivers of inclusive growth outcomes in North Ayrshire identified through the inclusive growth diagnostic.

Table 1: Inclusive Growth Drivers in North Ayrshire

Infrastructure	Slow roll out of digital infrastructure and poor coverage (mobile)
	Lack of appropriate business premises
	Housing: energy efficiency and availability of smaller properties
	Transport (people to jobs)
	Transport (goods to market)
Skills	Intermediate and advanced skills
	Entry-level skills/ work-readiness
	Basic digital skills (which can also limit social inclusion)
	Digital innovation/ advanced digital skills
Social Capital	Community empowerment
	Aspirations (individual and business)
	Health, particularly mental, compounds inclusion challenges
	Difficulties in accessing affordable and flexible childcare
Value/ quality of jobs	Structure of the economy/ sectors/ industries
	Availability of local jobs (jobs density)
	Sustainable working population

4. Diagnostic Stage 4: Prioritisation

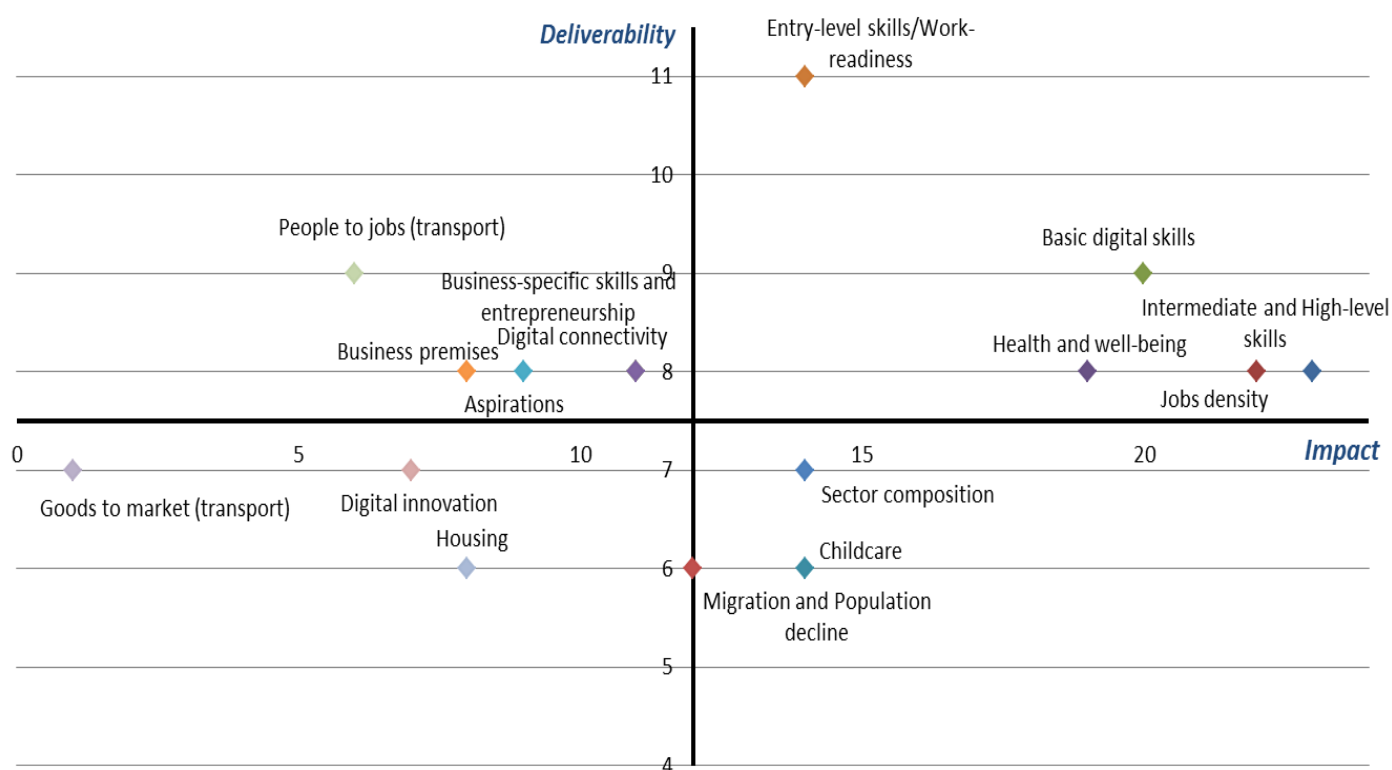
The prioritisation exercise ranks the identified constraints based on the interaction of two dimensions: impact and deliverability.

- **Impact** – An evidence-based approach which ranks constraints based on their relative importance in unlocking inclusive growth opportunities. The methodology takes into account an assessment of synergies and trade-offs and impact on key excluded groups.
- **Deliverability** – led by decision makers in North Ayrshire Council. This stage is a more qualitative assessment taking account of the preferences of policy-makers, local communities and the private sector, as well as a time dimension and funding feasibility. This build on community engagement NAC had carried out, as well as existing knowledge of the concerns and priorities of the community and private sector.

The full methodology underpinning each stage is set out in Annex C.

The matrix below presents the constraints ranked on the impact and deliverability dimensions.

Figure 1: Prioritisation matrix for North Ayrshire constraints



These are, in order of total score (impact and deliverability):

- 1 Intermediate and High-level skills
- 2 Jobs density
- 3 Basic digital skills
- 4 Health and well-being
- 5= Childcare
- 5= Entry-level skills/Work-readiness
- 5= Sector composition
- 8 Migration and Population decline
- 9= Business-specific skills and entrepreneurship
- 9= Digital connectivity
- 11 Business premises
- 12= Aspirations
- 12= Housing
- 14 Digital innovation
- 15 People to jobs (transport)
- 16 Goods to market (transport)

The full results and evidence are set out in annexes A and B.

5. Diagnostic Stage 5: Operationalising Results

The inclusive growth diagnostic results were used by North Ayrshire Council to inform the development of strategies and programmes, including the Community Planning Partnership 'Fair for All' Strategy to reduce inequalities in North Ayrshire. North Ayrshire Council's March 2017 budget made a significant investment to take forward the North Ayrshire Fair For All Strategy. Investment funds created include:

- Community Investment Fund;
- Poverty Challenge Fund;
- Basic Income Pledge;
- Participatory Budgeting Fund.

The diagnostic exercise is also being undertaken on an Ayrshire-wide basis to inform the priorities of the Regional Economic Partnership and the Ayrshire Growth Deal.

Annex A: Inclusive Growth Diagnostic Results – Impact Scoring and Evidence

This diagnostic analysis identifies areas that are holding North Ayrshire (NA) back from achieving sustainable inclusive growth. These constraints are measured against three drivers – *Growth, Inclusion* and *Sustainability*. Challenges and opportunities for NA are similar to those for Scotland as a whole, however a number of areas are more pronounced.

Community empowerment is a key enabler of inclusive growth and in addressing the identified constraints it will be important to consider the potential role community empowerment could play in alleviating these.

Table 2: Summary of Impact Scoring

IG Opportunities	Inclusion		Growth		Sustainability		Trade-off/synergy	Feasibility (LA influence)	Overall Score	Growth Score	Evidence priority
	Impact	Evidence	Impact Evidence	Evidence	Impact Evidence	Evidence					
Intermediate and High-level skills	Large	Strong	Large	Strong	Medium	Weak	Positive	Yes	23	9	
	3	3	3	3	2	1	3	1			
Jobs density	Large	Strong	Medium	Medium	Large	Medium	Positive	Yes	22	4	
	3	3	2	2	3	2	3	1			
Basic digital skills	Large	Strong	Large	Medium	Medium	Weak	Positive	Yes	20	6	
	3	3	3	2	2	1	3	1			
Health and well-being	Large	Large	Medium	Medium	Large	Weak	Positive	Yes	19	4	X
	3	3	2	2	3	1	3	1			
Childcare	High	Medium	Medium	Weak	Medium	Weak	Positive	Yes	14	2	
	3	2	2	1	3	1	3	1			
Entry-level skills/Work-readiness	Medium	Medium	Large	Medium	Small	Weak	Positive	Yes	14	6	
	2	2	3	2	1	1	3	1			
Sector composition	Large	Medium	Medium	Medium	Small	Weak	Positive	Yes	14	4	
	3	2	2	2	1	1	3	1			
Migration and Population decline	Medium	Weak	Large	Strong	Small	Weak	Neutral	Yes	12	9	
	2	1	3	3	1	1	0	1			
Business-specific skills and entrepreneurship	Medium	Weak	Large	Medium	Neutral	No evidence	Positive	Yes	11	6	
	2	1	3	2	0	0	3	1			
Digital connectivity	Medium	Medium	Medium	Weak	Medium	Weak	Positive	Yes	11	2	
	2	2	2	1	2	1	3	1			
Business premises	Neutral	No evidence	Large	Medium	Neutral	No evidence	Positive	Yes	9	6	
	0	0	3	2	0	0	3	1			
Aspirations	Large	Weak	Medium	Weak	Neutral	No evidence	Positive	Yes	8	2	X
	3	1	2	1	0	0	3	1			
Housing	Large	Medium	Small	Medium	Neutral	Weak	Neutral	Yes	8	2	
	3	2	1	2	0	1	0	1			
Digital innovation	Neutral	Weak	Large	Weak	Small	Weak	Positive	Yes	7	3	X
	0	1	3	1	1	1	3	1			
People to jobs (transport)	Medium	Medium	Small	Medium	Neutral	Weak	Neutral	Yes	6	2	
	2	2	1	2	0	1	0	1			
Goods to market (transport)	Neutral	No evidence	Small	Weak	Neutral	No evidence	Neutral	Yes	1	1	
	0	0	1	1	0	0	0	1			
Community empowerment	?	?	?	?	?	?	?	?			X

Intermediate and Advanced skills

Intermediate and high-level skills refer to advanced and professional qualifications.

Constraint	Inclusion		Growth		Sustainability		Trade-off/ synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Intermediate and High-level skills	Large	Strong	Large	Strong	Medium	Weak	Positive

Inclusion/Growth

- There appears to be a gap in both intermediate and high level skills. In 2015, the proportion of those in employment (25-64) who are graduates in NA, at 19.0%, was lower than in Scotland as a whole, at 34.6%. In addition, lower proportions of people (16-64) have reached NVQ4+ or NVQ3 in NA than in Scotland as a whole. Share of people with no qualifications is also higher in NA.
- Issues around skills particularly affect women within NA, where there is the 3rd highest proportion of females (16-64) with no degree qualifications and the 1st lowest proportion of females (16-64) with degree level qualifications amongst all LAs in Scotland. Females are also highly segregated in lower-skilled (and lower- paid) employment, in part, a result of subject selection in education.
- NA's proximity to Glasgow City will inevitably result in outward migration of younger/skilled people.
- As in Scotland as a whole, those from deprived backgrounds with long-term health problems are less likely to have advanced qualifications.

Growth

- In terms of ability to attract talent/investment, evidence shows that NA struggles to attract low levels of Foreign Direct Investment (FDI) and one of the key reasons stated by investors for choosing a region to locate investment in is indeed population skills¹.
- NA has a low research and development spend by businesses (£32 per head, compared to £162 per head in Scotland), although this has increased over time.

Sustainability

- Potential positive fiscal impact could derive by easing this skills constraint (e.g. the appropriate level of skills would make people overall more employable and claimants for unemployment benefits may decrease). Social cohesion may also improve.

Jobs density

Constraint	Inclusion		Growth		Sustainability		Trade-off/ synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Jobs density	Large	Strong	Medium	Medium	Large	Medium	Positive

¹ [Ernst & Young 2016 Scotland Attractiveness Survey lists cities, town that secured FDI projects.](#)

Jobs density is about quantity – the number of jobs per head of the population.

Inclusion/Growth

- Availability of jobs is a key issue in NA and affects both inclusion and growth in the LA.
- Jobs density is particularly low in NA – 5th lowest amongst the 32 LAs in Scotland, at 0.54 (i.e. there is approximately one job available for every two residents of working age (16-64)).
- This results in poor labour market outcomes overall and for excluded groups in particular (female unemployment/participation rates, youth (16-24) unemployment rate).
- The claimant count rate in NA, at 4.1% (3,425 claimants) in March 2017, is the highest amongst all LAs and considerably higher than the figure for Scotland as a whole, at 2.4%.
- The lack of jobs makes it challenging for the local economy to grow, especially in terms of human capital, however also other key drivers are directly or indirectly affected (insufficient jobs depress the economy, which becomes less able to attract investment/talent)
- There is a particular lack of entry-level positions.

Sustainability

- Easing the constraint would have strong positive impact on social cohesion and fiscal sustainability (i.e. claimants would decrease as a result of more jobs available to people).

Basic digital skills/ literacy

Constraint	Inclusion		Growth		Sustainability		Trade-off/ synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Digital skills	Large	Strong	Large	Medium	Medium	Weak	Positive

Inclusion/Growth

- Digital skills are a Scotland-wide constraint, particularly impacting on the excluded groups. Specifically, evidence shows that the level of income influences people’s confidence in using the internet and people with physical or mental health conditions are less likely to use the internet.
- In NA, evidence² shows that higher proportions of adults than in Scotland as a whole are less confident in pursuing activities when using the internet (this may relate to the lack of high-level skills). These activities include both very basic digital skills (e.g. send and receive emails, use a search engine, shop online) and relatively more advanced skills (e.g. use public services online, identify and delete spam, be able to tell what website to trust).
- The lack of confidence in using the internet affects the employability of people overall, as better digital skills may be beneficial for the individuals both at a private level and in the workplace. The ability of using the internet would also counterweight the issue of physical distance (e.g. less need of travelling).

Sustainability

² Scottish Household Survey 2015.

- Potential positive fiscal impact (e.g. the appropriate level of digital skills would make people more employable). Social cohesion may also improve, reducing isolation for older people/those with disabilities. Some positive effects on the environment (e.g. potentially people would travel less if they were more confident using services online – for example, a lower proportion of people in NA is confident in shopping online than in Scotland as a whole and this could mean that people still prefer to buy in physical shops).

Health and well-being

(Health and well-being are outcomes, as well as drivers, of inclusive growth)

Constraint	Inclusion		Growth		Sustainability		Trade-off/synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Health and well-being	Large	Large	Medium	Medium	Large	Weak	Positive

Inclusion

- Life expectancy is lower for both females and males in NA than the Scottish averages. The proportions of adults with long-term physical or mental health condition is considerably higher in NA (47%) than in Scotland as a whole (29%)³ and a lower proportion of people self-reporting their health as “very good”. This represents a significant barrier to inclusive growth.
- A high proportion of young people also face mental health challenges.

Growth

- Significantly impacts on an individual’s ability to participate in the labour market.

Sustainability

- Better health would have strong potential to ensure sustainability of inclusive growth. This would potentially reduce - in the longer-term - the need for healthcare services and social cohesion would also be positively affected.

Childcare

Constraint	Inclusion		Growth		Sustainability		Trade-off/synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Childcare	High	Medium	Medium	Weak	Medium	Weak	Positive

Inclusion

- Female unemployment rate in NA, at 9.2% in 2016, is double the Scottish average, at 4.4%. The female unemployment rate in NA is also the highest amongst the 32 LAs. In addition, NA has an issue with females participation rates, specifically in terms of percentage of females who are inactive due to looking after family/home (33.0% compared to 29.4% in Scotland as a whole).

³ Scottish Household Survey 2015.

- The number of OSC school-age childcare places is lower than the number of pre-school places, which suggests a lack of demand/ latent demand due to currently low participation rate of women. Wrap-around care is identified as barrier for female residents. Therefore, availability of affordable and flexible childcare is key for removing obstacles of women caring for family/home and therefore increasing inclusion.

Growth

- While improving the availability and affordability of childcare would improve female opportunity to participate in the labour market and invest in skills. However, there is anecdotal evidence that childcare is not the main constraint to female labour market participation.

Sustainability

- Easing this constraint would potentially have a positive fiscal impact (as more women participate in the labour market) and social cohesion would also improve.

Entry-level skills/Work-readiness

Constraint	Inclusion		Growth		Sustainability		Trade-off/ synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Entry-level skills/Work-readiness	Medium	Medium	Large	Medium	Small	Weak	Positive

Inclusion/Growth

- Evidence from business engagement suggests that entry-level unemployed are not work ready and there is a lack of skills at lower and middle management.
- Higher proportion of school leavers are in FE (31.1%) in NA compared to Scotland (23.4%) and lower proportion of school leavers are in HE (33.2% compared to 36.8%).
- In addition, a lower proportion of people who leave the school are in employment in NA than in Scotland as a whole and more young people (16-19) are not in full-time education, employment or training.
- Although the proportion of school leavers in positive destination is high and broadly aligned with the national figure, youth unemployment rate (16-24) is also high, at 23.9% compared to 12.0% in Scotland as a whole. Lack of aspiration and opportunities for young people can compound the challenges of work-readiness/skills mismatch.

Sector composition

Sector composition is about the mix of sectors in the economy – this is strongly related to job quality (value, earnings), productivity and opportunities. It is important to note, however, that sector composition is not the only determinant of the quality of employment and actions can be taken to improve the quality of employment in low pay/ low skill sectors.

Constraint	Inclusion		Growth		Sustainability		Trade-off/ synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Sector composition	Large	Medium	Medium	Medium	Small	Weak	Positive

Inclusion

- GVA by sector is low - GVA per head in NA is also lower than the Scottish average - and high percentages of people are in employment in *lower-paying* sectors (i.e. wholesale and retail trade, accommodation and food services, residential care activities). In addition, NA is particularly reliant on tourism, which presents a seasonality issue. These sectors are also characterised by low levels of job progression.
- Evidence shows that this impacts women and aspiration/ambitions of youth may also be negatively affected (legacy impacts of industrial decline).
- The need to commute significant distances to higher value/paid jobs can compound challenges of transport and childcare.

Growth

- The sector mix in NA – more people than in Scotland as a whole are in employment in *lower-paying* jobs – may result in a constraint in terms of growth. Lower pay leads to reduced living standards on average and the relative lack of higher-paid employment makes NA a less attractive location for skilled workers.
- In 2016, median weekly earnings for full-time employees who *reside* in NA were 2.6 per cent lower than in Scotland as a whole (£523 compared to £537). The median weekly earnings for full-time employees who *work* in NA were 4.7 lower than those for Scotland as a whole (£510 compared to £535). This seems to confirm that people commute to different LAs where jobs are better paid than those within NA.
- Sector composition is also strongly related to opportunities for future growth.

Sustainability

- No significant impact identified in terms of environmental and fiscal sustainability. Some positive outcomes may arise in terms of social cohesion (scope to influence aspirations of local people if more and better quality job opportunities are accessible locally).

Migration and Population decline

Constraint	Inclusion		Growth		Sustainability		Trade-off/synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Migration and Population decline	Medium	Weak	Large	Strong	Low	Weak	Neutral

Inclusion

- Due to outward migration the working age population is falling, as is the overall population level. NRS projections predict a decline in NA’s working age population of 6.2% by 2029, compared to an increase in the working age in Scotland as a whole of 4.4%.

- Alongside such factors as suitable employment and the availability of entry-level positions, the lack of appropriate housing has been identified as a factor in the out migration of young people from the region.

Growth

- A falling working-age population limits demand in the local economy making it harder to attract business investment and create job opportunities.
- Projected fall in working age population means it will be challenging to increase GVA simply by increasing the number of people working, will need a productivity increase.

Sustainability

- Easing this constraint would have positive social impacts.

Business-specific skills and entrepreneurship

Business-specific skills covers management, leadership and digital skills for business. As these skills are interrelated and challenging to measure, they are considered in aggregate.

Constraint	Inclusion		Growth		Sustainability		Trade-off/synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Business-specific skills and entrepreneurship	Medium	Weak	Large	Medium	Neutral	No evidence	Positive

Inclusion/Growth

- The business start-up rate in NA is lower than the Scottish average, at 34 per 10,000 resident adults compared to 49 per 10,000 resident adults.
- In general, businesses in Scotland lag in terms of business use of digital tools and businesses have a low level of digital maturity.
- Anecdotal evidence also suggests that management and leadership skills limit business capacity to grow, invest and innovate (similar anecdotal evidence at the Scotland level).

Sustainability

- No identified impact.

Digital connectivity

Constraint	Inclusion		Growth		Sustainability		Trade-off/synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Digital connectivity	Medium	Medium	Medium	Weak	Medium	Weak	Positive

Inclusion

- The cost of residential connectivity is beyond the affordability of disadvantaged groups/low-wage households. At a Scotland-level, evidence shows that household internet access is linked with income and tenure (with those in social rented housing less likely to have access to internet at home).

Growth

- Uneven broadband coverage makes NA less attractive to businesses and investors as it may be a deciding factor in whether businesses choose to locate in the area. Therefore, it depresses job creation and inward investments.
- There is lack of provision of free public access to Wi-Fi and anecdotal evidence shows that business access to the internet is currently insufficient and that the roll-out of high-speed broadband has been slower in NA than in other areas across Scotland.
- Strongly related to digital skills (alleviating one constraint not sufficient without the other).
- Potential high impact on key drivers of growth (e.g. less attractive for new start-ups to set up their business in the area if internet facilities are lacking, less opportunities to be international-oriented/missing opportunities/less competitive).
- Lack of quantitative evidence – 85% of households with home internet access is above the national average of 80% (Scottish Household Survey 2015 - sample size issue).

Sustainability

- Potential negative impact on the environment, that could however be counteracted if digital services replaced traditional activities (e.g. going paperless). In addition, better broadband coverage has the potential to reduce the need of commuting (e.g. smart working). Positive social outcomes may arise, if supported with the appropriate skills. Cohesion of those who may be excluded could also improve.

Business premises

Constraint	Inclusion		Growth		Sustainability		Trade-off/ synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Business premises	Neutral	No evidence	Large	Medium	Neutral	No evidence	Neutral

Growth

- There is a lack of suitable business premises and purpose-built premises for businesses to locate in. Evidence shows that around 11% of Scotland's derelict and vacant urban land is located in NA. Evidence from business support colleagues suggests businesses are reliant upon public investment to develop suitable premises.
- Low business start-up rate compared to Scotland's average (see above).
- High proportion of small businesses (43% of employment is in small businesses compared to 36% in Scotland as a whole) and high proportion of family-owned businesses. The combination small/family-owned may affect the ability/willingness to attract investment.

Sustainability

- Potential positive impact in terms of social cohesion, however potential environmental impact.

Aspirations

(Lack of aspiration may constrain inclusive growth, however once aspiration is restored, it can work as a driver/enabler of inclusive growth)

Constraint	Inclusion		Growth		Sustainability		Trade-off/synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Aspiration	Large	Weak	Medium	Weak	Neutral	No evidence	Positive

Inclusion/Growth

- There is evidence of gender segregation in educational choices and anecdotal evidence that aspirations of local population are a challenge (legacy of industrial decline). Lack of aspirations also hinders investment in human capital.
- NA has a high proportion of people who are economically inactive who do not want a job (77.1% compared to 76.3% in Scotland as a whole in 2016).
- Although the reasons for not actively seeking a job in NA relate to higher proportions of people that are long-term sick and of people that look after family/home than Scotland's averages, this may also relate to higher level of discouragement and lack of aspirations.

Housing

Constraint	Inclusion		Growth		Sustainability		Trade-off/synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Housing	Large	Medium	Small	Medium	Neutral	Weak	Neutral

Inclusion

- Lack of smaller houses/flats makes difficult, especially to younger people, to buy/rent a property in NA. Youth tend to leave NA to live in other areas.

Growth

- Low demand for housing (except properties with 4+ bedrooms) depresses house prices and rentals.
- Limited private rentals mid-market. This makes NA less attractive to developers, producing a cycle of low investment and low demand.
- Limited private sector house building activity.
- Higher proportion of households are "fuel-poor" in NA than in Scotland as a whole and considerably higher proportions of homes are not "energy-efficient" and fail the Scottish Housing Quality Standard overall⁴.

Sustainability

- Building activities would have a potential negative impact on the environment, however, energy-efficient properties would in part reduce the negative impact. Potential strong impact on social cohesion.

Digital innovation/ advanced digital skills

⁴ Scottish House Condition Survey 2013/15.

Constraint	Inclusion		Growth		Sustainability		Trade-off/synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Digital innovation	Neutral	Weak	Large	Weak	Small	Weak	Positive

Inclusion/Growth

- Businesses in Scotland tend to lag in terms of business use of digital tools and businesses have a low level of digital maturity.
- While overall expenditure in R&D performed within businesses in NA has increased overtime, R&D spend per head of population is still low, at £32, the 8th lowest amongst the 32 LAs. Although spend in R&D covers a variety of activities and does not exclusively relates to digital, this may in part explain the lack of digital innovation and digital maturity issues for businesses in NA.

Sustainability

- Some potential positive impact may arise in terms of fiscal sustainability (e.g. businesses that are more able to innovate and more digitalised may attract talent and may be more successful in the long-term. This may in turn increase the opportunities available for local people and potentially produce positive effects in terms of labour market outcomes).

Transport (people to jobs)

Constraint	Inclusion		Growth		Sustainability		Trade-off/synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
People to jobs - transport	Medium	Medium	Small	Medium	Neutral	Weak	Neutral

Inclusion/Growth

- Transport issues arise more in terms of affordability – especially for people that need to commute to different areas (e.g. to Glasgow) for work and that are employed in low-paid/skilled jobs – than in terms of physical infrastructures.
- When the earning potential is low, commuting can therefore be prohibitive and appears to compound the issue of lack of suitable employment within the LA boundaries.
- Women are found to be economically inactive due to looking after family/home more in NA than in Scotland as a whole. Anecdotal evidence from employability services colleagues suggests some women may not be willing/able to commute, compounded by the lack of suitable childcare services.
- In terms of transport services available/infrastructures in NA, evidence shows that individuals are very or fairly satisfied with public transport (78% compared to 74% in Scotland as a whole) and the average drive times to main facilities (petrol station, GP, schools, retail centres) are in line or below the average times for Scotland.
- While anecdotal evidence shows that links and frequency of public transport services are a challenge, evidence from the Scottish Household Survey also shows that a similar proportion of people in NA and in Scotland as a whole have access to cars and journeys are delayed less in NA than Scottish average.
- Rail links with Glasgow are already highly subsidised.

Sustainability

- Increasing services/ transport linkages may have negative environmental effects. While this may have the potential of improving mobility/accessibility (improved social cohesion – e.g. reduced sense of isolation for more remote areas).

Goods to market (transport)

Constraint	Inclusion		Growth		Sustainability		Trade-off/synergy
	Impact	Evidence	Impact	Evidence	Impact	Evidence	
Goods to market (transport)	Neutral	No evidence	Small	Weak	Neutral	No evidence	Neutral

- No evidence identified – will be investigated further through Ayrshire-wide diagnostic.

Annex B: Deliverability Scoring

This section scores each of the constraints identified in the diagnostic.

Table 2: Summary of Deliverability scoring

Constraint	Preference of key groups	Time Dimension		Funding	Overall Score
		Time for constraint to be eased	Time once constraint eased for impact to be felt on inclusive growth		
Entry-level skills/Work-readiness	High	Short-term	Short-term	Medium	11
	3	3	3	2	
Digital skills	High	Medium-term	Short-term	High	9
	3	2	3	1	
People to jobs (transport)	High	Medium-term	Short-term	High	9
	3	2	3	1	
Intermediate and High-level skills	High	Long-term	Short-term	High	8
	3	1	3	1	
Business-specific skills and entrepreneurship (including digital skills)	Medium	Medium-term	Medium-term	Medium	8
	2	2	2	2	
Health and well-being	High	Long-term	Short-term	High	8
	3	1	3	1	
Jobs density	High	Long-term	Short-term	High	8
	3	1	3	1	
Digital connectivity	High	Medium-term	Medium-term	High	8
	3	2	2	1	
Aspirations	Medium	Long-term	Short-term	Medium	8
	2	1	3	2	
Sector composition	Medium	Long-term	Short-term	High	7
	2	1	3	1	
Digital innovation	Medium	Medium-term	Medium-term	High	7
	2	2	2	1	
Business premises	Medium	Medium-term	Medium-term	High	7
	2	2	2	1	
Goods to market (transport)	Medium	Medium-term	Medium-term	High	7
	2	2	2	1	
Childcare	Low	Medium-term	Medium-term	High	6
	1	2	2	1	
Housing	Low	Medium-term	Medium-term	High	6
	1	2	2	1	
Migration and Population decline	High	Long-term	Long-term	High	6
	3	1	1	1	

The following preferences of key groups were agreed in consultation with NAC, based on existing knowledge and engagement they have undertaken with community groups. This may change following further engagement.

Entry-level skills/Work-readiness

- Preference of key groups: Constraint is a priority for all groups (business, community, policy-makers)

Digital skills

- Preference of key groups: Constraint is a priority for all groups (business, community, policy-makers)

People to jobs (transport)

- Preference of key groups: Constraint is a priority for all groups (business, community, policy-makers)

Intermediate and High-level skills

- Preference of key groups: Constraint is a priority for all groups (business, community, policy-makers)

Business-specific skills and entrepreneurship

- Preference of key groups: Constraint is a priority for business and policy-makers

Health and well-being

- Preference of key groups: Constraint is a priority for all groups (business, community, policy-makers)

Jobs density

- Preference of key groups: Constraint is a priority for all groups (business, community, policy-makers)

Digital connectivity

- Preference of key groups: Constraint is a priority for all groups (business, community, policy-makers)

Aspirations

- Preference of key groups: Constraint is a priority for community and policy-makers

Sector composition

- Preference of key groups: Constraint is a priority for community and policy-makers

Digital innovation

- Preference of key groups: Constraint is a priority for business and policy-makers

Business premises

- Preference of key groups: Constraint is a priority for business and policy-makers

Goods to market (transport)

- Preference of key groups: Constraint is a priority for business and policy-makers

Childcare

- Preference of key groups: Constraint is a priority for policy-makers

Housing

- Preference of key groups: Constraint is a priority for policy-makers

Migration and Population decline

- Preference of key groups: Constraint is a priority for all groups (business, community, policy-makers)

Annex C – Methodology

Note: This methodology was agreed between NAC and SG to take account of the local context. Variations may be appropriate for other contexts.

Impact Prioritisation

The following matrix is produced for each constraint in the diagnostic as an overview of the findings for the impact a particular constraint has and supporting evidence.

This is primarily an evidence-based exercise (led by analysts and supported by policy-makers).

Constraint	Inclusion		Growth		Sustainability		Trade-off /Synergies	Ranking
	Impact	Evidence	Impact	Evidence	Impact	Evidence		
X	Large	Strong	Small	Strong	Medium	Weak	Positive	1
Y	Medium	Weak	Medium	Weak	Large	Weak	Negative	2
Z	Small	Strong	Medium	Medium	Small	Weak	Neutral	3

Impact Scoring

Impact Descriptor	Score	Inclusion	Growth	Sustainability
Large	3	The constraint significantly impacts upon more than 1 of the excluded groups (i.e. young people, women, long-term health problems, in-work poverty). Also if it significantly impacts upon inclusion within society as a whole.	The constraint is significantly holding back more than 1 of the key drivers of growth (i.e. innovation, investment, human capital, internationalisation).	Easing the constraint would have strong potential to ensure sustainability of inclusive growth, with strong positive implications for the more than one of the sustainability parameters (environmental sustainability, fiscal sustainability and social cohesion).
Medium	2	The constraint significantly impacts upon 1 of the excluded groups (i.e. young people, women, long-term health problems, in-work poverty). Also it impacts upon inclusion within society as a whole.	The constraint is negatively impacting 1 of the key drivers of growth (i.e. innovation, investment, human capital, internationalisation).	Easing the constraint would have positive implications for the one of the sustainability parameters (environmental sustainability, fiscal sustainability and social cohesion).
Small	1	The constraint has a minimal impact upon the excluded groups (i.e.	The constraint has a minimal impact on the key drivers of growth	Easing the constraint would have minimal positive implications for

		young people, women, long-term health problems, in-work poverty). Also it has some impacts upon inclusion within society as a whole.	(i.e. innovation, investment, human capital, internationalisation).	the sustainability parameters (environmental sustainability, fiscal sustainability and social cohesion).
Neutral	0	The constraint has no positive or negative impacts upon the inclusion groups or inclusion within society as a whole.	The constraint has no positive or negative impacts on the key drivers of growth.	Easing the constraint would have no positive or negative implications for the sustainability parameters
Negative	-1	If the constraint were to be eased then there would be a negative effect upon the excluded groups (i.e. young people, women, long-term health problems, in-work poverty) or inclusion within society as a whole.	If the constraint were to be eased then there would be a negative effect on the key drivers of growth (i.e. innovation, investment, human capital, internationalisation).	If the constraint were to be eased then there would be a negative effect on the sustainability of inclusive growth, risking breakdown in fiscal sustainability, social cohesion or environmental damage.

Evidence Scoring

Evidence Rating	Score	
Strong	3	There is a large amount of good quality both quantitative and qualitative evidence which supports the impact the constraint has on Inclusion/ Growth/ Sustainability.
Medium	2	There is some qualitative evidence which supports the impact the constraint has on Inclusion/ Growth/ Sustainability.
Weak	1	There is minimal qualitative evidence which supports the impact the constraint has on Inclusion/ Growth/ Sustainability.
No Evidence	0	There is no qualitative or quantitative evidence which supports the impact the constraint has on Inclusion/ Growth/ Sustainability.

Trade-offs/ Synergies

Evidence Rating	Score	Calculate the trade off and synergies with easing the constraint
Positive	3	The result is greater synergies than trade-offs.
Neutral	0	The synergies and trade-offs balance out.
Negative	-3	The result is greater trade-offs than synergies.

Overall Ranking

To calculate the overall ranking, firstly multiply each of the Impact scores by their relevant Evidence scores, then add together along with the Trade-offs/ Synergies score. Finally,

multiply the overall score with either the Feasibility score. The constraints can be ranked based on these scores. Example:

Constraint	Inclusion		Growth		Sustainability		Trade-off / Synergies	Feasibility (SG power)	Ranking (score)
	Impact	Evidence	Impact	Evidence	Impact	Evidence			
X	Large	Strong	Small	Strong	Medium	Weak	Positive	Yes	
Score	3	3	1	3	2	1	3	1	17

Deliverability Prioritisation

The following matrix is produced for the deliverability dimension. Equal weightings are given to each of the underlying factors. This represents the policy side of the diagnostic (led by policy-makers with analyst support).

Constraint	Preference of key groups	Time Dimension		Funding	Deliverability ranking
		Time for constraint to be eased	Time once constraint eased for impact to be felt on inclusive growth		
X	High	Short Term	Medium Term	Medium	1
Y	Medium	Medium Term	Long Term	Low	2
Z	Low	Long Term	Long Term	High	3

The criteria agreed with NAC to rank the constraints are:

1. Preferences of three key groups, including:

- Local community
- Businesses
- Decision/ policy-makers

2. Time dimension (length of time for constraint to be eased and benefit to be felt)

3. Funding (level of funding required to ease constraint)

The criteria for scoring on each of these factors is outlined below.

Preference of key groups

Priority	Score	Inclusion
High	3	The constraint is a key concern for all groups (community, business and decision-makers).
Medium	2	The constraint is a key concern for two groups, or of moderate concern to all groups.
Low	1	The constraint is a concern to only one group, or of low concern to all/ some groups.
Neutral	0	The key groups see no positive or negative impacts from

		alleviating the constraint.
Negative	-1	One or more groups consider that easing the constraint would have a negative impact.

Time dimension

	Score	Time for constraint to be eased	Time once constraint eased for impact to be felt on inclusive growth
Long Term	1	Policy actions would take longer than 5 years to impact and alleviate the constraint	Once the constraint has been eased, the benefit impact on inclusive growth will be felt after 5 (or more years).
Medium Term	2	Policy actions would take between 1 and 5 years to impact and alleviate the constraint	Once the constraint has been eased, the benefit impact on inclusive growth will be felt after between 1 and 5.
Short Term	3	Policy actions would immediately/within 1 year impact and alleviate the constraint	Once the constraint has been eased, the benefit impact on inclusive growth will be felt immediately/within 1 year

Funding

	Score	How much funding does easing the constraint need?
High	1	Policy actions needed to take to ease the constraint would approximately more than £1,000,000
Medium	2	Policy actions needed to take to ease the constraint would approximately between £100,000 and £1,000,000
Low	3	Policy actions needed to take to ease the constraint would approximately cost up to £100,000

Overall Score

The overall score was calculated by simply adding these scores. The constraints were then ranked based on these final scores.