



GCR Cabinet

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**Regional Empowerment: Next Steps**

**Purpose of Report:**

This report updates Cabinet on recent national developments in regional economic policy and sets out how Glasgow City Region (GCR) intends to position itself to secure greater autonomy, expanded powers and a strengthened strategic role within Scotland's emerging regional landscape.

**Recommendations:**

Cabinet is asked to:

- note the developments outlined in the report;
- approve the proposed programme of GCR workstreams, including joint work with Edinburgh City Region;
- note that all partners will be invited to participate in the workstreams as appropriate; and
- request that a further update is provided to the next Cabinet.

## **Purpose of Report**

1. This report updates Cabinet on recent national developments in regional economic policy and sets out how Glasgow City Region (GCR) intends to position itself to secure greater autonomy, expanded powers and a strengthened strategic role within Scotland's emerging regional landscape.

## **Background**

2. A series of significant announcements and publications over recent months - including the First Minister's commitment to introduce new regional legislation announced in Glasgow at the end of November 2025, the Review of Regional Economies by Professor Sir Anton Muscatelli, academic analysis from the Universities of Glasgow and Strathclyde and publications from the Centre for Cities - signal a clear shift toward enhanced regional governance and differentiated devolution, particularly for Glasgow City Region.
3. In parallel, the UK Government has confirmed that its successor to the UK Shared Prosperity Fund, the Local Growth Fund, will be channelled through Regional Economic Partnership structures. This reinforces the centrality of regional arrangements in future economic investment and delivery.
4. Following publication of GCR's opening devolution proposal in April 2025, these developments collectively create a strategic opening for GCR to assert its role as Scotland's largest economic region and to pursue a more autonomous, empowered regional settlement.

## **Current Context**

5. GCR already operates at scale through the City Deal and the Regional Economic Partnership. However, the limitations of the current system - fragmented responsibilities, constrained fiscal levers and inconsistent national alignment - continue to restrict the Region's ability to drive long-term economic transformation.
6. GCR currently manages a portfolio larger than most English city regions with a range of programmes, including:
  - City Deal (£1.13bn)
  - Investment Zone (£185m)
  - Clyde Mission (£25m)
  - Local Innovation Partnership Fund (£50m)
  - Innovation Accelerator (£43m)
  - UK Shared Prosperity Fund (£103m to date)
  - 5G Innovation Region (£10m)
  - Maritime Skills Programme (£2m)
  - Health Foundation (£450k)
7. In addition, GCR has a Strategic Partnership with the National Wealth Fund, is developing a Regional Spatial Strategy through its Place team and leads on the establishment of the Living Wage Place Programme.
8. However, the lack of an integrated settlement is increasingly presenting delivery challenges (seen most recently in the inability to borrow up front capital to deliver the Investment Zone at greater pace). It also risks increasing intraregional inequalities with

significant innovation funding but insufficient resources to redirect to other priority areas.

9. In addition, the English Devolution Bill establishes significant devolution deals for English city-regions, with integrated settlements and control over a wide range of areas.
10. The direction of travel at both Scottish and UK levels aligns strongly with GCR's long-standing ambition to secure greater regional powers, clearer statutory footing and increased flexibility in economic, planning, skills and infrastructure decision-making.

## **Key National Developments**

### **Anton Muscatelli Report**

7. Professor Muscatelli's [report](#) for the Scottish Labour Party in November argues for a decisive shift in the role of regions - from delivery vehicles to strategic leaders. It highlights the need for:
  - Stronger regional collaboration
  - Greater fiscal flexibility
  - Integration of economic development with skills, planning and infrastructure
  - More coherent policy alignment across all levels of government
8. These recommendations directly support GCR's case for enhanced autonomy and a more formalised regional governance model.

## **Scottish Government Announcement**

9. However, the most significant development came at the end of November. Speaking at the State of the City Economy conference in Glasgow, the First Minister confirmed that it is his intention to introduce new enabling legislation in the next Parliament to allow Regional Partnerships to obtain legal status and access a menu of devolved powers.

10. The First Minister noted that:

*“Glasgow and Scotland are well placed to flourish in the years ahead. It is because we are so blessed that I am all the more determined to deliver on my government's central economic mission: to increase the wealth and wellbeing our citizens by building a more productive, more dynamic, and more regionally balanced economy driven by innovation, investment, and inclusive growth.*

*“I want our regional partnerships, like Glasgow City Region, to have the opportunity to expand their strategic capacities and role, with a package of additional devolved competencies available over time. On the table, powers such as skills, economic development and planning. That includes empowering Scotland's regions because working in partnership with national government, it is our regions that are best placed to drive inclusive economic growth in a way that is both local and strategic.”*

11. It is particularly worth noting that COSLA has indicated support for the direction of travel, noting that the proposed approach will not be uniform and will allow places to move at their own pace.
12. Early engagement with officials indicates a flexible, non-prescriptive approach, enabling regions such as GCR to seek powers that reflect their maturity, scale and

ambition. This aligns with GCR's preference for a bespoke, capacity-based model rather than a uniform national template. Crucially for GCR given its leadership on devolution, it means that those places able to articulate a clear offer are not required to go at the pace of the slowest.

### **Universities of Glasgow and Strathclyde Report**

11. In December, a new report, written by the University of Glasgow's Dr David Waite and Professor Graeme Roy, with University of Strathclyde's Professor Stuart McIntyre and Professor Niall G MacKenzie, looks at regional and city-region policy, and the growing demand for it to become a central focus of policymaking in Scotland.
12. [The report](#) reinforces the need for a coherent, tiered framework for regional development and devolution. It recognises that city-regions like Glasgow are well-placed to assume greater responsibilities early, provided appropriate accountability and support structures are in place.
13. The report also emphasises the importance of constructive collaboration across UK, Scottish and Local Government—an area where GCR already demonstrates strong capability.

### **Implications for Glasgow City Region**

13. These developments present a significant opportunity for GCR to:
  - Assert itself as a leading candidate for enhanced regional powers
  - Shape the design of new legislative and governance frameworks
  - Secure fiscal tools and flexibilities that support long-term investment
  - Strengthen its strategic role across skills, transport, planning, housing and economic development
14. GCR's scale, economic importance and established partnership structures place it in a strong position to influence national policy discussions and secure a more autonomous regional settlement.

### **Proposed Glasgow City Region Approach**

15. To ensure GCR is fully prepared to engage with forthcoming national reforms and to articulate a clear, evidence-based case for enhanced autonomy, it is proposed that GCR establishes a suite of dedicated workstreams covering key policy areas, including:
  - **Innovation**
  - **Investment**
  - **Infrastructure**
  - **Housing**
  - **Planning**
  - **Transport**
  - **Skills**
  - **Economic Development**

16. Membership of the workstreams will be drawn from across the region and chairs and members will be selected in the coming weeks. These will work with partners and utilise existing structures where appropriate to develop detailed proposals on the powers, responsibilities and delivery models GCR seeks to secure through forthcoming legislation and funding reforms.
17. In addition, recognising the shared interests of Scotland's two largest city-regions, GCR will establish **two joint workstreams with Edinburgh City Region**, focused on:
  - **Regional governance models**
  - **Regional finance and fiscal powers**
18. These joint workstreams will ensure both regions present coherent, aligned proposals to government where appropriate, while still reflecting their distinct local priorities.
19. The proposed approach for all of the workstreams is set out in the Appendices to this report, prepared by the GCR Intelligence Hub. It is anticipated that this work will take place over the next 12 months, pending discussion with both Scottish and UK Governments.
20. The workstreams will make recommendations to the Regional Partnership for consideration and do not bind partners into these recommendations. Any approvals will require to be approved by GCR Cabinet and each individual partner's own governance structures in due course.
21. Workstreams will be tasked with developing proposals which bring additionality to the city region, focus on devolution down from central government rather than up from local authorities and which do not impact on other funding arrangements, including the local government finance settlement.
22. It is also important to note that Government is keen to devolve to the place through REPs and not simply to local authorities so all partners will be fully involved in developing proposals for consideration at GCR Cabinet.
23. The Scottish Government has indicated that some capacity funding will be made available to all Regional Partnerships in Scotland and a high level EOI on potential use was submitted on 27<sup>th</sup> February. Given the significant delivery capability which already exists through the Intelligence Hub, PMO, Member Authorities and wider partners, it is likely that some external support on governance and finance options may be desirable.
24. This is a huge opportunity for GCR to build on the leadership established with the City Deal and lead this agenda and should adopt a confident, proactive stance in shaping the next phase of regional economic governance in Scotland.

## **Recommendations**

25. Cabinet is asked to:
  - note the developments outlined in the report;
  - approve the proposed programme of GCR workstreams, including joint work with Edinburgh City Region;
  - note that all partners will be invited to participate in the workstreams as appropriate; and
  - request that a further update is provided to the next Cabinet.

## **Appendix 1: Making the Case for GCR Devolution**

As the case is made for devolution, each workstream will be asked to focus on key questions which should be answered for each activity which is proposed to be devolved regionally.

### **Current Situation – why this activity should be devolved?**

1. What is the challenge or opportunity that regional devolution will help address / deliver?
2. What is the existing delivery model and why would a regional approach enhance it?
3. Who are the current stakeholders in the delivery process and what is their specific role?
4. What are their views on regional devolution for this activity?

### **Devolution Options – what are the options for delivering this activity regionally?**

5. What are the different regional delivery options – scope of activity set at regional scale, commissioning of partner delivery, direct delivery, JV etc?
6. What are the success factors for the appraisal of the options?

### **What would Future Delivery Look Like – including how it will be delivered?**

7. What would be the specific activity which would be delivered regionally?
8. Who would deliver it (region, local authorities, partners)?
9. What would be the scale of that delivery on an annual basis for next five years (£ and resources)?
10. What powers would be required – short and long term?
11. What would be governance arrangements?
12. Would there be any parallel delivery which needs factored into the process so that overlaps are considered / there is alignment in delivery?

## Appendix 2: Draft Business Case Process

### Draft Business Case Process

In keeping with other recent City Region activity, it is proposed that a strategic / outline business case style approach is adopted for reviewing each activity. This would entail three phases for each activity:

#### Phase 1 detailed: Baseline / Scoping and Strategic Case Development

##### *Baseline / Scoping*

- a. Create a Stakeholder Map for all partners
- b. Engage with stakeholders to map out what is the existing delivering arrangement and solicit their views on devolving this activity
- c. Develop systems map of existing activity delivery arrangements
- d. What are the existing strategies, policies and plans that this aligns to (some standardised – national and regional, and some specific to that activity)
- e. Identify what is the challenge or opportunity with existing arrangement and what would be the benefit (added value of regional devolution) – this should include factors such as costs, impacts, powers (or lack of) and duplications etc
- f. Develop a proposal for what parts of activity are in scope for devolution, what sits elsewhere (with another organisation)
- g. Identify any enablers (dependencies) for consideration e.g. resourcing, powers
- h. Identify any constraints and risks
- i. Develop an Initial theory of change / logic model
- j. Create a series of objectives for devolving this activity

##### *Options Development*

- a. Develop a long list of delivery options (funding partner delivery, regional scope setting, direct delivery, JV/SPV etc.)
- b. Hold workshops to identify and weight critical success factors appraisal e.g. strategic fit, Value for Money, achievability, affordability, acceptability, legal/safeguards etc
- c. Finalise Shortlist

#### Phase 2: Options Appraisal and Preferred Way Forward

##### • *Options Appraisal*

- a. Appraise the shortlist list including – benefits, additionality, any disbenefits etc (details on approach would need agreed e.g. is a benefit – cost ratio possible)
- b. Carry out a SWOT Analysis of the different options
- c. Score the different options and identify preferred way forward

##### • *Preferred Way Forward*

- a. Review the 'commercial case' and identify viable delivery models (regional entity, JV, partner delivery, frameworks).
- b. Identify any procurement considerations and development appropriate strategy if required
- c. Consider full costs for delivery (and whether it needs to build up over time) and who will pay

- d. Develop the proposal for how it will be managed in line with delivery model – both operational and governance models e.g. do existing structures work, do they need adopted, or new ones created
- e. Identify any legal requirements such as new powers required to successfully deliver it e.g. borrowing, land assembly etc

### **Phase 3: Proposed Operating Model**

An operating model should be developed capturing all of the information above to highlight:

- Target Operating Model (processes for delivery, staffing, interfaces between organisations etc).
- Legal & powers mapping (short-term and longer - term legislative arrangements / requirements).
- Commercial strategy (procurement route, contract model)
- Financial model (cashflows including workforce costs).
- Benefits realisation plan.
- Risk and assurance plans

### **Involvement of Partners**

For each workstream:

- **A Proposal Lead** will be appointed, supported by a Business Case Developer.
- **A Steering Group** will be established, with membership drawn from relevant partners across the Region.
- **Additional stakeholders** will participate as consultees, even if not part of the core steering group

There will also be a requirement to bring in specialist support – procurement, legal and finance. The extent of this support will be dependent on the complexity of the activity under consideration. They may also be required to join the steering groups. Scottish Government capacity funding may be used to fund this, subject to REP approval.

### **Delivery**

Based on the activities noted above, multiple business cases will be created. This will entail major stakeholder engagement and mapping of existing processes and delivery arrangements.