

Item 13

26th May 2026

Glasgow City Region Cabinet



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Local Growth Fund Investment Plan

Purpose of Report:

The report provides details of the approach to the Local Growth Fund (LGF) within Glasgow City Region, including the proposed methodology for budget allocation, with the full Investment Plan attached as an Appendix.

Recommendations:

The City Region Regional Cabinet is asked to:

- a) Note the content of the report
- b) Agree the allocation methodology noted in Sections 4 & 5
- c) Approve the GCR LGF Investment Plan (Appendix 1 & 2) prior to submission to the UK Government

1 Purpose of the Report

1.1 The report provides details of the approach to the Local Growth Fund (LGF) within Glasgow City Region, including the proposed methodology for budget allocation, with the full Investment Plan attached as an Appendix.

2 Background

2.1 At the UKG Spending Review, 11 June 25, the UKG made a commitment to 'regional growth and devolution' and advised funding in Scotland, Wales and Northern Ireland would receive the same overall level in cash terms for 2026/2027 to 2028/2029 as it is for UKSPF 2025/2026.

2.2 UKG confirmed that from 2026/2027 UKG will provide targeted, long-term funding to support local growth across the UK, completing the transition from the UKSPF. For the next three years, this funding across the four new programmes will be at the same overall level in cash terms as under the UKSPF in the current year. For Scotland this is approx. £76m p.a., and approx. £238m over the SR period (up to FY 2028/2029).

2.3 There are four funding streams that make up the UK Government's programme:

- Pride in Place Programme (PIPP) Phase 2
- Pride in Place Impact Fund (PIPIF)
- New Local Growth Fund (LGF)
- Growth Mission Fund

2.4 The PIPP, PIPIF and the Growth Mission Fund were all confirmed on, or before, the UKG Autumn Budget Statement (26 November 2025), with the new Local Growth Fund awaiting finalisation. Within the Glasgow City Region allocations under the first three interventions are noted in Table 1:

Intervention	2026/27	2027/28	2028/29
Pride in Place	£3,786,000	£11,413,000	£14,711,00
PIP Impact Fund	£3,000,000	N/A	N/A
Growth Mission Fund	£5,000,000	£5,000,000	£5,000,000
Total	£11,786,000	£16,413,000	£19,711,000

Table 1; Local Growth Fund Total Interventions

2.5 UKG announced the new LGF allocations on Thursday 8 January 2026.

2.6 Table 2 provides a summary of both the Capital and Revenue allocations for Scotland and Glasgow City Region (GCR):

	Revenue Funding			Capital Funding			Total Funding		
	2026/27	2027/28	2028/29	2026/27	2027/28	2028/29	2026/27	2027/28	2028/29
Scotland	£15,800,000	£15,500,000	£11,000,000	£36,300,000	£33,900,000	£27,400,000	£52,100,000	£49,400,000	£38,400,000
GCR	£6,900,000	£6,700,000	£4,800,000	£15,800,000	£14,800,000	£11,900,000	£22,700,000	£21,500,000	£16,700,000

Table 2. Scottish and GCR NLGF three-year allocations

2.7 In a further policy shift from UKSPF to the new LGF, allocations have now been determined at a Regional Economic Partnership (REP) level, rather than individual Local Authority.

2.8 GCR will receive 43.5% of the overall Scottish new LGF allocation over the three years of the funding period. However, it should also be noted that three Scottish regions: Highland, North-East Scotland and South of Scotland will not receive any LGF allocation. Table 3 provides a breakdown of the full Scottish LGF allocation:

Region Economic Partnership (REP)	Total (3 Yr) NLGF Allocation
Ayrshire	£11.8m
Edinburgh & SE	£37.8m
Forth Valley	£9.8m
GCR	£60.9m
Tay Cities	£19.5m
Total	£140m

Table 3. REP NLGF three-year allocations

3 Local Growth Fund – Policy Intent

3.1 On announcing the LGF, UKG stated the programme will “fund regional projects which will drive economic growth. That might mean projects like infrastructure investment, business support, or skills development - projects which will make a real difference in terms of skilled jobs and people’s prosperity”.

3.2 As noted in section 2,7, funding has been allocated at regional level, via Regional Economic Partnerships (REPs), to enable strategic decision-making and maximum growth impact. Allocations have been allocated across the five eligible REPs in proportion to their population.

3.3 In late March 2026 the UKG released the LGF (Scotland) policy prospectus. The high-level logic model for Local Growth Fund, noted in Figure 1, provides the parameters for the programme;

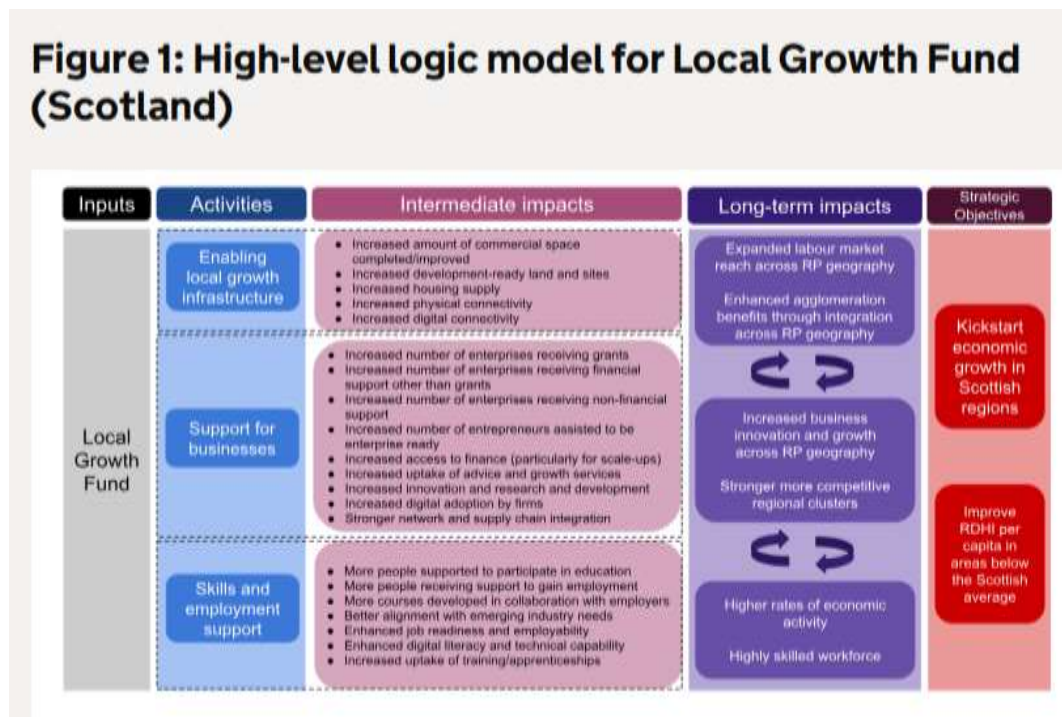


Figure 1: LGF Logic Model (Scotland)

3.4 UKG have also made clear the LGF is not a successor programme to UK Shared Prosperity Fund (UKSPF) and as a result EU Structural Funds, but a completely new policy intervention.

4 LGF – Revenue Allocation Methodology

4.1 As noted in Section 3, UKG have made clear the LGF has a different policy focus from previous UKG funding. UKG have indicated that given the reliance on UKSPF to support Local Authority activity, 2026/27 would be considered a 'transition' year, to provide some budget continuity. This transition year effectively allows a plus one year to previous UKSPF programme, with each Member Authority (MA) receiving an allocation of the 2026/27 revenue budget, this will allow some continuity of provision.

4.2 It should be noted that, even with individual allocations to MAs in 2026/27, this is a very significant reduction in revenue funding for the city region's MAs.

4.3 Given UKG guidance regarding a 'transition year', GCR Cabinet approved an allocation methodology (17 March 2026), based on the UKSPF +1 year (2025/26), covering the Revenue budget for 2026/27. This approach will enable individual MAs to plan for Revenue activity in 2026/27, helping to deliver established Business Support, Skills and Employability interventions.

4.4 Table 4 below provides a summary of the Revenue allocation to individual MAs for 2026/27;

	2026/27	Proportion
E. Dunbartonshire	£269,100	3.90%
E. Renfrewshire	£255,300	3.70%
Glasgow City	£2,773,800	40.20%
Inverclyde	£365,700	5.30%
N. Lanarkshire	£1,414,500	20.50%
Renfrewshire	£483,000	7%
S. Lanarkshire	£938,400	13.60%
W. Dunbartonshire	£400,200	5.80%
Total	£6,900,000	100%

Table 4 2026/27 Revenue Allocation, based on 2025/26 UKSPF+1 methodology

4.5 For the Revenue Allocation for Years 2 & 3 (2027/28 and 2028/29), it is proposed this is aligned to the developing Regional Empowerment agenda. UKG have confirmed the Investment Plan for Year 2 & 3 can be refined with additional detail over the course of the programme.

4.6 The Regional Empowerment Report approved by GCR Cabinet (17 March 2026) identified eight initial areas of focus;

- **Innovation**
- **Investment**
- **Infrastructure**
- **Housing**
- **Planning**
- **Transport**

- **Skills**
- **Economic Development**

In addition, recognising the shared interests of Scotland's two largest city-regions, GCR will also establish **two joint workstreams with Edinburgh City Region**, focused on:

- **Regional governance models**
- **Regional finance and fiscal powers**

4.7 Initial development of the Regional Empowerment activity is scheduled by end of June 2026 with detailed proposals by the end of the calendar year. Following this, an update report will be presented to Regional Partnership and GCR Cabinet proposing the allocation of the remaining LGF Revenue funding over 2027/28 and 2028/29.

5 LGF – Capital Allocation Methodology

5.1 For the Capital allocation, UKG have emphasised the requirement for regional activity at scale and of impact, particularly where the intermediate outcomes are considered:

- Increased development-ready land and sites
- Increased housing supply
- Improved utilities and energy upgrades
- Increased physical connectivity
- Increased digital connectivity

5.2 Following the UKG programme guidance, published in March 2026, the GCR PMO engaged with MAs and asked them to complete an Expression of Interest (EOI) to understand the level of demand and opportunity across the region, across four broad themes;

- Housing Supply
- Employment Land
- Town Centre
- Net-Zero Business Support

5.3 The EOI process elicited 39 submissions, across the eight MAs, ranging in scale from £200,000 to £15m. The EOIs were also asked to describe project alignment with the Regional Economic Strategy (RES) priorities and deliverability within LGF Programme timeline. It was then the role of the GCR PMO to consider how the individual projects could be brought together into a cohesive programme.

Member Authority	Housing Supply	Employment Land (inc. ECS)	Town Centre Regen.	Net Zero Business Supp.
EDC	1	3	1	1
ERC		3		
GCC		3	3	
IC		1	1	
NLC	2	2		
RC		8	3	
SLC	1	2	1	1
WDC		1		
Total	4	23	10	2
Budget Total	£22.9m	£66.4m	£35.0m	£1.3m
Prog. Total	£125.7m			

Table 5; LGF Capital EOI Summary

- 5.4 Given the breath of the EOI submissions, in terms of size, scale, deliverability and the volume identified as Employment Land, it is proposed that the £42.5m LGF capital allocation is split across a number of strategic Regional Projects.
- 5.5 Firstly, £20m allocated to projects that fit within the **approved Enabling Commercial Space (ECS) Business Case**. Not only does this align with established activity, but also provides more certainty of delivery, particularly in the early years of the programme. To support this approach, the allocation methodology noted below, taken from the approved ECS FBC (City Deal initial 2014/15 allocations), is proposed.

	2026/27	Proportion
E. Dunbartonshire	£608,000	3.04%
E. Renfrewshire	£892,000	4.46%
Glasgow City	7,824,000	39.12%
Inverclyde	£556,000	2.78%
N. Lanarkshire	£3,496,000	17.48%
Renfrewshire	£2,628,000	13.14%
S. Lanarkshire	£3,430,000	17.15%
W. Dunbartonshire	£566,000	2.83%
Total	£20,000,000	100%

Table 6. Proposed LGF ENC allocation

- 5.6 Secondly, £20m is allocated to other **strategic regional projects**, which may be developed from the submitted EOIs. It is proposed that the GCR Head of Place engage with stakeholders and partners during Q1 2026/27 to develop a programme of regional projects of scale that can support the wider RES and LGF priorities. It would be expected these projects would be delivered in the second half of the LGF programme.
- 5.7 For the remaining Capital allocation is it proposed this is split between two other strategic regional projects; Clyde Climate Forrest and Net-Zero Green Business Support.
- 5.8 **Clyde Climate Forest (CCF)** is a RES priority under the Sustainable City Region programme. CCF improves the region's attractiveness and environmental quality, as

well as helping to reduce carbon, improve climate resilience and address vacant and derelict land, all of which supports wider development capacity. Working with Mas and other landowners, CCF has planted over four million trees since 2021. £360,000 has been identified to continue delivering projects across the region from 2027/27 to 2028/29. The funding will contribute to the design and preparation of land as well as the purchase of tree stocks and associated equipment to support the planting of a further three million trees over three years.

5.9 Building on activity developed and delivered during the UKSPF programme, the eight MAs across the region intent to continue to deliver **Net-Zero Green Business Support**. This support will take the form of up to £10,000 worth of net-zero grants, to support businesses to sustain, be more resilient, transition to net-zero and grow their business. The total LGF budget allocated to this intervention is £2,140,000 over the three-year period.

5.10 Table 7 details the planned allocation by MAs. The methodology has been developed by the GCR Intelligence Hub and is based on a number of factors;

- Historical demand observed through previous Green Business Support Grants (ExtendPlus). Sectoral weights are derived from past uptake, reflecting the proportion of funding accessed by each sector and indicating relative demand
- For each MA, its share of businesses in each sector is calculated as a proportion of the total businesses in that sector across the Region. This captures the LA's sectoral concentration relative to the regional business base
- These sector shares are then combined with the historical sectoral weights to produce a weighted average for each local authority. This ensures the allocation reflects both local business composition and the likelihood of uptake based on past trends.

The final weighted averages are used to distribute the funding pot, with authorities receiving a larger share where they have a stronger presence in sectors that have historically shown higher demand for support.

	2026/27 – 2028 / 2029
E. Dunbartonshire	£112,071
E. Renfrewshire	£103,625
Glasgow City	£873,463
Inverclyde	£66,658
N. Lanarkshire	£319,149
Renfrewshire	£199,550
S. Lanarkshire	£386,144
W. Dunbartonshire	£79,339
Total	£2,140,000

Table 7; Net-Zero Green Business Support Allocation Methodology

6 GCR LGF Investment Plan

6.1 Initial feedback on the draft LGF Investment Plan has been received from UKG. In the main, this seeks additional contextual information for the proposed approach and allocations, rather than fundamental changes to the interventions.

6.2 Regional Partnership have considered the draft Investment Plan and recommend approval by the GCR Cabinet. With Cabinet approval, the GCR PMO will submit an updated GCR LGF Investment Plan to UK Government by 29 May 2026.

7 Recommendation

7.1 The City Region Cabinet is asked to:

- a) Note the content of the report
- b) Agree the allocation methodology noted in Sections 4 & 5
- c) Approve the GCR LGF Investment Plan (Appendix 1 & 2) prior to submission to the UK Government