Item 8

18th November 2025

Glasgow City Region Cabinet

Report by: Kevin Rush, Director of Regional Economic Growth

Contact: andrew.robertson2@glasgow.gov.uk

GCR Local Innovation Partnership Fund Update

Purpose of report:

This report provides an update to the Cabinet on the Local Innovation Partnership Fund and seeks their approval on the updated approach to developing the regional programme.

Recommendations

The Cabinet is invited to:

a. Note the content of the report, including updated project guidelines
b. Note the additional £20m which has been allocated to the Region for the Fund, bringing the total allocation to £50m
c. Approve the recommendation for the Health and Life Sciences cluster supported by complementary Digital and Enabling Technology activity to be the focus for the Fund
d. Approve the recommendation, subject to project proposals, to pull together a portfolio which is broadly split:
    - £25m for commercialisation of R&D activities
    - £20m to meet a shortfall in lab space
    - £5m for a complementary skills programme
e. Agree the proposal for the programme objectives to support the development of the portfolio
f. Agree the Region acts as 'Lead Bidder' and explores the option of acting as 'Anchor Entity'
g. Agree next steps as set out at section 9.4 of this report.

1. Purpose

1.1 This report provides an update to the Cabinet on the Local Innovation Partnership Fund ('Fund') and seeks their approval on the updated approach to developing the regional programme.

2. Background

2.1 As outlined in a paper to the Chief Executives' Group on 18 September 2025, the UK Government announced a new UK Research and Innovation (UKRI) led programme to "invest up to £500m into the development and scaling of high potential innovation clusters across the UK."

2.2 The UK Government announced on 29th July 2025 that Glasgow City Region would be the Scottish region selected as one of 10 UK regions to be part of the 'earmarked' strand. As outlined in the initial guidance, these regions are being invited to put forward proposals for a portfolio of investment opportunities of at least £30m.

3. Further Guidance and Delivery Model

3.1. On the 3rd October, UKRI published further guidance on the Fund. This included a delivery model based on a 'Triple Helix' approach that allows the Region to collaborate with research institutions and businesses to act as a 'Lead Bidder'. This is deviation from their traditional delivery model, which is usually direct with the universities and businesses. Such an approach which would further strengthen the integration of regional innovation activity and highlight to UKRI the maturity of our delivery approach. As such, it is proposed that the Region acts as 'Lead Bidder'. Being 'Lead Bidder' will come with up to £300,000 for opex costs.

3.2. Further to this, and "in response to feedback from the Innovation Accelerator pilots, and in line with government's strategic objective to empower more local decision-making, UKRI also offers an alternative approach to delivering the LIPF. Specifically, partnerships will have the option to nominate an eligible local anchor entity, such as a research organisation, Mayoral Strategic Authority or other local government body, to administer grants to businesses, while UKRI continues to administer grants to research organisations through established channels." Whilst the final approach should be defined in accordance with the project portfolio, it is proposed that the Region explores the option of acting as 'anchor entity'.

3.3. One other important update in the guidance, which has been strongly emphasised during subsequent conversations with civil servants, is that "each partnership will be expected to demonstrate that their portfolio of activities (not individual projects) can generate an **absolute minimum** private to public investment ratio of 1:1 during the delivery phase and 2:1 across the portfolio's lifespan (7-year reporting period). **Ideally, they should demonstrate how they could deliver a ratio of 3:1 over the lifespan**."

4. Additional £20m

4.1. On the 19th October, it was announced that the Region alongside Greater Manchester and West Midlands will receive an additional £20m each. **"The funding package will give local leaders in these 3 areas access to a total of £50 million each to fund**

innovations in science and technology in their local areas, like the next lifesaving medicine or cheaper fuels that can keep bills down."

4.2. The Regional team has subsequently been exploring how this additional funding could be best used.

5. Cluster(s)

5.1. As outlined in the previous report, the view of stakeholders has been that the Health and Life Sciences and Digital and Enabling Technology clusters should be supported through the Fund. The updated guidance emphasises the importance of 'specialisms' and 'uniqueness'. This means focusing on one cluster.

5.2. As a result, following stakeholder engagement, it is proposed that the Health and Life Sciences cluster supported by complementary Digital and Enabling Technology activity is the focus for the Fund.

6. Activities

6.1. As previously outlined, three different activities which are eligible for funding were being explored as noted below:

a. **Boosting commercialisation of R&D:** by supporting the transfer of technology to industry, new product development, partnering between research institutes and industry etc, this could help address a major productivity challenge in the Region
b. **Skills for emerging sectors / Skills of the future:** evidence suggests there is a lack of skills to support cluster growth and UKRI have confirmed they would be supportive of such a project
c. Tech Diffusion to support the Foundational Economy: again, there is clear evidence of the need to encourage greater tech adoption to boost the Foundational economy.

6.2. Following discussions, specifically on leverage and specialisms, it is now proposed that the focus will be on a. and b. Following a review of the updated guidance, there was a common view from stakeholders that developing a coherent project that met the programmes objectives would prove very challenging for tech diffusion to the foundational economy activity – and alternative routes to funding this activity should be sought.

6.3. With the addition of £20m to the Region, it is proposed that this money is used to support the delivery of infrastructure activity for Health and Life Sciences. The Intelligence Hub has previously conducted research which pulls together various market studies (by the likes of Rydens and CBRE) for Scottish Enterprise, the local universities and Invest Glasgow. This highlights that the lack of lab space is acting as a barrier to the growth of the cluster. It is therefore proposed that over the next few months the team will review opportunities to meet this challenge – recognising the requirement for delivery over the next five years.

6.4. It is recommended that the Fund is broadly allocated as follows:

- £25m for commercialisation of R&D activities – shaped via a call for proposals opened on 21st November 2025
- £20m for lab space to support cluster growth – developed through regional partners
- £5m for a complementary skills programme – to be delivered via the Region's colleges

7. GCR Programme Objectives

7.1. Having a set of clearly defined objectives helped during the development of the GCR Investment Zone portfolio. It is proposed that a refined version of these objectives are used for the development of the Fund portfolio, as outlined below:

i. Build on strengths of the Region's current and emerging cluster specialisms
ii. Grow new and existing R&D focused firms which are geared to take advantage of local academic expertise
iii. Create a significant number of mid to high skilled 'good' jobs
iv. Generate short- and longer-term private sector investment in the Region's cluster specialisms – both through existing firms and wider supply chain development
v. Align with existing investment within the Region e.g. City Deal, Innovation Districts / Innovation Accelerator, UK Shared Prosperity Fund, Innovation Accelerator, Investment Zone
vi. Maximise the impacts by locating close to, or in sites linked to, existing clusters
vii. Extends the benefit to the whole Region including developing options for a IZ skills programme for local residents and a regional investment fund

8. Process and Timetable

8.1. The updated guidance provides further information on the timelines. It is proposed the Region follows the wave 1 process with timeline noted below:

- 13 November 2205 – submission of Readiness Check
- 5th February 2026 – submission of Portfolio
- April 2026 - Awards

8.2. The portfolio will be brought back to CEG and Cabinet for approval prior to submission.

8.3. During recent discussions with the URKI team, discussions have taken place around possibility of submitting the portfolio in wave 2 on 5th May. It is likely that any requirement to delay to wave 2 would be dependent on the discussions around the infrastructure element of the portfolio. UKRI are comfortable of having this is a fall-back option.

9. Next Steps

9.1. The September paper noted that "a proposal for the preferred cluster(s) and a draft of the 'Readiness Check' will then be brought to the November GCR Chief Executive Group and Cabinet meetings."

9.2. The 'Readiness Check' focuses on:

a. Strategic vision and priority clusters,

b. innovation opportunities
c. governance and leadership
d. operational capability

9.3. The 5 Nov Chief Executives' Group agreed to delegate the submission of the final 'Readiness Check' to the Director of Regional Economic Growth for submission on 13th November 2025.

9.4. Further to this, and subject to approval by the GCR Cabinet, it is proposed that the regional team:

- Opens the call for the R&D Commercialisation on 21st November 2025
- Engages with partners on the opportunity to develop a project that the addresses the Health and Life Sciences lab space shortage
- Engages with colleges on a complementary skills programme

10. Recommendations

10.1. The Cabinet is invited to:

a. Note the content of the report, including updated project guidelines
b. Note the additional £20m which has been allocated to the Region for the Fund, bringing the total allocation to £50m
c. Approve the recommendation for the Health and Life Sciences cluster supported by complementary Digital and Enabling Technology activity to be the focus for the Fund
d. Approve the recommendation, subject to project proposals, to pull together a portfolio which is broadly split:
    - £25m for commercialisation of R&D activities
    - £20m to meet a shortfall in lab space
    - £5m for a complementary skills programme
e. Agree the proposal for the programme objectives to support the development of the portfolio
f. Agree the Region acts as 'Lead Bidder' and explores the option of acting as 'Anchor Entity'
g. Agree next steps as set out at section 9.4 of this report.