Item 10 (b)
17th November 2026

Glasgow City Region Cabinet

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Local Growth Fund 6-Monthly Monitoring and Update Report

Purpose of Report:

The report summarises the Glasgow City Region's Local Growth Fund (LGF) activity to the end of the Quarter 2 2026/2027 and provides updates on the proposed approach to Year 2 and 3 Revenue Spend, the Enabling Commercial Space Programme and Regional Projects of Scale.

Recommendations:

The GCR Cabinet is asked to:

a) Note the content of the report;
b) Approve;
   - the LGF 2026/2027 Q2 report,
   - proposals for the Year 2 & 3 Revenue Funding,
   - the two Regional Projects of Scale

1 Purpose of the Report

1.1 The report summarises the Glasgow City Region Local Growth Fund (LGF) activity to the end of the Quarter 2 2026/2027 and provides updates on the proposed approach to Year 2 and 3 Revenue Spend, the Enabling Commercial Space Programme and Regional Projects of Scale.

2 Background

2.1 Glasgow City Region (GCR) was awarded a total of £60.9M to deliver the Local Growth Fund (LGF) over three years (2026/27 – 2028/29). The fund comprised £18.4M revenue funding for Business Support and Skills and Employment support and £42.4M for Capital Investment.

2.2 The Investment Plan was approved by UKG in August 2026. This plan sets out the proposed approach to both Revenue and Capital spend GCR will take over the next three years.

2.3 As per the agreement of the City Region Cabinet (17 March 2026), Year 1 (2026/27) Revenue Funding has been allocated to the Member Authorities, on the basis of the UKSPF 2025/26 allocation methodology and this will be used to deliver established Business Support, Skills and Employability activity.

2.4 The proposed approach for the Revenue funding in years 2 and 3 are outlined in section 4 and 5, focusing on youth NEET[1]and the Foundational Economy.

2.5 Cabinet previously approved the approach to Capital funding over the programme. Projects include enhancement of the established Enabling Commercial Space (ECS) Programme (£20m), Regional Projects of Scale (RPoS) (£20m) and Green Business Support (£2.49m). More detail on the proposed approach for ECS can be found in section 6 and RPoS in section 7.

2.6 Glasgow City Region Programme Management Office (PMO), on behalf of the eight Member Authorities (MAs) and Partners, is required to provide the UK Government (UKG) with 6-monthly progress report on LGF spend and activity. This report therefore also covers activity until the end of Quarter 2 2026/2027.

3 GCR LGF Quarter 2 2026/2027 Spend

3.1 Noted below is a summary of the LGF expenditure to the end of Quarter 2 2026/2027. As agreed by Cabinet, the revenue allocation for Year 1 (2026/27) was passed to Member Authorities (MAs) to support the delivery of Business Support and Skills and Employment support. Table 1 below provides a breakdown of spend per MA on the Year 1 revenue allocation together with the Green Business Support Programme and the cumulative total for Enabling Commercial Space. Table 2 provides a summary by Thematic Priority.

[1] Not in Education, Employment or Training

Member Authority	Q2 Spend	26/27 Forecast	% of spend
East Dunbartonshire	£54,319	£ 312,741	17%
East Renfrewshire	£70,766	£295,652	24%
Glasgow	£430,558	£2,910,800	15%
Inverclyde	£ 81,604	£ 391,657	21%
North Lanarkshire	£557,885	£1,538,779	36%
Renfrewshire	£133,071	£560,706	24%
South Lanarkshire	£266,744	£1,088,767	24%
West Dunbartonshire	£0	£ 431,095	0%
Enabling Commercial Space	£0	£4,232,835	0%
GCR Total	**£1,503,260**	**£11,763,032**	**13%**

Table 1. GCR LGF Expenditure Summary by MA Q2 26/27

Theme	Q2 26/27 Spend	26/27 Forecast	% of Spend
Enabling Local Growth infrastructure	£0	£4,232,835	0%
Support for Business	£284,067	£2,765,895	10%
Skills and Employment Support	£1,121,549	£4,592,454	24%
M&A	£97,643	£171,848	57%
GCR Total	**£1,503,260**	**£11,763,032**	**13%**

Table 2. GCR UKSPF Expenditure Summary by Priority Q2 2026/2027

3.2 The GCR PMO are currently working with GCC Legal to finalise the passdown agreements to enable the budget transfer to MAs.

3.3 The GCR LGF Assurance Framework has been developed and will be considered by Cabinet 17 November, in advance of this report being approved.

3.4 The full 6-monthly report for submission to UKG is available from the committee clerk on request.

4 Year 2 and 3 Revenue Approach – Skills and Employment Proposal

4.1 As GCR Cabinet will be aware, Chief Executives' Group approved the allocation methodology for LGF Year 2 and 3 Revenue funding 17 September 2026. Table 3

below details the quantum of Revenue funding remitted to the Regional Empowerment Workstreams of Economic Development and Skills for programme development. This allocation methodology was reflective of the revenue split across the UK Shared Prosperity Fund programme.

	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%**

Table 3 shows the allocation previously approved

* There is also a capital allocation for Green Business Support, which has been accounted for in the methodology – taking the overall split to 66%/33%.

4.2 Following CEG approval, two sub-group comprising members of the GCR Regional Empowerment Skills Workstream and Economic Delivery Workstream were formed. The sub-groups were tasked with developing the proposed interventions across Skills / Employment and Business Support, they also met collectively to consider the regional strategic priorities across both interventions.

4.3 It should be noted that the overall Revenue 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.

4.4 For the Skills and Employment support, the sub-group recommends that prioritising young people (16-24 year olds) who are NEET is an appropriate strategic focus across Glasgow City Region.

4.5 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.

4.6 There are estimated to be over 31,000 young people aged 16-24 that are economically inactive or economically active (unemployed), this can be viewed as individuals that are NEET. This equates to 15% of the Region's population aged 16–24-year-old, a breakdown across the GCR MAs is noted in Table 4.

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%**

Table 4. Economically Inactive and Economically Active (Unemployed), 16–24-year-olds, by Local Authority
Source: Scottish Census 2022

4.7 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. Allocations will be proportionate to the scale of need in each area, using an agreed per capita methodology.

4.8 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.

4.9 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.

5 Business Support Proposal

5.1 It is proposed the LGF budget for 'business support' be directed towards the Foundational Economy.

5.2 Recent research and analysis 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. The Foundational Economy (FE) consists of basic services and products that keep residents "safe, sound, and civilised''. It is those things which directly impact people's quality of lives.

5.3 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

5.4 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. 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.

5.5 The resource allocated to each member authority in 2027/28 will focus on industry engagement and programme design, with a shift in 2028/29 into programme delivery. Table 5 provides a summary of the proposed budget for the development and delivery of the intervention.

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**

Table 5. Breakdown of costs for Foundational Economy Business Support

5.6 Appendix 1 provides further detail on the proposed approach developed by the GCR Regional Empowerment Skills and Economic Development Sub-Group.

6 Enabling Commercial Space Programme

6.1 £20m of LGF has been allocated to projects that fit within the approved Enabling Commercial Space (ECS) Business Case. Not only does this align with established activity, but also provides more certainly of delivery, particularly in the early years of the programme.

6.2 The Member Authorities are continuing to progress through the shortlisting process in order to finalise the projects they will take through to delivery. Three Full Business Case are expected to be approved by the end of Dec 2026 with construction commencing in Jan 2027 for these projects. One of the three FBCs was submitted on 29 October for appraisal.

6.3 Table 6 below shows the forecast spend by MA for Enabling Commercial Space, subject to internal approvals.

	26/27	27/28	28/29	Total
EDC	£262,709	£42,009	£303,282	£608,000
ERC	£178,400	£563,600	£150,000	£892,000
GCC	£220,600	£3,801,700	£3,801,700	£7,824,000
IC	£-	£125,000	£431,000	£556,000
NLC	£606,950	£2,889,050	£-	£3,496,000
RC	£55,000	£2,573,000	£-	£2,628,000
SLC	£2,626,176	£803,824	£-	£3,430,000
WDC	£283,000	£283,000	£-	£566,000
Total	**£4,232,835**	**£11,081,183**	**£4,685,982**	**£20,000,000**

Table 6. MA forecast for ECS

7 Regional Projects of Scale

7.1 As noted, £20m of LGF has been allocated to Regional Projects of Scale (RPoS) within the UK Government approved Investment Plan. The first stage of identifying

potential projects involved MAs completing an Expression of Interest (EOI) to understand the level of demand and opportunity across the region, across the following themes guided by the Regional Economic Strategy and LGF outputs/outcomes:

- Housing Supply
- Employment Land
- Town/City Centre Revitalisation

7.2 The EOI process elicited 39 submissions from all eight MAs ranging in scale from £200,000 to £15 million. Following this, the eligibility criteria were refined to enable the identification and sifting of potential regional projects of scale in accordance with LGF guidance and RES priorities. The refined criteria are shown in Figure 1.

Criterion	Details
LGF Strategic Objectives - Mandatory	
Increased GDP	GCR Intelligence Hub will work with partners to quantify GVA impacts
Improve Real Household Disposable Income (RHDI)	GCR Intelligence Hub will work with partners to identify the relationship between potential projects and areas of below average RHDI.
Deliverability Criteria - Mandatory	
Planning Permission	Where required, projects must have already secured planning, building warrant and any other statutory consents or have submitted planning, building warrant and any other required statutory consents with a demonstrable pathway to approval by March 2027.
Delivery Programme	Projects must demonstrate a credible plan to have incurred all expenditure in relation to grant funding by the 31st of March 2029.
LGF Outputs – Must achieve at least one output	
Increased amount of commercial space completed/improved	Relevant projects to confirm increased amount of commercial space completed/improved (m^2), subject to a minimum of 5,000m^2
Increased development ready land and sites	Relevant projects to confirm increased amount of development ready land and sites (Ha), subject to a minimum of 10 hectares
Increased housing supply	Relevant projects to confirm increased number of houses (units), subject to a minimum of 50 units
RES Priority Actions – Must achieve at least one priority action	
Revitalising town and centres	Relevant projects to confirm town/city centre location
Growing key sectors	Relevant projects to confirm provision of commercial space and/or land aligned with RES key sectors.
Providing affordable high quality homes	Relevant projects to confirm total number of new homes and proportion of affordable homes to be provided.

Figure 1; RPoS Selection Criteria

7.3 Projects must meet all of the LGF Strategic Objectives and Deliverability criteria and achieve at least one criteria from each of the LGF Outputs and RES Priority Actions. This is to ensure that projects meet UK Government requirements and deliver on regional priorities.

7.4 GCR re-engaged MAs and others partners and reviewed the submissions to consider wider strategic projects, resulting in some projects being removed from consideration (due for example to other funding sources being identified or project changes) and some projects added. An assessment of the remaining projects has identified two that fulfil the criteria. Notwithstanding the wider functioning of the regional economy, both locations are within areas of below average GDHI. The two projects are:

- Paisley Centre (£10m). The redevelopment of the Paisley Centre follows the preparation of the Paisley Town Centre Vision and a number of major investment projects including Paisley Museum and Paisley Town Hall. Planning permission in principle has been secured for a mixed-use residential quarter that could include approximately 200 new homes, a hotel, over 8,000m2 of improved commercial space, consolidated retail spaces and new public realm. Renfrewshire Council has been engaging with the developer and are committed to supporting its redevelopment.

- Bowling Strategic Development Site (£4.2m). This project stems from the City Deal funded enabling infrastructure scheme. It will create development platforms enabling over 11,600 m2 of new commercial floorspace, extend site access and expand access and utilities infrastructure to help unlock an adjacent 23,000 m2 development site. The Bowling Strategic Site is designated in the Local Development Plan, has planning permission and is relevant to the Clyde Mission national development. The site further benefits from an approved City Deal business case and contractors already mobilised for other aspects of site development.

7.5 It is proposed (subject to approval) that the two projects identified will be taken forward to the to develop the necessary business case (or equivalent) requirements for UK Government and GCR governance purposes (including UK subsidy control considerations). Following approval, projects will move to delivery, which must be complete by March 2029.

7.6 GCR will continue working with Member Authorities to identify suitable projects that could be supported by the remaining budget of £5.8 million and bring forward proposals for approval to GCR Cabinet prior to the end of the 2026/27 financial year.

8 Recommendation

8.1 The GCR Cabinet is asked to:

a) Note the content of the report;

b) Approve;

- the LGF 2026/2027 Q2 report,
- proposals for the Year 2 & 3 Revenue Funding,
- the two Regional Projects of Scale