

Glasgow City Regional Cabinet

Report by: Director for Regional Economic Growth

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



GCR Investment Zone Update

Purpose of Report:

This report provides Glasgow City Region Cabinet with an update on progress in the development of the Glasgow City Region Investment Zone (GCR IZ) proposal, the overall process, including the objectives and priority clusters / underlying sectors and planned next steps.

Recommendation:

The Glasgow City Region Cabinet is asked to:

- note the report; and
- approve the Glasgow City Region Investment Zone proposal process as outlined in the report

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1 Purpose of the Report

- 1.1 This report provides the Glasgow City Region Cabinet (Cabinet) with an update on progress in the development of the Glasgow City Region Investment Zone (GCR IZ) proposal, the overall process, including the objectives and priority clusters / underlying sectors and planned next steps.

2 Background

- 2.1 Following the announcement in late June 2023 that Glasgow City Region and the North-East of Scotland would be the first two Investment Zones in Scotland, a number of meetings have taken place between the two governments and the two regions.
- 2.2 The UK and Scottish governments are in the process of revising the Investment Zone Technical Guidance, to make it Scotland specific, although changes are not expected to be material. It is expected 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 are expected 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 GCR Investment Zone Objectives

- 3.1 The GCR Regional Intelligence Hub (RIH) have led on the development of the draft objectives for the GCR IZ. They have undertaken a wide-ranging literature review from a diverse range of recognised sources: the Productivity Institute, LSE and Cambridge Universities, plus think tanks such as Centre for Cities, Institute for Government and What Works Centre. This analysis has provided a clear steer on how to approach the development and delivery of an Investment Zone to maximise their impact.
- 3.2 In addition, the RIH reviewed the UK and Scottish Governments' objectives and aligned this with the latest available research and evidence on what will work. As the investment is relatively small, there is acknowledgement that there is benefit of linking it to a consistent regional approach, one that flows from the Regional Economic Strategy and builds on existing activity.
- 3.3 The GCR PMO has met with the Member Authority (MA) Economic Delivery Group (EDG) representatives on a number of occasions and following feedback propose the following objectives, which have been agreed by the GCR Chief Executives' Group and both governments:
- i. Build on strengths of the Region's current and emerging cluster specialisms
 - ii. Grow new and existing R&D focused firms which are geared to take advantage of local academic expertise
 - iii. Create a significant number of mid to high skilled 'good' jobs

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- iv. Generate short and longer-term private sector investment in the Region's cluster specialisms – both through existing firms and wider supply chain development
- v. Align with existing investment within the Region e.g. City Deal, Innovation Districts / Innovation Accelerator, UK Shared Prosperity Fund
- vi. Maximise the impacts through enhancing connections to existing clusters
- vii. Facilitate the development / regeneration of under-developed land within the Region
- viii. Extends the benefit to the whole Region including developing options for a IZ skills programme for local residents and a regional investment fund.

4 GCR Investment Zone Priority Clusters and Underlying Sectors

- 4.1 In addition, the RIH has been working with the Innovation Action Plan Group to develop the priority clusters and underlying sectors for the GCR IZ. The Innovation Action Plan Group includes representatives from: Scottish Enterprise, UK Innovate, Universities/Colleges, Catapult UK and Glasgow City of Science & Innovation. The priority clusters and underlying sectors are included within 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

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Table 1. GCR IZ priority clusters and underlying sectors.

- 4.2 Following a request from the MA EDG members employment levels per cluster have also been estimated. In total these five clusters account for around 5-6% of employment across the Region. In comparison 'foundational economy' sectors account for around 60% of the workforce, however these sectors aren't the focus of the Investment Zone intervention.

Cluster	Employment level
Life Sciences	5,000 – 5,500
Energy & Net Zero	8,750 – 11,000
Digital Creative Industries	2,000 – 5,000
Adv. Manufacturing & Precision Engineering	8,500 - 12,000
Digital and Enabling Technologies & Services	13,000 - 19,000

Table 2. Indicative employment by cluster.

5 GCR IZ Proposal Development Timeline

- 5.1 Following the agreement of the GCR IZ Objectives, Priority Clusters and Underlying Sectors, the PMO have confirmed the timeline for the next phase of Proposal development with both governments. Table 3 provides this timeline:

Date	Stage	Role	Lead
Fri 29 September '23	IZ Template distributed to MAs		GCR
Wed 25 October '23	Regional Partnership	Agree GCR IZ proposal development process	GCR
Wed 25 October '23	Chief Executives' Group		GCR
Tues 7 November '23	GCR Cabinet	Approve IZ proposal development process	GCR
Fri 10 November '23	MA Template Returns	Initial identification of private / academic partners	MA / Private Partners
Mon 13 November '23	GCR / SG / UKG review	Agree short-list	GCR / SG / UKG
Wed 6 December '23	Chief Executives' Group	Approve short-list	GCR
Wed 20 December '23	Gateway 1 & 2 submission to UK / SG		GCR
Jan '24	Phase 2 Business Case development		All

Table 3. GCR IZ Proposal development timeline

6 Private / Academic Sector Engagement

- 6.1 As noted in section 5, MAs are now in the process of engaging with private and academic partners within their local authority area.
- 6.2 Over the six-week period to 10 November, MAs have the opportunity to identify and engage with potential partners within the priority clusters and underlying sectors. It

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should be noted that this is not an 'open' call, but a managed process with potential partners.

- 6.3 The RIH have provided MAs with a list of companies and their contact details within these clusters and sectors.
- 6.4 Scottish Enterprise and Skills Development Scotland are providing support to MAs to undertake this process, based on their knowledge and established relationships with businesses within each Local Authority area.
- 6.5 MAs with universities within their area have been asked to engage directly with the research institutions and include any proposals from academic partners within their portfolio of projects.
- 6.6 MAs have been asked to identify up to five proposals for consideration and short-listing by the GCR PMO and governments.
- 6.7 Regular sessions have been scheduled between the GCR PMO and the MAs during this six-week period to offer support and liaison with UK and Scottish governments. A Frequently Asked Questions (FAQ) document has been developed to respond to queries raised by MAs and partners.

7 Next Steps

- 7.1 For organisations that progress through the Initial Member Authority Assessment, a more detailed assessment process will follow. This assessment is designed to ensure alignment with the Regional Economic Strategy, project deliverability, the maximisation of outcomes and strategic fit with other UK Investment Zones. More details of this approach will be provided, however it can be expected it will focus on the broad areas of:
 - a) Strategic Fit
 - b) Deliverability
 - c) Evidence of financial leverage
 - d) R&D (innovation) spend / commitment
 - e) Expected job creation
 - f) Legacy / Wider cluster development
- 7.2 The final qualitative selection process will include representatives from Scottish and UK governments, together with GCR and partner organisations (as appropriate).

8 Recommendation

- 8.1 The Glasgow City Region Cabinet is asked to:
 - note the report; and
 - approve the Glasgow City Region Investment Zone proposal process as outlined in the report

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