Item 4 (b)

18th November 2025

Glasgow City Region Cabinet

Report by Director of Regional Economic Growth

Contact: Jane Thompson, jane.thompson@glasgow.gov.uk

PMO Evaluation:

Glasgow City Region – Investment Zone Strategic/Outline Programme Business Case (SOPBC)

Purpose of Report:

To report to the Glasgow City Region Cabinet on the appraisal of the GCR Investment Zone Strategic/Outline Programme Business Case (SOPBC).

Recommendations:

The Cabinet is invited to:

a) note the content of this report;

b) note the PMO Appraisal and Project Risk Register are available on request from the Clerk;

c) to approve the SOPBC; and

d) to approve £2.131m of funding to enable projects to progress to Outline and/or Full Business Case.

1. Purpose

1.1. To report to the Glasgow City Region Cabinet on the appraisal of the Strategic/Outline Programme Business Case for the GCR Investment Zone.

1.2. The submission of this business case for appraisal is considered as confirmation that Glasgow City Region approves the inclusion of this business case as per the process set out within the City Region Investment Zone Assurance Framework 2025.

2. Background

2.1. The CEG 5 November 2025 approved a review process to ensure that Glasgow City Region Investment Zone business cases are compliant with the approach contained within the H.M. Treasury Green Book. This appraisal template has been used to assess this business case for compliance with Green Book.

3. Review of Glasgow City Region's Investment Zone Strategic/Outline Programme Business Case.

3.1. The appraisal of this business case was carried out in line with the appraisal template and the PMO considers that the S/OPBC is consistent with the requirements of H.M. Treasury Green Book. While the PMO considers that the S/OPBC is compliant with the requirements of Green Book, it remains the case that all legal and financial risks associated with the individual projects within the S/OPBC remain with the project operators.

3.2. The Executive Summary for the Investment Zone project is attached as Appendix 1.

3.3. A copy of the PMO's appraisal assessment of this business case is available from the Clerk.

4. Scope

4.1. The IZ programme consists of a shortlist of projects to be appraised for funding and to progress to FBC. Details of the projects is provided in the Executive Summary:

- 6 of which will be delivered by the private sector;
- the Tax Site, which will be delivered by Renfrewshire Council and Glasgow Airport;
- 2 projects will be led by the GCR Region Team; and
- 3 Non-Domestic Rate Retention sites which will be managed by 4 Member Authorities.

5. Timescale

5.1. Following the approval of this S/OPBC, the 6 private sector projects and the Tax Site will bring forward individual FBCs as set out in the Executive Summary.

6. Finance

6.1. The costs and funding details for each project in the shortlist is provided in the appended Executive Summary.

6.2. The drawdown of this funding will be completed on the basis of actual eligible expenditure, in association with the grant drawdown principles outlined within the Assurance Framework.

6.3. This S/OPBC is seeking funding of £2.131m to support projects to OBC and/or FBC stage.

7. Benefits Realisation

7.1. Indicative quantified project outputs for this SOPBC have been identified by the individual projects. These will be updated as individual businesses cases are produced, in addition to individual benefits trackers as required by the Assurance Framework.

7.2. **Benefit Cost Ratio (BCR):** All short-listed projects are currently undergoing a rigorous economic appraisal process. Project bidders have approached the appraisal of their projects primarily from a private sector perspective. Consequently, the assessment of wider public sector economic benefits - such as Gross Value Added (GVA), jobs, and additionality assumptions - remains under development.

7.3. Project bidders have provided the PMO with indicative cost estimates, while the Intelligence Hub has undertaken calculations of the associated economic impacts. This work is ongoing, as projects are at varying stages of development, and therefore some cost and benefit information continues to be refined.

- Indicative total cost of the short-listed projects is £457.22m.
- With other IZ programme components such as a Skills and Business support programme, the total cost is £532.32m.
- Overall grant funding is estimated at £185m.
- Indicative project match funding is £347.32m.
- These estimates are disaggregated within the Financial Case and will be refined as respective business cases from the shortlisted projects are developed and submitted.

8. Recommendations

8.1. The Cabinet is invited to:

a) note the content of this report;

b) note the PMO Appraisal and Project Risk Register are available on request from the Clerk;

c) approve the SOPBC; and

d) to approve £2.131m of funding to enable projects to progress to Outline and/or Full Business Case.

Appendix 1: Executive Summary

A Introduction

A.i In the summer of 2023, it was announced by UK and Scottish Government that Glasgow City Region (GCR) would be the location of one of the two Investment Zones (IZ) in Scotland and one of 12 across the UK. The other Scottish IZ is located in the North-East Scotland (NES) region.

A.ii In Scotland, the Investment Zones (IZ) programme has been designed to provide regional partners with a set of tools that can be deployed with flexibility and autonomy to boost Scotland and the United Kingdom's innovation potential, grow strengths in key industries to drive growth, reduce economic inequalities, and level up communities across the country. The programme is committed to supporting devolution at all levels - empowering regional partners in Scotland to drive growth in partnership with UK and Scottish Government

A.iii The GCR IZ will receive a funding envelope of £160m over 10 years, which is split between:

- **Flexible spend**, split 40:60 between resource spending (RDEL) and capital spending (CDEL), to use across a portfolio of interventions based on the opportunities of each cluster and linked to the following themes:
    - Research and Innovation;
    - Skills;
    - Local Infrastructure;
    - Local Enterprise and Business Support;
    - Planning and Development

- **Tax incentives**, which can cover up to 600ha across up to 3 sites, lasting for 10 years.

  GCR IZ has chosen to have one Tax Site at Glasgow Airport/AMIDS, this has been valued at £25million across the ten years of the programme. This allocation is deducted from the £160m funding envelope and provides the programme with a Flexible spend budget of £135million.

A.iv In bringing together the strategic, economic, commercial, financial and management case for the Glasgow City Region Investment Zone Programme investment this SOPBC sets out the rationale for intervention, the options considered in identifying the preferred way forward, the economic benefit arising from the intervention and the arrangements for managing and delivering the Programme. It demonstrates the Programme is financially sustainable and will deliver economic benefit and public value including wider social and environmental effects.

A.v This Strategic Outline Programme Business Case (SOPBC) seeks approval for £2,131,535 (initial grant draw-down) from the Glasgow City Region Investment Zone to support activities that will enable short-listed projects to progress to the Outline or

Full Business Case stage, excluding the development of the business cases themselves. See section E.v for detailed breakdown of GCR IZ Programme costs

B The Strategic Case

B.i Strategic Need

The GCR IZ programme was shaped through extensive regional engagement, generating 91 Expression of Interest (EoI) and 41 Open Call submissions, from private sector and academic institution from across the Region. Analysis led by the GCR Intelligence Hub identified Advanced Manufacturing and Precision Engineering (AMPE) as the critical sector focus, driven by strong demand, high-quality proposals, and strategic growth potential. Key constraints such as limited access to specialist capital, skills shortages, and high development risk were identified and are being addressed through targeted interventions, unlocking innovation, social value, and inclusive economic growth across the Region.

B.ii Inclusive Growth and Strategic Alignment

GCR IZ interventions are designed to deliver inclusive, sustainable growth by expanding access to skills, supporting fair work, and accelerating innovation. Projects promote lifelong learning, environmental sustainability, and regional resilience, while aligning with the City Region's Economic Strategy and Wellbeing Economy goals. Initiatives such as the Good Employment Charter and Living Wage Campaign will embed fair work principles, ensuring that new opportunities benefit residents and businesses across the Region.

B.iii GCR IZ Opportunities

Following a comprehensive appraisal and review process, the short-listed projects represent the preferred way forward and present a major opportunity to strengthen the AMPE cluster in the Region by enabling SMEs to scale production and adopt cutting-edge technologies. Key proposals such as the Laser Test Centre and Semiconductor Sensor Technology project will deliver critical infrastructure, enhance competitiveness, and attract investment. These interventions address core challenges in fabrication, innovation, and market access, positioning GCR as a leader in advanced manufacturing.

B.iv Policy Alignment

The GCR IZ programme is strongly aligned with UK, Scottish, and regional policy priorities, including the National Strategy for Economic Transformation and the Scottish Innovation Strategy. Its focus on Advanced Manufacturing supports national ambitions in space, semiconductors, and decarbonisation, while leveraging regional strengths and partnerships. The programme complements existing innovation infrastructure and contributes to inclusive, sustainable economic growth across the Glasgow City Region, framed within the established Regional Economic Strategy.

B.v Industrial Strategy Alignment

The GCR IZ programme directly supports the UK Industrial Strategy by backing large-scale, high-impact projects in advanced manufacturing sub-sectors where the Region has global expertise. It aligns with national priorities around innovation, skills, finance, and infrastructure, and complements existing programmes such as the Innovation Accelerator, Local Innovation Partnership Fund, and Clyde Maritime Skills. Strategic partnerships and targeted interventions will strengthen supply chains, enhance productivity, and support inclusive, place-based growth.

B.vi Strategic Integration and Investment Alignment

The GCR IZ programme is closely integrated with complementary initiatives including UKSPF, City Deal infrastructure investment, Innovation Accelerator and the strategic partnership with the National Wealth Fund. These partnerships enhance SME engagement, support site development, and strengthen investment pipelines. By aligning with regional and national funding streams, the IZ ensures additive impact, avoids displacement, and supports long-term, innovation-led growth across the Glasgow City Region.

B.vii Preferred Way Forward

The preferred way forward includes six key short-listed projects, together with a designated tax site at AMIDS/Glasgow Airport, three Non-Domestic Rates Retention (NDRR) sites, an Investment Fund and enabling support through business growth and skills programmes. These interventions are designed to attract inward investment, strengthen innovation clusters, and deliver long-term economic and social impact across the Region.

Table 1 Preferred Way Forward

AMPE Sub-Sector	Short-listed Project	Project Aim	GCR IZ Funding Scope
Space	Skyrora	The proposed project is for the construction of a Spacecraft Manufacturing and Testing Centre in Glasgow City Region.	Commissioning and leasing of a manufacturing and test facility, together with capital investment for specialised equipment and the design and installation of an engine test stand.
Space	Project Prism (Strathclyde University and Partners)	Project PRISM will increase the capacity for growth for the Space Sector by connecting and integrating the full pathway of support for R&D, product development, testing and validation, manufacturing	Purchase of equipment to support; R&D, testing and manufacturing SMEs in the space / satellite sector. A new facility, based in AMIDS, that will offer expansion capacity for

		scale-up, deployment and launch and data services.	SMEs in the space sector, including open access.
Semiconductor	Neuranics	This initiative will create a state-of-the-art nanofabrication centre, enabling full fabrication of magnetic sensors in the UK, reducing reliance on overseas facilities and strengthening domestic supply chains.	Purchase and installation of an Ion Milling machine and subsequent manufacturing capability. Support for R&D costs.
Semiconductor	NCASP (Strathclyde University)	This project will establish a national centre for manufacturing scale up of advanced semiconductor devices such as photonics and power electronics. This project enables manufacturing at scale, allowing companies to grow and collaborate to create a local supply chain and develop an open-access scale-up facility that can be used to turn volume manufacturing opportunities into local jobs and income.	Creation of a facility, including a clean-room production line and capital equipment, providing sovereign semi-conductor production capability for the UK. This facility will also offer open access to capital equipment and final testing. An industry-led development programme will offer multi-stack semi-conductor design to SMEs.
Semiconductor	Laser Supply Chain and Advanced Packaging (University of Glasgow)	The project utilises the James Watt Nanofabrication Centre – a world-class open-access semiconductor facility and invests in new infrastructure to enable the industry to develop, test, demonstrate and de-risk technology development programmes. It will undertake projects that are too large for any local company, providing access to new markets, accelerating sales and job growth, and leveraging local R&D investment and innovation. This project will complement the NCASP Strathclyde University intervention to create an end-to-end open-access	Investment in capital equipment to support an improved R&D facility. Staff costs for modelling, fabrication and testing of chiplet and chipsets. R&D costs for the advanced packaging of semi-conductors.

		semiconductor infrastructure that creates world-leading capability in the emerging area of advanced heterogeneous packaging.	
Maritime	MALIN Group	The Maritime Supply Chain Innovation Centre (MSCIC) and associated infrastructure will transform a brownfield site in Old Kilpatrick, directly enabling the delivery of the initial phases of development at the Scottish Marine Technology Park (SMTP). Once established, the MSCIC and SMTP will provide a collaborative environment for innovators, driving sustainable growth.	Investment Zone funding will support the MSCIC's development, including a new heavy-lift quay, contamination remediation, and platforming, all aimed at fostering future investment and the full build-out of SMTP.
Regional	Tax Site	The designated tax site has been identified by support the growth of the AMPE sector in the region – aligned with the growth aspirations of Glasgow Airport and Advanced Manufacturing Innovation District Scotland (AMIDS)	The proposed tax site will attract new and additional private investment, together with generating high quality jobs and skills development. It will also drive infrastructure led regeneration, while fostering innovation & clustering.
Regional	Investment Fund	Ongoing support to the AMPE sector over the life of the programme, to either enhance existing investment or attract new investment.	The Investment Fund will be used strategically to build on established investment or facilitate new investment. This investment may be capital or revenue. The fund will be developed in partnership with regional actors and through the strategic relationship with the NWF.
Regional	Skills / Business Support	Direct support to individuals and AMPE supply chain companies to access new opportunities and become more resilient and sustainable.	Working with Member Authorities, sectoral businesses and other project partners the GCR will design a bespoke skills programme for the sector.

			The Business Support intervention will consider the advice, guidance and support required by supply chain businesses in the sector to enhance their capabilities.
Regional	Non-Domestic Rates Retention Sites (NDRR)	Retention of NDRR across three locations in the City Region.	Utilise the retention of NDRR to continue to grow the AMPE sector across the region. Estimates are of around £60m revenue generated over the 25 years of the intervention. Proposals shall be brought to CEG / Cabinet on how this will be re-invested to directly support sectoral growth

Each shortlisted project provided detailed financial submissions, including:

- Selected interventions aligned with their flexible funding allocation
- Ten-year spending profiles for each intervention
- Expected outputs and outcomes, with associated delivery timelines
- Match funding details, with justification where match funding was not secured

Financial estimates, indicative costs and funding sources have been reviewed and approved at each stage. Budget allocations have been validated by the GCR Governance structures.

This structured financial submission process has ensured transparency, consistency, and alignment with programme objectives as well as ensuring alignment with available resources and funding conditions.

A detailed breakdown of the GCR IZ Spend Profile across the 10-year GCR IZ programme and the Grant funding profile agreed with UK and SG can be found at Appendix 1 of the full Strategic Outline Programme Business Case document.

B.viii GCR IZ Objectives

The GCR IZ programme has been shaped around clear, GCR Cabinet-approved, objectives:

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**
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 and assets** 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.

B.ix Strategic Design and Appraisal

The GCR IZ programme has been strategically designed around these regionally co-developed objectives, informed by robust sectoral analysis and aligned with local constraints and opportunities. Interventions target infrastructure gaps, skills shortages, and innovation barriers in AMPE. The programme is progressing through the formal Government five-stage gateway appraisal process to ensure proposals are additive, feasible, and impactful, with a logic model linking interventions to long-term economic and social outcomes.

B.x GCR IZ Outcomes Framework

The UK and Scottish Governments have set out their expectations regarding the Outcomes Framework for Investment Zones. Full details can be found in Annex D of the Investment Zones in Scotland: Technical Document.

Each short-listed project has submitted detailed proposals, which include selected interventions aligned with their flexible funding allocation, expected outputs and outcomes and associated delivery timelines

These submissions are aligned with the Outcomes which include:

- Skills Objectives
- Regional Infrastructure
- Research and Innovation
- Business and Stakeholder Support
- Planning

A comprehensive breakdown of the outputs and outcomes for the short-listed projects, spanning the 10-year GCR IZ, is provided in Appendix 1 of the full Strategic Outline Programme Business Case.

B.xi Risk

The GCR PMO have develop a dedicated GCR IZ Assurance Framework, based on the established GCR City Deal Assurance Framework, which outlines the risk management process followed, including how risks are identified, evaluated and responded to.

As part of the strategic planning and governance framework for the Glasgow City Region Investment Zone, a comprehensive Risk Register has been developed. This will form part of the Government Gateway 5 submission to Government. This register will serve as a tool to identify, assess, monitor, and mitigate risks associated with the delivery of proposed interventions across the chosen geography and sector focus.

Programme risks have been identified and appraised in accordance with GCR City Deal Programme Management Toolkit.
The risks as appraised, scored and with mitigating action identified are presented in the programme risk register at Appendix 8 of the full Strategic Outline Programme Business Case. The Programme Risk Register identifies Lead Responsibility for each risk.
Based on the risk analysis the key risks are:

- Government not approving each Gateway stage
- Delay in Development and Approval of Project Business Cases
- Programme does not meet forecasted spending profile set out within the annual spend profile agreed with Government
- Limited local labour workforce with key AMPE skills
- Legal – non-compliance with the Subsidy Control Act 2022

B.xii GCR IZ and Advanced Manufacturing Cluster

To inform thinking around the locational characteristics of AMPE real estate activity, the GCR Intelligence Hub undertook detailed analysis of the location of existing AMPE businesses, supporting infrastructure (e.g. universities, Catapults etc.) and GCR IZ projects. Figure [1] summaries the analysis and illustrates the overlap between existing AMPE activities and the proposed NDRR areas.

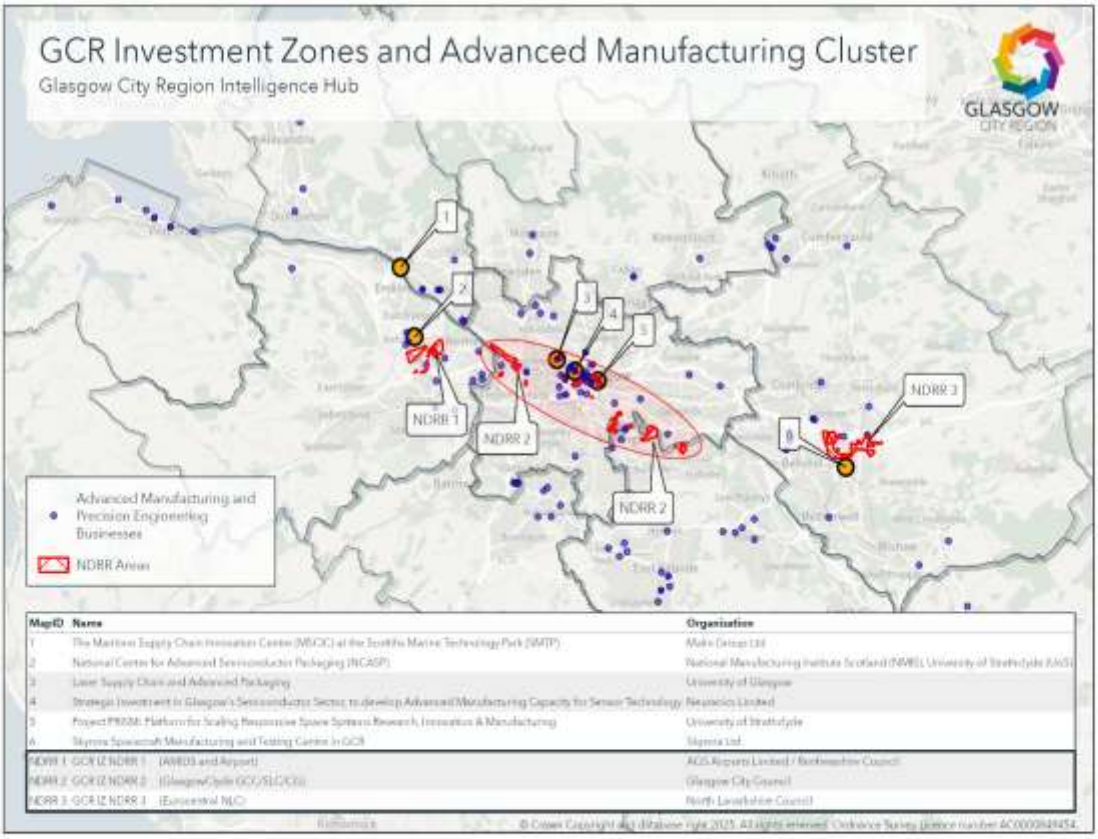


Figure 1 - Locational relationship between AMPE businesses, supporting infrastructure, GCR IZ projects and proposed NDRR areas.

C The Economic Case

C.i Range of Options and Shortlisting

The GCR IZ programme was shaped through a rigorous, evidence-led process, beginning with 91 Expressions of Interest (EOI) submissions and refined through a targeted Open Call yielding 41 bids. Sectoral analysis and expert panel review guided the shortlisting, ensuring alignment with strategic priorities and deliverability. The final programme reflects a diverse, high-impact set of investments across AMPE Sub-sectors; Space, Maritime and Semiconductor.

C.ii Qualitative Impacts and Infrastructure Gaps

A comprehensive qualitative assessment has captured the broader non-monetised benefits of GCR IZ interventions, including enhanced R&D capacity, skills development, infrastructure improvements, and strengthened local supply chains. The short-listed projects address key constraints in advanced manufacturing and promote inclusive innovation across the Region. A Capital Investment Health Impact Assessment (CHIA) workshop has been held with shortlisted projects to ensure wider societal impacts both potential negative and positive impacts are considered and continue to shape the programme. These findings complement the economic appraisal and reinforce the strategic value of the programme. Risks identified as part of the CHIA workshop have been identified and added to the GCR IZ Risk Register and include:

- Inequitable access to employment opportunities, vulnerable groups (e.g. women, disabled people, low-income households, minority ethnic populations) may lack access to skills, childcare, transport, or ESOL support.
- Poor Transport Connectivity around key sites e.g. AMIDS, Tax site near Glasgow Airport reduces access for those without private vehicles.
- Environmental impact from space and aviation sectors, increased traffic, and construction-related pollution
- Limited local capacity and skills retention, overreliance on overseas talent and lack of local skills pipeline, especially in advanced manufacturing and STEM.

C.iii Preferred Way Forward and Programme Delivery

The Preferred Way Forward directly addresses key constraints in skills, infrastructure, equipment, and supply chain fragmentation, through a coordinated package of interventions. These include R&D investments, specialist equipment, enabling infrastructure, a designated tax site, and targeted business and skills support. Delivery is underpinned by strong multi-partner collaboration and aligned with regional strategies. Expected outcomes include over 1,600 high-value jobs, £300 million of initial private sector investment, new R&D facilities, and enhanced investment readiness.

D The Commercial Case

D.i Project Delivery

GCR IZ is advancing a series of ambitious projects across the AMPE sub-sectors, focusing on Space, Semiconductors, and Maritime innovation.

In the **Space sector**, **Skyrora** plans to establish a Spacecraft Manufacturing and Testing Centre, supporting the UK's orbital and sub-orbital launch capabilities. Alongside this, the **University of Strathclyde and ACC Clydespace** are leading **Project PRISM**, which will create an integrated support pathway for space sector R&D, product development, manufacturing scale-up, and launch services.

In **Semiconductors**, **Neuranics**, in partnership with **Kelvin Nanotechnology** and the **University of Glasgow**, will develop a nanofabrication centre for magnetic sensor production, while **Strathclyde University's** **NCASP** project will enable scale-up manufacturing of advanced devices like photonics and power electronics.

The **University of Glasgow's** **ALSC** project complements this by investing in infrastructure for advanced packaging and laser supply chain development, forming part of a joint initiative with **NMIS** to create a world-leading open-access semiconductor capability.

In the **Maritime sector**, **MALIN Group together with University of Strathclyde** will deliver the Maritime Supply Chain Innovation Centre (MSCIC) at the Scottish Marine Technology Park, transforming a brownfield site into a hub for sustainable marine innovation, skills development, and cross-sector collaboration.

Each project will be delivered by leading organisations ranging from innovative SMEs to top-tier universities and will work closely with partners to ensure the successful delivery of the GCR IZ's objectives. Activity will be delivered through a combination of internal and external partners.

D.ii Tax Incentives

A £25million designated Tax Site within AMIDS/Glasgow Airport, which will act as a key investment catalyst, offering a range of both reserved and devolved incentives over a 10-15 year period, these include:

- Enhanced Capital allowance (Reserved)
- Enhanced Structures and Buildings Allowance (Reserved)
- Employer National Insurance Contributions relief (Reserved)
- Non-domestic rates relief (Devolved)
- Land & Building Transaction Tax relief (Devolved)

This site will be delivered by Renfrewshire Council and Glasgow Airport. Reserved Taxes are underwritten by HM Treasury and the Scottish Government have confirmed that there is no financial liability or risk to Renfrewshire Council or GCR for the two devolved taxes. This site will also form one of three Non-Domestic Rates Retention sites within the Region.

D.iii Retention of Non-Domestic Rates (NDRR)

The GCR IZ programme has been designed to catalyse growth of the AMPE sector. This can be seen in the major investment proposed for open access facilities which will grow existing business and attract new ones. Three sites have been identified to benefit from 100% retention of non-domestic rates growth from an agreed baseline for 25 years. Proposed sites must meet the NDRR criteria and total no more than 600ha across up to three sites.

Due to the expected sectoral impact of the programme, there is a clear rationale for maximising the available 3x200 hectares, up to 600 hectares, for the retention of Non-Domestic Rates (NDRR).

Three NDRR sites have been proposed:

- NDRR1 – AMIDS and Airport (Renfrewshire Council)
- NDRR2 – Glasgow Clyde (Glasgow City Council and South Lanarkshire Council)
- NDRR3 – Eurocentral (North Lanarkshire Council)

The local retention of incremental NDR growth generated on the NDRR Sites has the potential to provide a significant opportunity to facilitate further investment within the

IZ. GCR is committed to using this funding to support the growth of the Advanced Manufacturing sector by supporting infrastructure delivery, skills development, supply chain development and fostering links to the wider innovation ecosystem.

A full Investment Strategy will be developed collaboratively between GCR and partners, which will set out:

- the objectives of the GCR NDRR programme,
- the types of investment that will be eligible,
- the process of identifying potential investments,
- the process of evaluating, prioritising and approving specific investments,
- the logistics for the flow of funds between the rating authorities, the Accountable Body and the recipients, and
- arrangements for monitoring, evaluating and reporting on the outcomes of investments.

If the projected levels of investment and development are realised, the sites could generate around £160 million in retained NDR (real values), as outlined below in Table 2:

	Undiscounted	**Discounted using PWLB rates**
Glasgow Airport and AMIDS	£56.3m	£20.8m
Eurocentral	£49.2m	£21.5m
Clyde corridor	£56.9m	£22.2m
Total	**£162.4m**	**£64.4m**

Table 2 NDRR Projected Income Generation

E The Financial Case

E.i Funding and Financial Structure - The GCR IZ will receive a funding envelope of £160m over 10 years, which is split between:

- **Flexible spend**, split 40:60 between resource spending (RDEL) and capital spending (CDEL)
- **Tax incentives**, lasting for 10 years. GCR IZ has chosen to have one Tax Site at Glasgow Airport/AMIDS, this covers 140 ha and has been valued at £25million across the ten years of the programme. This is deducted from the £160m funding envelope and provides the programme with a Flexible spend budget of £135million.

E.ii Following the ‘open-call’ process the GCR IZ programme was significantly over-programmed. Following approval from Scottish Enterprise (SE) and the GCR Chief Executives’ Group (18 September 2025), a letter of intent has been provided by SE to cover this funding gap. This is in effect match funding for the GCR IZ programme. The budget profile submitted to government at Gateway 4 shows a total of £135m flexible spend, with an additional £25m Match Funding. Bringing the GCR IZ total programme budget to £185m – the largest in the UK.

E.iii The GCR IZ Programme comprises six short-listed projects, a dedicated tax site, an investment fund and two regional enabling projects. The programme is further supported by a £6.4million Capacity Fund, spread over the 10 years of the programme, which underpins delivery and co-ordination across the Region.

E.iv The IZ programme provides an annual capacity fund allocation of £640,000. This capacity fund is designed to undertake necessary fund administration, such as project assessment, contracting, monitoring and evaluation and ongoing stakeholder engagement.

The capacity fund will cover the salaries of the GCR IZ Programme Manager and the Investment Zone Lead, who is the Head of Economic Delivery. In addition, the fund is being used to commission external consultants to support project development through to Outline Business Case (OBC) or Full Business Case (FBC) stages.

Where an Investment Zone spends less than 4% of the funding on administration, the balance will be retained to support intervention expenditure.

E.v Table 3 - provides a summary of the GCR IZ programme costs.

GCR IZ Programme Profile	Indicative Total Project Cost	IZ Grant	Capital	Revenue	Indicative Project Match Funding	Initial IZ Grant draw-down request
Short-listed Projects						
Skyrora	£9.25m	£3.7m	£3.44m	£0.26m	£5.55m	£0
Project PRISM	£96.55m	£28.2m	£17.4m	£10.8m	£68.35m	£707,300
Neuranics	£13.05m	£5.2m	£3.15m	£2.05m	£7.85m	£0
National Centre for Advanced Semiconductor Packaging	£98.32m	£29.8m	£18m	£11.8m	£68.52m	£874,500
Laser Supply Chain and Advanced Packaging	£68.68m	£23m	£14m	£9m	£45.68m	£419,235
Malin Group	£171.37m	£20m	£14.9m	£5.1m	£151.37m	£130,500
Total	**£457.22m**	**£109.9m**	**£70.89m**	**£39.01m**	**£347.32m**	**£2,131,535**
Other GCR IZ Programme components						
Airport / AMIDS Tax Site	£25m	£25m				
Skills / Business Support	£10m	£10m				
Investment Fund	£33.7m	£33.7m				
Capacity Funding	£6.4m	£6.4m				
GCR IZ Programme Total	**£532.32m**	**£185m**				

As set out at section E.ii above the GCR IZ programme is over-programmed at £185m. The total IZ Government Grant is £160m with funding provided by SE to cover the shortfall. See Table 4 below.

Table 4. GCR IZ Programme Total Public Sector Contribution

GCR IZ Programme	
IZ Grant Funding Total	£160m
Scottish Enterprise Match Funding for IZ Programme	£25m
GCR IZ Programme Total	**£185m**

E.vi Each short-listed project has provided detailed financial submissions, including:

- Selected interventions aligned with their flexible funding allocation
- Ten-year spending profiles for each intervention
- Expected outputs and outcomes, with associated delivery timelines
- Match funding details, with justification where match funding was not secured

Financial estimates, indicative costs and funding sources have been reviewed and approved at each stage. Budget allocations have been validated by the GCR Governance structures.

E.vii Match Funding

- The GCR IZ programme has been designed to include a degree of match funding. This approach reflects the programme's strategic intent to catalyse strong and positive relationships with business, fostering a shared, outcomes-driven model of delivery.

- Each short-listed project has provided a financial profile outlining the scale and source of match funding associated with their proposed interventions (a minimum of 60% match funding). Where match funding has not been secured, a clear and justified rationale has been provided. GCR IZ programme has secured an initial £300million of match funding.

- The GCR IZ Assurance Framework will include details on the mechanisms to monitor and report on private sector engagement and investment throughout the lifecycle of the programme.

- Each short-listed project will be required to complete either an Outline Business Case (OBC) or a Full Business Case (FBC). These documents will provide further detailed breakdown of Match Funding for each element of the individual project.

E.viii GCR IZ Spend Profile

Table 5 provides an overview of the annual flexible grant funding profile breakdown per annum agreed with UK and SG over the 10-year life of the programme. This 10-year budget has been built up from individual project budgets. The £135m total is nett of the £25m allocation for the GCR IZ Tax Site and £25 million SE Match funding. A detailed breakdown of the Spend Profile across the 10-year life of the GCR IZ programme can be found in appendix 1 of the full Strategic Outline Programme Business Case.

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total
Net CDEL	£6,375,000	£11,881,057	£5,686,298	£5,033,217	£9,726,366	£9,803,024	£12,914,639	£7,749,974	£7,749,974	£7,749,975	£84,669,524
RDEL	£2,998,441	£5,745,502	£7,813,702	£8,466,783	£8,820,007	£5,670,951	£3,395,090	£2,490,000	£2,490,000	£2,440,000	£50,330,476
Total	£9,373,441	£17,626,559	£13,500,000	£13,500,000	£18,546,373	£15,473,975	£16,309,729	£10,239,974	£10,239,974	£10,189,975	£135,000,000

Table 5 presents the Approved Grant flexible spend allocation from the UK Government.

- This 10-year spend profile has been built from the bottom up, utilising individual project budgets. The £135m total is nett of the £25 million allocation for the GCR IZ Tax Site and £25 million SE match funding.
- The initial allocation of grant to Short-listed projects has been calculated and will be on the project budget submission and spending profile required for GCR IZ Gateway 4 submission. Grants will only be paid out on the basis of actual eligible spend having been incurred, up to a maximum of the budgeted sum for the year in question, six months in arrears. The grant profile is subject to change at future UK Government Spending Review.
- Each of the short-listed projects are expected to ensure their spend meets the minimum 60/40% capital/revenue spend.
- In addition to the grant funded project spend Short-Listed projects are also required to incur a minimum 60% match funding spend target before the project end.

F The Management Case

F.i Project Key Milestone Dates

Table 6 provides details of the indicative dates for when the GCR PMO expect GCR IZ project Business Cases to be submitted for approval.

Project	OBC / FBC Timescale
Skyrora	FBC 18 December ‘25
Neuranics	OBC 18 December ‘25 FBC 12 February ‘26
NCASP	OBC 18 December ‘25 FBC 12 February ‘26
PRISM	OBC 12 February ‘26
Advanced Laser Supply Chain	OBC 12 February ‘26
Malin	OBC 12 February ‘26
Tax Site	FBC 12 February ‘26

Table 6. Indicative Project Business Case submission dates

F.ii Programme Delivery Structure

The design and delivery of the Glasgow City Region Investment Zone (GCR IZ) programme is embedded within the established Glasgow City Region Programme Management Office (GCR PMO), which brings together a diverse and experienced team with a background in:

- Operational economic development delivery and management
- HM Treasury Green Book business case development and review
- Place based planning and economic development
- Financial management
- Benefits realisation
- Evaluation
- Economic Consultancy
- Data analysis through the GCR Intelligence Hub
- GIS management
- Marketing and Communications

Leadership is provided by the GCR Head of Economic Delivery and Head of Place, supported by the Regional Intelligence Hub. The Director of Regional Economic Growth serves as the Senior Responsible Officer (SRO), with day-to-day delivery led by a dedicated GCR IZ Programme Manager, funded through the £6.4 million GCR IZ Capacity Fund.

Scottish Enterprise (SE) have played a pivotal role in the design and will continue to support delivery, contributing sectoral expertise and committing up to £25 million in match funding. SE’s specialists in Space, Semiconductors, and Maritime have guided project development and will continue to support business case refinement with the short-listed projects.

A GCR IZ Programme Board will be established to provide overall direction, oversight and governance for the GCR IZ ensuring it delivers its intended outcomes and benefits. The group will be established before the end of year 1 of the programme (2025/26). With the likely membership to comprise;

- Glasgow City Region
- UK Government

- Scottish Government
- Scottish Enterprise
- Research Institutions
- Relevant Industry Representatives

F.iii Project Delivery Structure

Dedicated project teams with a lead officer have been established for each short-listed project, comprising specialists with expertise in key thematic and technical areas. Local authority leads are also embedded within the project structures to ensure alignment with regional and local priorities and delivery frameworks. Each of the short-listed projects have their own internal boards for management and governance of their GCR IZ project.

As the programme moves into delivery a GCR IZ Project Lead Officers Group will be established and will feed in directly into the GCR PMO and from there decision making through Finance Strategy Group, Chief Executives' Group and Cabinet, as required.

A dedicated steering group will be established for the overall management of NDRR locations within the GCR IZ. Management of the Tax Site will be via the Project Lead Officers Group, with a specific sub-group of the Airport and Renfrewshire Council.

F.iv Governance and Approvals

The GCR IZ programme has been developed in line with the established governance structures of Glasgow City Region (GCR), and this approach will continue throughout the life of the programme. Decision-making and approval processes follow the same robust framework used in other major post-City Deal initiatives, including the UK Shared Prosperity Fund, Clyde Mission, and the Innovation Accelerator, ensuring consistency, transparency, and accountability.

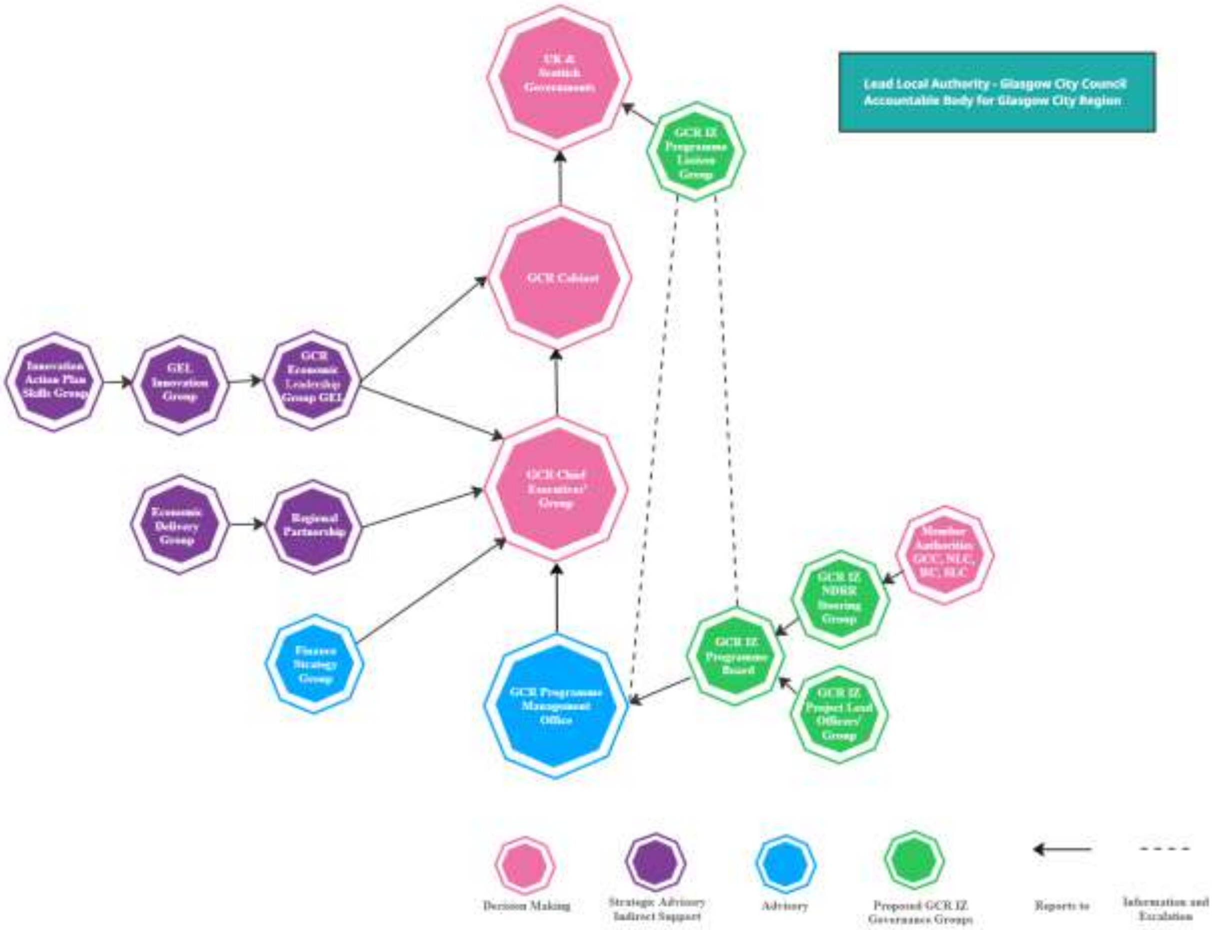
Throughout the two-year development period, City Region structures have evolved to support the specific needs of the GCR IZ. Key decisions, including the approval of each Gateway stage, have been formally signed off by the GCR Cabinet. The programme has also been shaped with regular input from the GCR Chief Executives' Group (CEG), which receives updates on a six-weekly basis.

The GCR Finance Strategy Group has provided oversight and guidance on budgetary matters, including issues related to the proposed tax site and NDRR locations. The GCR Economic Delivery Group has ensured alignment with wider economic development activity across the region.

The programme benefits from a joint governance model involving the UK Government, Scottish Government, and Regional Economic Partnerships (REPs), ensuring alignment with national strategies and principles of devolution. Weekly governance meetings between GCR and government colleagues support co-development and oversight.

The GCR IZ has committed to following the HM Treasury Green Book Five-Case Model for the development and approval of business cases for each of the six shortlisted projects and the designated tax site. This process has been co-developed with Scottish Enterprise (SE), and approvals will follow a twin-track route through both GCR and SE.

F.v GCR IZ Governance Model



F.vi Assurance Framework

A comprehensive Assurance Framework has been developed to ensure the GCR IZ programme is deliverable, viable, and aligned with strategic objectives. It outlines governance, audit, risk management, and monitoring arrangements, ensuring compliance with the UK and Scottish Government technical guidance. The framework supports transparent decision-making and early risk identification, helping maintain programme integrity throughout its lifecycle.