



Glasgow City Region Cabinet

Report by: Director for Regional Economic Growth

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GCR UK Shared Prosperity Fund 2025/2026 Update

Purpose of Report:

This report provides the Glasgow City Region Cabinet with an update on budget implications for the extension year (2025/2026) of the GCR UK Shared Prosperity Fund (UKSPF), following the confirmation of the budget from the UK Government in October 2024. In addition, cumulative spend to the end of Quarter 3 2024/2025 is also included.

Recommendation:

The Glasgow City Region Cabinet is asked to:

- Note the content of the report; and,
- Agree the option for the Regional and individual Member Authority capital allocations to be set at 23.33%
- Agree the planned activity for 2025 / 2026 will be an extension to the current GCR UKSPF Investment Plan model

1 Purpose of the Report

- 1.1 This report provides the Glasgow City Region Chief Cabinet with an update on budget implications for the extension year (2025/2026) of the GCR UK Shared Prosperity Fund (UKSPF), following the confirmation of the budget from the UK Government in October 2024. In addition, cumulative spend to the end of Quarter 3 2024/2025 is also included.

2 Background

- 2.1 As Cabinet will be aware, the current UKSPF 3-year programme budget runs until 31 March 2025. The allocation across the Glasgow City Region (GCR) for the period was just under £74m.
- 2.2 In September 2024, UKG confirmed that any budget underspend by programme conclusion (31 March 2025) from the current allocation must be returned to HM Treasury.
- 2.3 UK Government committed to a year extension of the current UKSPF programme in the Budget Statement, 30 October 2024. While this extension year is welcomed, the quantum for the extension year was significantly less than the UKSPF budget for the current financial year (2024/2025). The total 2024 / 2025 UKSPF budget allocation was £1.5bn, the financial commitment for the extension year is £900m, equating to a 40% overall reduction.
- 2.4 While this level of funding was confirmed in the UKG Autumn Budget Statement, individual Regional / Local Authority allocations were not clarified until Friday 13 December 2024.

3 2025 / 2026 UKSPF Allocation Methodology

- 3.1 Part of the reason for the delay in the confirmation of the 2025/2026 budget was a change in the allocation methodology by UKG. While the overall Scottish allocation remained as 8.42% of the total UKSPF budget, not all Local Authority allocations were reduced by an equivalent amount – initially indicated to be 40%.
- 3.2 The UKSPF 2025/2026 budget has been allocated by UKG using a six-step methodology (a summary of which is provided below);
- Step 1: Set national quantum
 - Step 2: Capital allocation
 - Step 3: Revenue allocation
 - Step 4: Local authority level allocation
 - Step 5: Aggregate to lead local authority
 - Step 6: Reallocate reserved MCA budget
- 3.2.1 Step 1: New national quantum have been calculated using the average nation shares for core UKSPF 2022/2023 to 2024/2025, set at 8.42%. As a result, the National Allocation for Scotland for the year 2025/2026 is £75,970,095.
- 3.2.2 Step 2: In Scotland and Wales, capital has been allocated based on historical local authority core UKSPF proportions. Each local authority receives an amount equal to their historical share multiplied by the new capital total. With the total Scottish capital allocation being £19,708,428 (26%).

- 3.2.3 Step 3: Allocations have been adjusted to prioritise areas with the highest levels of deprivation, while ensuring funding in all places is high enough to remain viable. To measure the level of deprivation in individual areas these allocations used the most recent Index of Multiple Deprivation (IMD) for each nation, to identify the 20% of local authorities with the highest levels of deprivation. A 'prioritisation adjustment factor' was then applied.
- 3.2.4 Step 4: The full Local Authority allocation was determined by combining Steps 3 & 4.
- 3.2.5 Step 5: Regional allocations were then calculated based on the aggregation of individual Local Authorities.
- 3.2.6 Step 6: Was only relevant for English Combined Authorities.
- 3.3 Following the methodology outlined under section 3.2, UKG have now contacted individual MA Chief Executives with confirmation of their 2025/2026 UKSPF allocations. After applying the revised allocation methodology, four MAs in the city region have had their UKSPF budget reduced by 45% and four MAs reduced by 20%. Across the 32 Local Authorities in Scotland, the six most deprived (of which four are in the GCR) received the 20% reduction. It should be noted that as Multiply funding was not continuing in the extension year, the equivalent of the Yr3 Multiply budget was netted off prior to the 45% or 20% reduction being applied.
- 3.4 Table 1 provides details of the confirmed allocation by MA, the total for the GCR and the variance from the Yr3 (2024/2025) allocation.

	Yr 3 Total (inc. Multiply)	Actual allocation 2025 / 2026	Variance from Yr 3 total
Member Authority			
E. Dunbartonshire	£2,072,697	£1,159,173	(£913,524)
E. Renfrewshire	£1,929,328	£1,078,992	(£850,336)
Glasgow City	£15,951,695	£11,834,805	(4,116,890)
Inverclyde	£2,089,711	£1,550,389	(£539,322)
N. Lanarkshire	£8,133,224	£6,034,163	(£2,099,061)
Renfrewshire	£3,688,691	£2,062,930	(£1,625,761)
S. Lanarkshire	£7,166,203	£4,007,757	(£3,158,446)
W. Dunbartonshire	£2,284,294	£1,694,752	(£589,542)
TOTAL	£43,315,843	£29,422,961	(£13,892,882)

Table 1. 2025/2026 UKSPF Allocations

4 Proposed GCR Capital Allocation

- 4.1 In addition to the reduction in the overall UKSPF allocation for the extension year, there has also been a revision to the capital allocation. While the original indication from UKG was this would be a flat 26% across all MAs, this now also has an allocation based on deprivation. As with the initial three-year UKSPF programme, this is a minimum level of capital expenditure within the budget.
- 4.2 UKG have confirmed that those six Local Authorities across Scotland, considered the most deprived, and therefore received the 20% reduction, will also have a lower level of mandatory capital expenditure – at 21.4%, the remaining 26 Local Authorities will have a minimum capital expenditure of 28.4%.

- 4.3 This approach to the capital allocation will have a 'double hit' for the four MAs in the City Region who don't fall within the most deprived Local Authorities, as they have received a 45% reduction in their overall allocation and an increased minimum capital expenditure floor. It should be noted, as with standard accounting procedures, revenue budgets can be converted to capital expenditure, but not the other way round.
- 4.4 Due to the nature of the way UKSPF is managed in the GCR, one overall regional capital allocation (£6,868,820), with individual MAs notified of their own individual total, there is the opportunity for the city region and the MAs to manage the capital allocation in a more flexible manner. When GCR report expenditure to UKG, it is one report based on a cumulative summary of MA spend in that period. As a result, there is the opportunity for the MAs to each maintain a consistent level of capital expenditure across the eight. This would mean a 23.33% capital allocation for each MA. The split is outlined in Table 2.

	Total 2025/2026 UKSPF Allocation	Actual 2025/2026 Capital Allocation (21.40% / 28.40%)	Suggested 2025/2026 Capital Allocation (23.33%)
Member Authority			
E. Dunbartonshire	£1,159,173	£328,857	£270,614
E. Renfrewshire	£1,078,992	£306,110	£251,895
Glasgow City	£11,834,805	£2,529,098	£2,762,883
Inverclyde	£1,550,389	£331,318	£361,945
N. Lanarkshire	£6,034,163	£1,289,501	£1,408,699
Renfrewshire	£2,062,930	£585,253	£481,599
S. Lanarkshire	£4,007,757	£1,137,001	£935,627
W. Dunbartonshire	£1,694,752	£362,169	£395,647
TOTAL	£29,422,961	£6,869,306*	£6,868,908*

Table 2 Suggested MA Capital Allocation (23.33%)

*Total Capital allocation is above grant due to rounding

- 4.5 There also remains the option for MAs to exceed their individual capital allocation and for this then to enable a reduced capital spend within another MA – as noted in section 4.4, GCR provide one cumulative report to UKG. This approach can be considered in advance of 2025/2026 spend, or in-year as project spend is realised.
- 4.6 UKSPF Lead Officers, Finance Strategy Group and the Chief Executives' Group have all considered the proposal and are supportive of the approach. It should be noted the levelling of the minimum capital has no effect on the total grant allocation for individual Member Authorities.
- 4.7 GCR Cabinet is asked to confirm the allocations noted in Table 2 and that planned activity being delivered by Member Authorities in 2025 / 2026 will be an extension to the original 2022 – 2025 GCR UKSPF Investment Plan.

5 Cumulative Spend to Quarter 3 2025/2026

- 5.1 As Cabinet will be aware UKG require a 6-monthly UKSPF expenditure report, however quarterly expenditure is provided to the Chief Executives' Group for

information. Table 3 provides a full breakdown – this information has also been considered by FSG.

Member Authority	Spend to Date Q3 24/25	Total UKSPF Allocation	% of Allocation
E. Dunbartonshire	£2,485,800.22	£3,495,855.00	71.11%
E. Renfrewshire	£2,093,867.00	£3,254,078.00	64.35%
Glasgow City	£19,625,143.11	£26,815,097.00	73.19%
Inverclyde	£2,224,474.00	£3,528,504.00	63.04%
N. Lanarkshire	£10,009,410.94	£13,788,055.00	72.59%
Renfrewshire	£4,113,867.74	£6,205,608.00	66.29%
S. Lanarkshire	£7,826,230.92	£12,101,368.00	64.67%
W. Dunbartonshire	£2,004,504.00	£3,864,075.00	51.88%
GCR	£424,487.05	£821,640.00	51.66%
Total	£50,807,784.98	£73,874,280.00	68.78%

Table 3 spend to date, as of Q3 2024/2025

- 5.2 As previously reported, at the conclusion of the current Year 3 programme, any UKSPF underspend must be returned to HMT. From the information provided by the MAs and the GCR PMO, at this point the only expected underspend is in relation to the ring-fenced Multiply allocation and the budget allocated for ExtendPlus ‘Carbon Base-line Reporting’.
- 5.3 As per UKG funding guidance, the Multiply budget can only be spent on Multiply activity, therefore there are limited options for its re-allocation across the rest of the programme.
- 5.4 For ExtendPlus, a delay in programme commencement and a lower than expected uptake from SMEs has resulted in a project underspend of around £80,000. This underspend is being re-allocated to MAs, based on their original commitment, to provide the opportunity for it to be utilised before the end of the programme period.

6 Recommendation

6.1 Cabinet is asked to:

- Note the content of the report; and,
- Agree the option for the Regional and individual Member Authority capital allocations to be set at 23.33%
- Agree the planned activity for 2025 / 2026 will be an extension to the current GCR UKSPF Investment Plan model