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Glasgow City Council

Economy, Housing, Transport and Regeneration
City Policy Committee

Report by Director of Regional Economic Growth

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Item 6

5th March 2024

**Investment Zone support to the just transition and climate-resilient
economic development**

Purpose of Report:

This report presents an update on the Council's work on the Glasgow City Region Investment Zone and with reference to its potential to support the just transition agenda and climate resilient economic development.

Recommendation:

The Committee is asked to note the Council's approach to the opportunities presented by the Glasgow City Region Investment Zone in relation to the just transition and climate resilient economic development.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes ☐ No ☐ consulted: Yes ☐ No ☐

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1.0 Introduction

- 1.1 Members of the committee will be aware that the UK and Scottish Governments made a joint announcement in June 2023 that Glasgow City Region and the North-East of Scotland would be the first two Investment Zones in Scotland. This followed a period of engagement between the two national governments to identify the regions in Scotland with the best potential to host this initiative.
- 1.2 The key aims and principles informing the establishment of Investment Zones across the UK was set out in the Government's [policy prospectus](#), which was published in March 2023. This has set the context for long-term collaborative and place-based working for the Glasgow City Region Investment Zone, which draws on existing partnerships and a strong sense of where successful clusters of specific sectors can be amplified. Each Investment Zone in Scotland will benefit from £160 million of Government support over the next ten years, with flexibility built into this offer around a potential mix of spend and tax incentives.
- 1.3 At the Council meeting of 7 September 2023, a [motion](#) was agreed which asked for a report to the committee detailing how the Investment Zone can support the just transition and climate-resilient economic development. This report therefore focuses on the work which the Council has been undertaking to maximise the opportunities arising from the Investment Zone in these respects.

2.0 Background analysis

- 2.1 Glasgow's Economic Strategy acknowledges that, despite its many successes, the local economy faces three grand challenges around enhancing productivity, addressing the climate emergency and creating inclusive growth. The strategy prioritises cross-sector collaboration to tackle these long-standing issues. Similarly, the Economic Strategy for Glasgow City Region sets an ambition for the area to be the most inclusive and productive city-region in the UK by 2030 – and also that it will have the most advanced city-region economy in the race to net zero and climate resilience.
- 2.2 The Glasgow City Region (GCR) Intelligence Hub has led on the development of thinking for partners on where the best opportunities lie across the metropolitan area in terms of key sectors and growth for the Investment Zone. It has undertaken a wide-ranging literature review from a range of recognised sources, which has provided a clear steer on how to approach the development and delivery of an Investment Zone with a view to maximising its positive impacts.
- 2.3 In addition, the Intelligence Hub has reviewed the UK and Scottish Governments' objectives and aligned this with the latest available research and evidence on what will work. The principal focus for the eight local authorities which make up the metropolitan area is around building on the strengths of the City Region's current and emerging cluster specialisms and creating good quality jobs, business growth and further private sector investment.

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- 2.4 Partners have already been engaged in work to support the development of the [Glasgow City Region Innovation Action Plan](#), which was launched on 8 November 2023 and draws on analysis of priority clusters and their underlying sectors. The output from this activity is detailed in Table 1:

Priority Cluster	Underlying Sector
Life Sciences	MedTech
	Pharma & Biopharma
	Biotech
Energy & Net Zero	Low Carbon Energy Generation
	CleanTech
	Energy Management
Digital Creative Industries	Digital Marketing
	Digital Design & Modelling
	Immersive Technologies
	Film & TV
Adv. Manufacturing & Precision Engineering	Advanced Manufacturing
	Electronics Manufacturing
	Precision Engineering
	Marine and Maritime
	Space
	Advanced Materials
Digital and Enabling Technologies & Services	FinTech
	Cyber
	Software Development
	Software as a Service (SaaS)
	Data Infrastructure & Telecommunications
	Quantum & Photonics
	Geospatial Economy
	EdTech
	Internet of Things
	Artificial Intelligence

Table 1: Glasgow City Region Priority Clusters and Underlying Sectors

- 2.5 This analysis provided the understanding of where the local strengths and comparative advantage lie and where investment can therefore have the maximum impact.
- 2.6 An initial Expression of Interest (EOI) process was launched in September 2023 and resulted in over 90 submissions from across the five priority clusters. While there was no formal scored assessment process, the GCR Programme Management Office undertook a review of the submissions in line with the agreed objectives for the Investment Zone, which are:
- Links to academia
 - Additional jobs

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- Investment commitment
 - Can the project be considered relevant for an Investment Zone or Business as Usual
 - Clear articulation of the required investment
 - Direct Investment Zone project, or supportive of the wider cluster
 - Confidence of delivery.
- 2.7 By reviewing the potential projects against the analysis already undertaken by the Intelligence Hub, the next phase of the GCR Investment Zone process has a focus on three priority clusters:
- Advanced Manufacturing
 - Health & Life Sciences
 - Digital & Enabling Technology.
- 2.8 The potential proposals also highlighted a clear overlap and complementarity across the clusters. This includes building on existing specialisms and building strengths in enabling sectors such as Artificial Intelligence and software development. In addition, there are clear innovation synergies across sectors, such as digital health, as well as common needs across clusters, including infrastructure development and skills.
- 2.9 The analysis also suggests that where a project proposal has been submitted under a priority cluster that is not 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.
- 2.10 It should be noted that the overall Investment Zone proposal must focus on one priority cluster/sector and this will be finalised through the next phase of the application process, prior to submission to the UK and Scottish Governments for approval.

3.0 Climate resilience & the Just Transition

- 3.1 The clusters and sectors noted above are key to progressing the climate resilience agenda as well as making significant contributions to emissions reduction goals through their own plans for decarbonisation. It is estimated that there are around 700 businesses in the City Region which currently fit within the five priority clusters. Some examples of current work from these sectors illustrate the strong base on which further progress can be built and they include:
- The potential to use real-time data generated by earth observation satellites to support environmental modelling and inform policy decisions, including the export opportunities from Glaswegian companies involved in this area.

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- Work on decarbonising the maritime sector, drawing on the city's shipbuilding heritage through businesses and further and higher education institutions, with corresponding export potential to a global market.
 - The adoption of circular principles in advanced manufacturing, which includes work from projects funded through the Innovation Accelerator programme.
 - The importance of underpinning technologies to support smart, digital approaches to green interventions and their measurement.
 - Work being undertaken through key sectors such as the pharmaceutical industry to decarbonise production processes.
 - Work on decarbonisation of the heat networks in the three Innovation Districts in the City Region, including the development of a Climate Neutral Innovation District in the city centre.
- 3.2 Previous engagement with the city's universities around the inclusive growth agenda has also helped to inform thinking on the Investment Zone. In this light, the further potential for project and research work with university partners has been explored, particularly in relation to how best to direct opportunities from major funding and infrastructure programmes towards wider sustainability and social ambitions – and how to measure success.
- 3.3 The Council has been able to take account of the recommendations of the cross-party [Just Transition Working Group](#) in its approach to the Investment Zone. One particularly significant element of these recommendations was for the development of a [Just Transition Skills Action Plan](#), which was subsequently approved at the meeting of the City Administration Committee on 16 November 2023. This aligns well with the opportunities arising from the Investment Zone, as well as responding to industry demand (and concerns) for a skilled workforce to generate further growth.
- 3.4 The Programme for Government (September 2023) noted the Scottish Government's intention to increase regional empowerment in Scotland, with GCR as a pilot for further regional devolution. The first piece of work on this is the review of skills provision following the Withers Report and GCR is working with Scottish Government colleagues to develop a proposal for further devolution. It is expected this focus on skills will compliment the investment being made in the Innovation Accelerator and the Investment Zone. One of the six priority themes in the regional innovation action plan is focused on skills and work is currently being undertaken with key stakeholders – and especially the further education sector – on this agenda. Close connections with businesses through the innovation action plan also ensure that there is a high level of awareness in relation to industry demand for skilled workers and how that links to the key sectors noted above, alongside corresponding opportunities to promote a strong regional place offer through the availability of a skilled local workforce.

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4.0 Next steps

- 4.1 A Phase 2 application process is currently open. Applications should be submitted by 31 March 2024 from businesses and academic institutions operating in the remaining three priority clusters. The application form requires details of what the project will deliver and how it will be delivered, as well as detail on match funding that can be generated. A strategic assessment of the applications will then be undertaken and the GCR Investment Zone priority sector will be identified.
- 4.2 The work to develop a detailed business plan for a Glasgow City Region Investment Zone is being progressed across the first half of this year. Once bids have been reviewed and assessed, the final phase of the Investment Zone process will involve the collation of the City Region's formal proposal, including the package of projects, for consideration and approval by the UK and Scottish Governments. The Council's own participation in this metropolitan approach and its local project selection for it will continue to be informed by its key policy aims for a just transition to a more inclusive and sustainable economy.

5.0 Policy and Resource Implications

Resource Implications:

Financial: There are no direct financial implications from this report for the Council.

Legal: There are no direct legal implications arising from this report for the Council.

Personnel: Actions relating to the proposals in this report will be undertaken using existing staff resources.

Procurement: There are no direct procurement issues arising from this report.

Council Strategic Plan: This work supports Grand Challenges 2 and 3 of the Strategic Plan, with a particular focus on increasing job opportunities and prosperity within a net zero economy.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's The activities described in this report are informed by the work which the Council is

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Equality Outcomes 2021-25 undertaking on a just transition and the associated equalities analysis.

What are the potential equality impacts as a result of this report? The Council's approach to this opportunity has the potential to create well-paid jobs and support inclusive growth.

Please highlight if the policy/proposal will help address socio economic disadvantage. This work is both informed by and supports the principles of the Just Transition Skills Action Plan.

Climate impacts:

Does the proposal support any Climate Plan actions? Please specify: The work noted in this report both contributes to the key aims of the Climate Plan in relation to a greener economy and innovation for net zero.

What are the potential climate impacts as a result of this proposal? This work looks to align economic development with the city's net zero ambitions and therefore support a range of positive climate impacts.

Will the proposal contribute to Glasgow's net zero carbon target? Yes, this approach is a contributor to the realisation of the city's net zero target through supporting businesses in this sector.

Privacy and Data Protection impacts: This report has no impacts upon privacy or data protection.

6.0 Recommendation

The Committee is asked to note the Council's approach to the opportunities presented by the Glasgow City Region Investment Zone in relation to the just transition and climate resilient economic development.

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