



Glasgow City Region Cabinet

Report by: Director for Regional Economic Growth

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GCR Investment Zone Update

Purpose of Report:

This report provides Cabinet with an update on progress in the development of the Glasgow City Region Investment Zone (GCR IZ) proposal and outlines the approach for Phase 2.

Recommendation:

Cabinet is asked to:

- note the report; and
- agree the GCR Investment Zone Phase 2 process as outlined in Section 5.

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1 Purpose of the Report

- 1.1 This report provides Cabinet with an update on progress in the development of the Glasgow City Region Investment Zone (GCR IZ) proposal and outlines the approach for Phase 2.

2 Background

- 2.1 Following the announcement in June 2023 that Glasgow City Region and the North-East of Scotland would be the first two Investment Zones in Scotland, regular meetings have taken place between the two governments and GCR PMO.
- 2.2 In December 2023 the UK and Scottish governments finalised the revision of the Investment Zone Technical Guidance, to make it Scotland specific. The development of the proposal for the Investment Zone will be structured around a set of thematic gateways that have been used for English Investment Zones:
- Vision setting;
 - Sector and economic geography;
 - Governance structure and assurance processes;
 - Agreeing the specific mix of interventions and levers;
 - Agreeing the delivery model or models.
- 2.3 Regions will continue to work over the coming months with local partners, research institutions, the private sector and the two governments to develop an Investment Zone proposal for approval – overall timescales are noted in section 5.

3 Investment Zone Update – Autumn Statement

- 3.1 In the UK Government's Autumn Statement (Wednesday 22 November), the Chancellor made a commitment to the expansion of the planned Investment Zone programme. These changes will mean extending the timeline from five to ten years and doubling the grant to each Investment Zone from £80m to £160m.

4 GCR Investment Zone Progress

- 4.1 Following the approval of GCR IZ Objectives, Priority Clusters and Underlying Sectors, Member Authorities (MAs) undertook the GCR IZ Expression of Interest (EOI) process, over the period 29 September '23 – 10 November '23.
- 4.2 This process was designed to elicit expressions of interest from potential private sector and academic partners.
- 4.3 Over 90 proposals were submitted, from seven of the eight MAs, across the five priority clusters.
- 4.4 The GCR PMO undertook a review of the submissions, using the information to further validate the established Intelligence Hub analysis. There was no formal scored assessment process, however information was reviewed in line with the agreed GCR IZ Objectives, together with:
- Links to Academia
 - Additional Jobs
 - Investment Commitment

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- Can the project be considered relevant for an Investment Zone or Business as Usual
 - Clear articulation of the required investment
 - Direct IZ project, or supportive of the wider cluster
 - Confidence of Delivery
- 4.5 Projects were then categorised: within clusters; Green / Amber / Red; other potential funding opportunities.
- 4.6 This approach resulted in a 'Green' project list of 16 potential projects and four potential tax sites. Project values ranged from £10m - £100m.
- 4.7 By reviewing the potential projects against the analysis already undertaken by the Intelligence Hub, Phase 2 of the GCR IZ process will focus on three priority clusters:
- Advanced Manufacturing and Precision Engineering
 - Health & Life Sciences
 - Digital & Enabling Technology
- 4.8 The potential proposals also highlighted a clear overlap and complementarity across the clusters. This includes building on the existing specialisms and building strengths in enabling sectors such as AI and Software development. In addition, there are clear innovation synergies across sectors, such as digital health. There are also common needs across clusters, including infrastructure development and skills.
- 4.9 The analysis also suggests that where a project proposal has been submitted under a priority cluster that isn't being taken forward, due to strong links between clusters, there may still be the opportunity for a project proposal to be considered in Phase 2. For example, it was evident that a circular economy project classed as net zero could readily be classed as Advanced Manufacturing and Precision Engineering.
- 4.10 It should also be noted that where a project was considered '*not relevant for an Investment Zone*' this doesn't mean it isn't a good project and it could be considered for funding via another programme.
- 4.11 The GCR PMO met with individual MAs to provide feedback on the proposals submitted in Phase 1.

5 GCR IZ Proposal Development Phase 2

- 5.1 Given the UK Government 'Autumn Statement' announcement and the work undertaken in Phase 1, the approach for Phase 2 is detailed below.
- 5.2 Building on the information gathered in Phase 1 and adopting the successful model developed for the GCR Innovation Accelerator, an 'Open Call' has been launched focused on the three remaining priority clusters (for clarity, now referred to as sectors) identified in section 4.7. This approach has also incorporated the HM Treasury 'Green Book' business case development guidance. Projects have been asked to submit detailed applications covering the areas of:
- Tell us about your project (Strategic Case)
 - What will the project delivery (Economic / Commercial Case)
 - How will you deliver the project (Financial / Management Case)

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- 5.3 This approach has been agreed with both UK and Scottish governments and will also capture the information required for the GCR IZ proposal to progress through Gateway stages 2, 3 & 4.
- 5.4 An online application portal has been developed to support the delivery of Phase 2. <https://gcrinvestmentzone.co.uk/> The site provides a secure space to handle commercial sensitive information and also has an FAQ section that will be updated regularly.
- 5.5 It should be noted that no MA or potential project is 'excluded' from the process following the Expression of Interest Phase 1, as long as they can clearly demonstrate that they are part of the remaining three refined priority sectors.
- 5.6 The GCR PMO Comms and Marketing team has worked closely with MA IZ Lead Officers and communication leads to promote the 'Open Call'. In addition, presentations have also been given to Glasgow Economic Leadership (GEL) and Scottish Development International.
- 5.7 Following the conclusion of the 'Open Call' process, a Strategic Assessment will be undertaken. This assessment will determine not only the key sector focus for the GCR IZ, but also those projects that will be taken forward to 'Full Business Case'.
- 5.8 A breakdown of the timescales for Phase 2 is included in Table 1.

Date	Stage	Role	Lead
9 January '24	'Open Call' live	Publish 'Open Call' to priority clusters	GCR PMO
January '24 – March '24	Phase 2 Business Case development	Partners to respond to 'Open Call'	All
Thursday 1 February '24	Regional Partnership	Update to Regional Partnership	GCR PMO
Tuesday 13 February '24	GCR Cabinet	Update to GCR Cabinet	GCR PMO
Sunday 31 March '24	'Open Call' close	Collate applications	GCR PMO
April '24	Strategic Assessment	Strategic Assessment of submissions	GCR PMO & Partners
Thursday 25 April '24	Regional Partnership	Update to Regional Partnership	GCR PMO
Tuesday 7 May '24	GCR Cabinet	Agreement of GCR IZ sector focus and project proposals	GCR PMO
April '24 – June '24	Completion of GCR IZ Gateway stages	Finalisation of GCR IZ programme proposal	GCR PMO

Table 1. GCR IZ Proposal development timeline

6 GCR IZ Regional Projects

- 6.1 Initial discussions have taken place with the GCR Economic Delivery Group (EDG) regarding the development of complementary 'region-wide' interventions to support the private sector submissions. There will be an initial three elements to the regional component of the GCR IZ programme:

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- Regional Sectoral Investment Fund
- Regional Sectoral Skills Programme
- Regional Sectoral Business Support Programme

6.2 This approach has been discussed with UK and Scottish Government Civil Servants who are supportive of a regional programme, to augment the private sector projects.

6.3 It is proposed the development of the specific project details is remitted to the EDG, with an update being provided to the next meeting of Cabinet for approval. It should be noted however, the exact nature of the interventions will be confirmed following the conclusion of the GCR IZ Phase 2 'open call' and the identification of the GCR IZ sector.

6.4 Given the expansion of the Glasgow Economic Leadership to a regional remit and its focus on the 'key sectors' within the regional economy, the input of GEL will also be sought in the development of the regional programme.

7 Next Steps

7.1 While the application process is live, GCR PMO will continue to respond to applicant FAQs as appropriate. In addition, the GCR PMO will commence the drafting of information required to complete the five-stage gateway process.

7.2 It is anticipated the overall GCR IZ proposal will be approved by UK and Scottish governments in the summer of 2024.

8 Recommendation

8.1 Cabinet is asked to:

- note the report; and
- agree the GCR Investment Zone Phase 2 process as outlined in Section 5.