

Item 16

26th May 2026



Glasgow City Region Cabinet

Report by: Kevin Rush, Director of Regional Economic Growth

Contact: Mike McNally
michael.mcnally@glasgow.gov.uk

2025/2026 and the Glasgow City Region Investment Zone End-Year 1 Report development of the Non-Domestic Rates Income Re-Investment Strategy

Purpose of Report:

This report updates the Cabinet on the Glasgow City Region Investment Zone End-Year 1 Report (2025/26) and the development of the Non-Domestic Rates Income Re-investment Strategy Draft, which are included as appendices.

Recommendations:

The GCR Cabinet is asked to:

- a) Note the contents of this report and its appendices;
- b) Endorse the report and appendices for submission to the UK and Scottish Government;
- c) Delegate approval of the GCR IZ Annual Delivery Plan to the Chief Executives' Group, as per section 3.8

1 Purpose of the Report

- 1.1 This report updates the Cabinet on the Glasgow City Region Investment Zone (GCR IZ) End-Year 1 Report (2025/26) and the development of the Non-Domestic Rates Income Re-investment Strategy, which are included as appendices.

2 Background

- 2.1 As Cabinet will be aware, the development of the Glasgow City Region Investment Zone (GCR IZ) followed the announcement in summer 2023 that Glasgow City Region (GCR) would be the location of one of the two Investment Zones (IZ) in Scotland and one of 12 across the UK. The other Scottish IZ is located in the North-East Scotland (NES) region.

3 GCR IZ End-Year 1 (2025/26) Delivery Report

- 3.1 The full End of Year Report is attached as **Appendix 1 and 2** to this report, however noted below are some of the key elements.
- 3.2 GCR IZ has successfully moved through the Government Gateway and Year 1 Governance Process. Formal Approval of the 5-stage Gateway Process was received from both governments in December 2025. The Year 1 Annual Delivery Plan and Change Control was approved in March 2026.
- 3.3 The Memorandum of Understanding (MoU) between Ministry of Housing, Communities and Local Government, the Scottish Government and Glasgow City Council, as the Accountable Body for GCR, was signed February 2026.
- 3.3 A further MoU between the Scottish Government and Glasgow City Council, as the Accountable Body, for additional £4m funding, specifically to support the delivery of an Advanced Manufacturing Skills Programme for GCR was signed March 2026.
- 3.4 The Year 1 Grant Pass Down transferred from SG to Glasgow City Council (GCC), as Accountable Body, in February and March 2026 marking the transition to delivery of the GCR IZ.
- 3.5 The 10-year Grant Pass-Down Agreement and the Year 1 Grant Offer Letter were issued to GCR IZ approved projects on 2 April 2026. These remain subject to formal sign-off by GCC and by each individual project.
- 3.6 Individual IZ projects are developing and submitting Outline and Full Business Cases (OBCs/FBCs). This process has been underway since November 2025 and will continue throughout 2026, reflecting the size, scale and complexity of the projects. Each project is progressing to its own agreed timescale. Projects will move into delivery following approval of their Full Business Cases.
- 3.7 Tax Site and NDRR Sites are live from 26 February 2026.
- 3.8 The GCR PMO are currently drafting the 2026/27 GCR IZ Annual Delivery Plan, detailing expected GCR IZ activity, spend, outputs and outcomes for the coming financial year. The plan will be finalised in advance of Chief Executives' Group Thursday 18 June 2026. It is requested that delegated authority be provided by Cabinet to CEG for approval, prior to submission to UK and Scottish Government.

4. Non-Domestic Rates Income Re-Investment Strategy Draft

- 4.1 The Non-Domestic Rates Income Re-Investment Strategy is a core component of the GCR IZ Programme and is specifically referenced in the GCR IZ MoU. The draft of the Strategy is included at **Appendix 3**.
- 4.2 The Strategy provides the framework for retaining and reinvesting incremental non-domestic rates generated within three approved NDR Retention Sites - AMIDS/Airport, Glasgow Clyde and Eurocentral with retained rates pooled at a regional level and reinvested in line with agreed priorities to support GCR IZ objectives.
- 4.3 Up to 100% of incremental rates growth above an agreed baseline may be retained for up to 25 years, providing a long-term funding mechanism to support economic growth, infrastructure delivery and innovation, with a particular focus on accelerating growth in the Advanced Manufacturing and Precision Engineering (AMPE) sector.
- 4.4 The Non-Domestic Rates Income Re-Investment Strategy sets out the overarching framework for the retention and reinvestment of non-domestic rates within the Investment Zone, beginning with an introduction and the purpose of the NDRR sites. It outlines the strategic objectives, supported by illustrative values to demonstrate potential income generation, and defines the geographical focus and intended beneficiaries. The Strategy also explains how retained rates will be used to support Investment Zone priorities, alongside the decision-making, governance and accountability arrangements that will oversee the pooling, allocation and reinvestment of funds.
- 4.5 The Strategy is being developed to set out how income generated through the Investment Zone will be reinvested to support agreed regional priorities. The strategy also outlines opportunities for Regional Partnership members to be involved in shaping its ongoing development, together with the support of the National Wealth Fund, through their Strategic Partnership with GCR.
- 4.5 As per the GCR IZ Gateway submission and agreed at GCR 19 August 2025, the final Non-Domestic Rates Income Re-Investment Strategy will be agreed by GCR Cabinet in due course.

5 Recommendation

The GCR Cabinet is asked to:

- a) Note the contents of this report and its appendices;
- b) Endorse the report and appendices for submission to the UK and Scottish Government;
- c) Delegate approval of the GCR IZ Annual Delivery Plan to the Chief Executives' Group, as per section 3.8