Item 10 (b) Appendix
17th November 2026

Local Growth Fund

Report by: Kevin Rush, Executive Director of Regional Economic Growth

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Local Growth Fund – Revenue Proposition 2027/28-2028/29, Skills and Employment

Purpose of Report:

This report outlines the proposed revenue proposition for 2027/28-2028/29 (Y2 and Y3) for the Skills and Employment interventions for the Glasgow City Region.

Recommendations:

GCR Cabinet are asked to note the contents of the report and approve the strategic approach for Y2 and Y3 revenue.

1. Introduction

1.1 The paper explores the possible Skills and Employment interventions for 2027/28 and 2028/29 for Local Growth Fund. The paper identifies the regional strategic priority, regional challenge, and proposed methodology for delivery. The findings of this paper were refined with the subgroup, combined with the Economic Delivery outputs and will be presented to GCR Cabinet in November for approval.

2. Background

2.1 In September 2026, Glasgow City Region Chief Executives' Group (CEG) approved the financial split methodology for 2027/28 and 2028/29 revenue interventions for Local Growth Fund. Two thirds of revenue fund is allocated to Skills and Employment (£8.8M) with one third for Business Support (£4.3M). Note, the Business Support allocation also takes account of Green Business Support, Table 1. The revenue allocation for Business Support is £2.7M over the two years.

2.2 Table 1: Funding Allocation Split by Intervention 2027/28 – 2028/29

	2027/28	2028/29	Total	%
Skills and Employment	£5,166,051.39	£3,679,086.27	£8,845,137.67	67%
Business Support (Rev)	£1,571,047.61	£1,118,846.73	£2,689,894.33	-
Business Support (Cap)	£833,333.00	£833,333.00	£1,666,666.00	-
Business Support (Total)	£2,404,380.61	£1,952,179.73	£4,356,560.33	33%
Total	**£7,570,432.00**	**£5,631,266.00**	**£13,201,698.00**	**100%**

Source: LGF Investment Plan V3 * Business Support includes both revenue and capital business support expenditure.

2.3 Following CEG approval, a sub-group comprising members of the Skills Workstream and Economic Delivery Workstream was formed. The sub-group was tasked with developing the proposed interventions and met collectively to consider the regional strategic priorities across both interventions.

2.4 It should be noted that the overall funding allocation is significantly lower than both the first year of Local Growth Fund delivery and previous Shared Prosperity Fund allocations. Any regionally delivered intervention will therefore need to balance the relative benefits and trade-offs associated with the available options.

3. Proposed Strategic Priority – Youth NEETs

3.1 The UK Government has commissioned an independent review of Young People and Work. The interim findings of the Milburn Review[1] was published in May 2026, the final report is scheduled for later this year.

3.2 The interim findings highlight one million young people aged 16 to 24 are not in education, employment or training (NEET). This is the highest estimate since 2013.

[1] Young people and work interim report

3.3 The Milburn Review frames rising NEET levels as a systemic issue rather than an individual one, reflecting institutions that are no longer fit for purpose. The report argues this trend is avoidable and highlights the significant economic and social gains that could be realised if barriers to participation were addressed.

3.4 Many of the challenges identified at the UK level are also evident in Scotland and Glasgow City Region. However, policy responses differ due to devolved systems across employability, education, and social security, while data limitations constrain a full understanding of youth disengagement.

3.5 In place of NEET statistics, Scotland measures youth participation through Skills Development Scotland's Annual Participation Measure (APM) which covers young people aged 16–19 – whereas UK NEET measures those aged 16–24 and uses data from the Annual Population Survey (APS) making them not directly comparable.

3.6 The absence of a measure beyond age 19 creates a risk that health-related economic inactivity and longer-term disengagement are not fully captured and may therefore remain hidden, even where headline participation rates appear strong.

3.7 The sub-group recommends that prioritising young people (16-24 year old) who are NEET is an appropriate strategic focus across Glasgow City Region.

3.8 This approach responds to a shared regional challenge and aligns with wider Scottish and UK Government policy priorities to reduce economic inactivity, prevent long-term disengagement and provide person-centred employability support.

3.9 While national employability support exists, access is not universal across the 16–24 NEET cohort. Scottish Government's No One Left Behind[2] provides an all-age, locally delivered employability offer, while key UK Government employment incentives are targeted primarily at 18–24-year-olds on Universal Credit who have already experienced sustained periods out of work.[3] Further UK Government policy and funding announcements may emerge as the wider youth employment offer develops.

3.10 The proposed LGF investment could therefore bridge the gap between disengagement and existing national provision, providing earlier engagement, intensive support, barrier removal, work readiness and targeted skills development to help young people progress towards training and sustainable employment.

4. Understanding the Regional Challenge

4.1 Given the limitations in comparing the available data directly with data collected in England, the GCR Intelligence Hub has developed a proposed best fit methodology to determine the scale of individuals across each local authority, aged 16-24 that are either:

- Economically inactive (removing those that are students); or
- Economically active (unemployed).

4.2 Using this methodology, there are estimated to be over 31,000 young people aged 16-24 that are economically inactive or economically active (unemployed), this can

[2] Scottish Government – No One Left Behind
[3] UK Government – Jobs Guarantee

be viewed as individuals that are NEET. This equates to 15% of the Region's population aged 16–24-year-old, Table 2.

4.3 Some 43% of youth NEETs are based in Glasgow City Council, followed by North Lanarkshire (19%) and South Lanarkshire (14%).

Table 2: Economically Inactive and Economically Active (Unemployed), 16–24-year-olds, by Local Authority

Glasgow City Region 16-24-year-olds	NEET Status*	16-24 Population (LA)	NEET Status* as a % of Regional Total
East Dunbartonshire	1,096	9,106	3.5%
East Renfrewshire	966	8,969	3.1%
Glasgow City	13,345	90,038	43.0%
Inverclyde	1,237	7,214	4.0%
North Lanarkshire	5,944	35,388	19.2%
Renfrewshire	2,563	18,107	8.3%
South Lanarkshire	4,449	30,637	14.3%
West Dunbartonshire	1,433	8,381	4.6%
Glasgow City Region	**31,033**	**207,840**	**100.0%**

Source Scottish Census 2022
* Economically inactive (with students removed) and economically active (unemployed)

5. Proposed Mechanism for Delivery

5.1 Effective employability support must be tailored, flexible and responsive to the often complex needs of individuals. Glasgow City Region therefore proposes to use the established Local Employability Partnerships (LEPs), drawing on the collective partnerships' expertise, local intelligence and delivery networks to identify and commission the interventions most likely to achieve sustained outcomes for young people.

5.2 To support transparent and equitable delivery, Glasgow City Region, working with sub-group members and the Intelligence Hub, has developed a robust evidence-based mechanism for allocating funding to each LEP through the relevant local authority. Allocations will be proportionate to the scale of need in each area, using an agreed per capita methodology.

5.3 Each LEP will be required to use its allocation to develop and deliver targeted, evidence-led interventions that address the specific barriers faced by young people who are NEET within its local authority area.

5.4 Delivery will commence in April 2027 and complete by March 2029.

Item No.9b
29 October 2026

Local Growth Fund

Report by: Kevin Rush, Executive Director Regional Economic Growth

Contact:

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Recommendations:

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6. Introduction

6.1 The paper explores the possible Skills and Employment interventions for 2027/28 and 2028/29 for Local Growth Fund. The paper identifies the regional strategic priority, regional challenge, and proposed methodology for delivery. The findings of this paper were refined with the subgroup, combined with the Economic Delivery outputs and will be presented to GCR Cabinet in November for approval.

7. Background

7.1 Over the next three years, the UK Government will invest £140 million across five Regional Partnerships in Scptland:

- Glasgow City
- Edinburgh & South East Scotland
- Tay Cities
- Ayrshire
- Forth Valley

7.2 This fund is deliberately designed to provide strategic, flexible investment. The UK Government is asking regions to focus on three interconnected priorities:

- enabling local growth infrastructure;
- supporting local businesses to innovate and grow; and
- delivering the skills and employment support required for the industries of the future.

7.3 The fund is strictly targeted at improving Real Disposable Household Income (RDHI) per capita, ensuring that our investment supports growth in the areas that fall below the Scottish national average.

7.4 GCR Cabinet has already agreed the allocation of Capital funding across the programme;

- £20m to support Enabling Commercial Space (augmenting the established City Deal funded intervention)
- £20m for Regional Projects of Scale
- £2.5m to support SMEs transition to Net-Zero

7.5 In addition, GCR Cabinet have also approved the Revenue allocation for 2026/27 to be distributed to Member Authorities to support the transition from UK Shared Prosperity Fund.

7.6 Proposals for the Revenue funding for 2027/28 – 2028/29 have been remitted to the Regional Empowerment Workstreams of Economic Development and for Skills.

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	2027/28	2028/29	Total	%
Skills and Employment	£ 5,166,051	£ 3,679,086	£ 8,845,137	77%
Business Support	£ 1,571,047	£ 1,118,846	£ 2,689,894	23%
Total Revenue	**£ 6,737,099**	**£ 4,797,933**	**£11,535,032**	**100%**

8. Proposed approach

8.1 A sub-group of the Regional Empowerment Workstream of Economic Development proposes the following approach, based on the initial discussions through the workstream.

8.2 Recent research and analyses by the GCR Intelligence Hub have highlighted the scale and relative important of the 'foundational economy' within the wider regional economic system: foundational economy sectors account for more than 60% of employment, and over 40% of the business base in GCR. However, the evidence also suggests that business support is not always accessible to, and/or targeted at, businesses within the foundational economy.

8.3 Many foundational economy businesses do not engage with conventional business support (advice, seeking grants, etc) believed to be due to limited capacity, often within small businesses, to access a service that may not best suit their needs. However, by focusing on improving the productivity of foundational economy businesses, and by improving the quality and access to foundational goods and services, there is the potential to deliver economic and social benefits for a significant portion of the population.

8.4 This evidence has influenced the work of the Economic Development workstream within the regional empowerment programme. It is therefore proposed that Local Growth Fund (LGF) budget for 'business support' is targeted at the foundational economy, also building on the ongoing Foundational Economy Challenge Fund being taken forward by Glasgow City Council, supported by GCR, and focused on innovation in the early learning and childcare sector.

8.5 While LGF funding is relatively short term, there is a collective ambition to utilise the funding to bring about more sustainable change in support for foundational economy sectors and businesses, with a focus on business growth, productivity, and resilience.

8.6 The funding will allow for a central programme management resource through the GCR, with support from the Intelligence Hub and Scottish Enterprise, while driven by local information, company contact and delivery across the eight member authorities in the Region.

8.7 The resource allocated to each member authority in 2027/28 will focus on industry engagement and programme design, with a shift in 208/29 into programme delivery.

8.8 It is proposed that work to design the programme for the foundational economy in Q4 2026/27. The expectation is that activity to research, design and develop the programme would take place in 2027/28, with delivery taking place in 2028/29. The

ambition is for each local authority within the Region to offer specialist foundational economy facing support, to include, for example:

- workplace innovation support
- digital adoption support
- workforce planning
- recruitment and retention support
- fair work implementation
- succession planning
- employee ownership advice

8.9 However, these interventions will be very much driven by the analysis and engagement undertaken in the design and development phase (2027/29).

Costing

Input	**Annual cost**	**Total cost (two years)**
Locality Project Manager for each member authority (8 x FTE)	£480,000 (based on £60k per FTE)	£960,000
Scottish Enterprise	£60,000	£120,000
GCR Programme Manager	£80,000	£160,000
Intelligence Hub	£10,000	£20,000
Sub Total		**£1,260,000**
Budget available for programme delivery (2028/29)		£1,429,894
Total Programme Cost		**£2,689,894**

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Appendix 1: Glasgow City Region, 16-24 years old Economic Activity – Regional Allocation Methodology

Glasgow City Region 16-24 year olds	East Dunbartonshire	East Renfrewshire	Glasgow City	Inverclyde	North Lanarkshire	Renfrewshire	South Lanarkshire	West Dunbartonshire
Economically inactive - Other	221	169	2,105	202	998	433	866	273
Economically inactive - Long-term sick or disabled	129	149	1,562	223	904	414	672	279
Economically inactive - Looking after home or family	62	53	1,320	112	749	213	469	163
Economically inactive - Retired	14	13	48	2	19	6	20	6
Economically active - Unemployed	670	582	8,310	698	3,274	1,497	2,422	712
NEET Status*	**1,096**	**966**	**13,345**	**1,237**	**5,944**	**2,563**	**4,449**	**1,433**
16-24 Population	9,106	8,969	90,038	7,214	35,388	18,107	30,637	8,381
NEET Status*as a % of Regional Total	**3.5%**	**3.1%**	**43.0%**	**4.0%**	**19.2%**	**8.3%**	**14.3%**	**4.6%**

* Economically inactive (with students removed) and economically active (unemployed)
Source: Scottish Census 2022