



**Glasgow City Region Cabinet**

**Report by: Kevin Rush, Director of Regional Economic Growth**

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**National Wealth Fund and Glasgow City Region Strategic Partnership Update**

**Purpose of report:**

This report provides the Cabinet with an update on the work which has been progressing between the National Wealth Fund and Glasgow City Region as part of the Strategic Partnership.

**Recommendations**

Cabinet is invited to:

- a. Note the contents of the report.

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### 1. Introduction

- 1.1 This report provides the Cabinet with an update on the work which has been progressing between the National Wealth Fund and Glasgow City Region as part of the Strategic Partnership.

### 2. Background

- 2.1 Glasgow City Region has been chosen as one of four areas across the UK to take part in a new UK Government initiative which connects regions with central government and industry expertise to support them to unlock private investment opportunities and boost local growth.
- 2.2 Chancellor Rachel Reeves announced on 24<sup>th</sup> January 2025 the new approach across the National Wealth Fund (NWF) and the Office for Investment (OfI), which will work with local leaders across the UK to support places to build pipelines of incoming investment and projects linked to regional growth priorities.
- 2.3 The Chancellor's announcement set out the intention to establish four Strategic Partnerships between the NWF and four regions, namely: West Midlands Combined Authority (CA); Greater Manchester (CA); West Yorkshire (CA); and Glasgow City Region.
- 2.4 The National Wealth Fund, formerly the UK Infrastructure Bank, is the sovereign wealth fund of the United Kingdom. The fund is publicly owned. It is operationally independent but wholly owned by HM Treasury.
- 2.5 NWF has a £27.8bn fund to invest and it partners with the private sector and local government to support projects which help crowd in private investment and drive growth.
- 2.6 NWF has four priority sectors for investment:
- clean energy;
  - advanced manufacturing;
  - digital & technologies; and
  - transport.
- 2.7 NWF activity in sectors such as advanced manufacturing and digital and technologies can also have an active role in supporting dual-use technologies to support the UK's defence and security.
- 2.8 NWF has committed at least £5.8bn in five clean energy and advanced manufacturing sub-sectors over this parliament: Carbon Capture Utilisation and Storage (CCUS), gigafactories, electric vehicle supply chains, hydrogen, steel, and ports and their supply chains.
- 2.9 NWF has also committed £4bn of funds to provide low-cost debt to local authorities delivering capital-intensive projects across the UK.

#### Local Authority Support

- 2.10 Through the Strategic Partnership arrangement, GCR has access to the NWF Local Authority Team and its services. The Team can offer impartial advisory services/act as a critical friend in order to help local authorities understand and navigate the

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challenges and the financing barriers they face in delivering critical infrastructure. The Team has particular expertise in, and can share learning on decarbonisation, retrofit, heat networks, green transport projects and mixed infrastructure projects. The Local Authority Team has already engaged with officers developing the Clyde Metro Case for Investment and has provided a report with financing options.

2.11 In addition to advice the Local Authority Team can also offer lending. The Fund's products include:

- **Debt.** Its website advises it is currently the lowest cost source of finance for local authority delivering ambitious infrastructure projects that tackle climate change and support economic growth (pricing is currently gilts +40bps - 40bps lower than Public Works Loan Board certainty rate). It has a minimum loan size of £5 million and offers terms of up to 50 years.
- **Equity.** The Fund also provides equity investment into qualifying infrastructure projects (mature and earlier stage) including ordinary equity, preferred equity and convertible loan notes. As well as considering mature assets which require equity investment to further their impact.
- **Guarantees.** The Fund provides guarantees to qualifying infrastructure projects backed by the Sovereign Infrastructure Guarantee. These include:
  - financial guarantees: providing credit substitution for an underlying debt instrument
  - credit enhancement guarantees: unfunded guarantees designed to enhance the credit quality or credit rating of other project debt
  - first loss guarantees: guarantees for a capped amount of potential losses on a portfolio of smaller debt obligations

2.12 NWF local authority lending must meet the first three of its investment principles:

- Investment principle 1 - the investment supports the government's growth and clean energy missions;
- Investment principle 2 - the investment is in capital intensive projects, businesses or assets; and
- Investment principle 3 - the investment is intended to deliver a positive financial return.

### 3. Identifying a Pipeline of Regional Projects for NWF Support

3.1 Following the announcement of the forming of the Strategi Partnership, a meeting was held between GCR and NWF Local Authority Team officers to discuss next steps.

3.2 It was agreed that GCR PMO would engage with Member Authorities to identify projects which could potentially benefit from the NWF's products, both in terms of advisory services and finance. A template was developed to capture project information and was issued by the Director for Regional Economic Growth on 18 Feb 2025 to the Chief Executives' Group, the CEOs of SPT and Clyde Gateway URC inviting them to submit proposals. 37 project proposals were submitted from across the Region.

3.3 The project proposals were shared with the NWF for them to review and prioritise. The Prioritisation Framework which was used by NWF to short-list projects for support is attached at Appendix 1.

3.4 Five projects have been prioritised for inclusion in the initial pipeline for support:

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- GCR Investment Zone;
- GCR EV Infrastructure Project;
- Clyde Metro;
- Climate Investment, including low carbon projects in multiple local authorities; and
- Clyde Gateway Innovation Project.

3.5 A workshop was held with NWF and GCR on 17 July 2025 to discuss the prioritised projects. Representatives from each of the prioritised projects attended to have initial discussions about their projects and the support NWF could provide.

#### **4. Next Steps**

4.1 A further series of meetings between NWF staff and the prioritised projects are to be scheduled for the coming weeks. Detailed specifications of the support NWF will provide to each project will be developed following these meetings.

4.2 NWF has drafted a Partnership Agreement setting out its commitment of support under the Strategic Partnership approach. The Agreement was shared with the GCR PMO in w/c 11 August 2025 for signing.

4.3 NWF has offered to attend future meetings of the Financial Strategy Group, CEG, Glasgow Economic Leadership Board and the Cabinet to update on their work and to determine any further support which could be provided as part of the Strategic Partnership.

#### **5. Recommendations**

4.4 Cabinet is invited to:

- b. Note the contents of the report.

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## Appendix 1: NWF Prioritisation Framework

Criteria	Rationale	How we applied it	Discussion questions
<b>Project stage</b>	Assess readiness for delivery	Prioritised projects that are well defined.	<ul style="list-style-type: none"> <li>Are there other projects that could be accelerated with the right support?</li> </ul>
<b>Size &amp; funding estimate</b>	Evaluate financial scope and clarity	Focused on projects with funding estimates and a scale appropriate for support.	<ul style="list-style-type: none"> <li>Are there projects with unclear or missing funding estimates that we should revisit?</li> <li>Are there opportunities for aggregation?</li> </ul>
<b>Commercial structures</b>	Assess potential for payback and/or ability to attract private funding/finance	Prioritised where ability to crowd in private money and/or payback public investment	<ul style="list-style-type: none"> <li>Are there any projects we've deprioritised that should be considered in scope?</li> </ul>
<b>Mandate fit (NWF)</b>	Align with strategic remit	Shortlisted projects that fall within the scope of the National Wealth Fund.	<ul style="list-style-type: none"> <li>Are there any projects we've deprioritised that should be considered in scope?</li> </ul>
<b>Route to support</b>	Determine the most appropriate internal pathway for progressing the project based on its characteristics.	Assessed whether the project was potentially best suited for advisory and/or lending	