**Item 4 (a)**
**05 November 2025**

**Glasgow City Region Cabinet**

**Report by: Director for Regional Economic Growth**

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## GCR Investment Zone SOPBC and Next Steps

**Purpose of Report:**

This report provides the Glasgow City Region Cabinet with the context of the Strategic Outline Programme Business Case (SOPBC) for the Glasgow City Region Investment Zone (GCR IZ) programme and details the next steps in the GCR IZ process.

**Recommendation:**

The Glasgow City Region Cabinet is asked to:

- Note the content of the report

## 1 Purpose of the Report

1.1 This report provides the Glasgow City Region Cabinet with the context of the Strategic Outline Programme Business Case (SOPBC) for the Glasgow City Region Investment Zone (GCR IZ) programme and details the next steps in the GCR IZ process.

## 2 Background

2.1 While the GCR IZ programme progresses through the final stages of the Government Gateway process, the GCR PMO is working with the GCR IZ short-listed projects on the development of the Programme and Project specific Business Cases.

2.2 The GCR PMO have developed a Strategic Outline Programme Business Case (SOPBC) for the GCR IZ Programme, following the methodology used for the City Deal funded Enabling Commercial Space programme.

## 3 Strategic Outline Programme Business Case (SOPBC)

3.1 The SOPBC has been developed by the GCR PMO, building on the GCR IZ activity undertaken over the past two years, notably:

- GCR Intelligence Hub Sectoral Analysis
- GCR IZ Expression of Interest (EoI)
- GCR IZ Open Call
- Gateway 1-5 development
- Feedback from Regional partners, together with UK and Scottish Government

3.2 The SOPBC has followed the HM Treasury Green Book Business Case methodology.

3.3 The principle of the SOPBC is that it provides the strategic programme context for the Investment Zone, which the individual short-listed project Business Cases will then follow.

3.4 In addition, the SOPBC requests approval for GCR IZ grant funding for a number of projects, in advance of approval of an individual Outline or Full Business Cases (OBC / FBC). The grant funding will be utilised by the projects to support the design and development of project OBC / FBCs. Table 1 provides a breakdown of the requested funding;

| Project | Total Costs | Revenue | Capital | Contingency (10%) |
|---|---|---|---|---|
| NCASP | £874,500 | £350,000 | £445,000 | £79,500 |
| PRISM | £707,300 | 0 | £643,000 | £64,300 |
| ALSC | £419,235 | £144,920 | £236,203 | £38,112 |
| Malin | £130,500 | 0 | £130,500 | 0 |
| **Total** | **£2,131,535** | **£494,920** | **£1,454,703** | **£181,912** |

Table 1 SOPBC Project Funding Requests

3.5 Both Skyrora and Neuranics have confirmed they do not require any additional funding to progress through the OBC / FBC stages.

3.6 The funding would be made available to projects once GCR receive the Year 1 grant from UKG via the Scottish Government, after the conclusion of the Gateway process.

## 4 Project Outline / Full Business Cases Development

4.1 With approval of the SOPBC, individual GCR IZ short-listed projects would then be considered 'Approved' projects and would be able to access the grant funding noted in Section 3.4 and bring forward Outline or Full Business Cases to progress their project development and delivery. It should be noted projects would not have full access to the GCR IZ grant until an FBC is approved.

4.2 Table 2 provides an overview of the indicative dates for individual GCR IZ projects to bring forward Business Cases to Chief Executives' Group (CEG):

| Project | OBC / FBC Timescale |
|---|---|
| Skyrora | FBC 18 December '25 |
| Neuranics | OBC 18 December '25<br>FBC 12 February '26 |
| NCASP | OBC 18 December '25<br>FBC 12 February '26 |
| PRISM | OBC 12 February '26 |
| ALSC | OBC 12 February '26 |
| Malin | OBC 12 February '26 |
| Tax Site | FBC 12 February '26 |

Table 2. Indicative Dates for GCR IZ Project Business Cases

4.3 Given the requirement for FBC approval in advance of budget drawdown, noted in Section 4.1, there may be programme budget implications from when projects are able to submit and obtain approval for their FBC. The terms of the IZ grant enable the programme to carry forward 30% of the annual budget without further approval of Government. The GCR IZ Budget allocation for Yr 1 2025/2026 is £9.373m.

4.4 Table 3 provides a summary of planned programme expenditure by 31 March 2026, subject to the approval of FBCs and projects being able to demonstrate eligible expenditure.

| Project | 2025/2026 Proposed |
|---|---|
| SOPBC Request for BC Development | £2,131,535 |
| Skyrora | £1,460,000 |
| Neuranics | £1,700,000 |
| NCASP | £2,674,250 (net of SOPBC Request) |
| Capacity Funding | £640,000 |
| **Total** | £8,605,785 |

Table 3 GCR IZ Indicative Programme spend to 31 March 2026

4.5 It should be noted that while the tax-site has a nominal £2.5m allocation per annum, this is not required to be drawn down in year, but when companies access the tax incentives, over the 10-15 year duration of the interventions.

4.6 Should the programme not be able to achieve this level of spend in 2025/2026, the GCR PMO would make the case to Government to carry forward the underspend into Year 2 2026/2027, if outwith the 30% threshold.

## 5 Next Steps

5.1 The GCR PMO will continue to work with UK and Scottish Government to finalise the Gateway process by the end of the calendar year.

5.2 Following discussion with the North-East Scotland IZ it is proposed a joint Subsidy Control session be held with Scottish Government, together with Scottish Enterprise, to understand the programme implications and risks.

5.3 In addition, a further session will be held with the four MAs in GCR who have NDRR locations in the area, together with the two NES authorities and Scottish Government to consider the management of the NDRR sites.

5.4 Following an update to the last Economic Delivery Group and as the GCR IZ moves towards the delivery phase, the GCR PMO will co-ordinate relevant stakeholders to refine the investment and promotional opportunities for GCR and the Advanced Manufacturing sector from the GCR IZ programme.

## 6 Recommendation

6.1 The Glasgow City Region Cabinet is asked to:

- Note the content of the report