

South Ayrshire Council

**Report by Depute Chief Executive and Director of Housing,
Operations and Development
to South Ayrshire Council
of 18 September 2025**

Subject: Ayrshire Growth Deal Spaceport

1. Purpose

1.1 The purpose of this report is to note the £3.279 million of capital expenditure incurred to date on the Prestwick Spaceport Project, which formed part of the Ayrshire Growth Deal investment programme. This project is now not progressing following the agreed restatement of the AGD programme.

2. Recommendation

2.1 It is recommended that the Council:

2.1.1 notes the previous approval of 6 February 2025 authorising officers to re-profile the Ayrshire Growth Deal investment and submit to both Governments under the change management process which has now been approved;

2.1.2 notes the strategic rationale behind this decision following revised feasibility assessments and changes in market conditions; and

2.1.3 notes the £3.279m of capital expenditure associated with the Prestwick Spaceport Project has been met from the previously created provision currently held in the Council's balance sheet.

3. Background

3.1 In November 2020, South Ayrshire Council approved participation in the Ayrshire Growth Deal (AGD), which included an £80m investment from the UK and Scottish Governments into projects that would stimulate economic development and create high-value jobs.

3.2 One of the flagship projects within the AGD was the development of a horizontal launch Spaceport at Prestwick, designed to place South Ayrshire at the forefront of the UK and Scotland's emerging commercial space sector.

3.3 To date, South Ayrshire Council has incurred £3.279m in development, feasibility, design, and preparatory costs associated with the Spaceport. This included project scoping, stakeholder engagement, regulatory compliance work, and initial design work required to progress toward a Civil Aviation Authority (CAA) launch license.

- 3.4 Following a review of the Spaceport programme considering industry developments, technological shifts and private sector engagement the feasibility of delivering the Prestwick Spaceport as originally envisaged significantly receded.
- 3.5 The withdrawal of key commercial launch partners, coupled with an evolving regulatory and competitive market led officers to the conclusion that the project was unlikely to succeed within the timescales or budget originally planned.
- 3.6 During 2024/25 Council agreed to initiate a change request in relation to the Ayrshire Growth Deal to realign and revise the projects to be progressed. The change request proposed the removal of the Spaceport project from the programme of activity. This change request was considered and endorsed by the Ayrshire Growth Deal Project Management Office in February 2025 and thereafter passed to Scottish and UK Government for consideration. Confirmation of the approval of the change request by the Scottish and UK Governments was received during July 2025.

4. Proposals

- 4.1 Given the circumstances, it is both prudent, in line with good governance and required by proper accounting practice to formally note the £3.279m of capital expenditure, to be met from the provision described in paragraphs 6.2 and 6.3 below, to prevent carrying non-recoverable costs forward within the Councils financial plan.
- 4.2 Formally noting this expenditure will allow the Council and partners to continue to focus efforts and investment on projects more likely to succeed, provide strategic fit and deliver a greater economic return in terms of employment and training opportunities.

5. Legal and Procurement Implications

- 5.1 There are no outstanding legal liabilities associated with the £3.279m expenditure. All procurement and contracting was conducted in accordance with Council Standing Orders and AGD guidelines.

6. Financial Implications

- 6.1 The £3.279m expenditure was funded from the AGD Council capital allocation. Whilst the funding was applied legitimately in support of agreed development activities, the project is no longer considered to be viable or presents an enduring economic benefit.
- 6.2 Project spend incurred prior to approval of a full business case is at the Councils own risk therefore the discontinuation of this project requires the cost to be met by the Council.
- 6.3 As detailed in 3.6 above, a change request was submitted during 2024/25, removing the Spaceport project from the Growth Deal programme. From an accounting perspective, and in line with proper accounting practice, this change request created an 'event' that would require capital spend to be met from revenue funds. Given that this 'event' occurred in 2024/25, but with the final decision still pending, a provision of £3.279m was created and charged to the Communities and Transformation Directorate (Economic Regeneration Service). The creation of the provision featured in the overall 2024/25 year-end financial out-turn position for the

Council and is held within the Councils balance sheet pending the approval of the change request.

6.4 The £3.279m capital spend will be met from the available provision held in the Council's balance sheet.

7. Human Resources Implications

7.1 There are no human resource implications.

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 The risk associated with rejecting the recommendations impacts on the wider AGD.

9. Integrated Impact Assessment (incorporating Equalities)

9.1 The write-off element of this report does not require an IIA and the proposals are to bring the spaceport element of the AGD to an end. Further developments shall be subject to IIA consideration through the appropriate and relevant approval process.

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 not been carried out in relation to the subject matter of this report.

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 and the Economy.

13. Link to Shaping Our Future Council Yes No

13.1 The matters referred to in this report contribute to the Council's transformation priority area(s) our delivery model.

14. Results of Consultation

14.1 There has been no public consultation on the contents of this report.

14.2 Consultation has taken place with Councillor Brian Connolly, Portfolio Holder for Corporate and Strategic, Councillor Martin Kilbride, Portfolio Holder for Buildings,

Housing and Environment, and Councillor Chris Cullen, Portfolio Holder for Economic Development, and the contents of this report reflect any feedback provided.

Background Papers **Report to South Ayrshire Council (Special) of 6 February 2025 - Ayrshire Growth Deal - The Prestwick Proposition (Members only)**

Report to Cabinet of 17 June 2025 – [Budget Management – Revenue Budgetary Control 2024/25 – Out-turn Statement at 31 March 2025](#)

Person to Contact **Kevin Braidwood, Depute Chief Executive and Director of Housing, Operations and Development
County Buildings, Wellington Square, Ayr, KA7 1DR
Phone 01292 616234
Email kevin.braidwood@south-ayrshire.gov.uk**

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