Item 13
17th November 2026

Glasgow City Region Cabinet

Report by Executive Director of Regional Economic Growth

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Clyde Mission Heat Decarbonisation Fund

Purpose of Report:

To update the Cabinet on the on the delivery of the Clyde Mission Heat Decarbonisation Fund, including the outcome of Round 2 awards.

Recommendations:

The Cabinet is invited to:

- note the Round 2 grant awards approved by the Chief Executives' Group;

Purpose

1. The purpose of this paper is to provide Cabinet with an update on the delivery of the Clyde Mission Heat Decarbonisation Fund, including the outcome of Round 2, the applications received under Round 3 and progress with the Fund's annual review.

2. Cabinet received an update on the first application round in May 2026. That update reported that, on 13 May 2026, the Chief Executives' Group had approved an award of £1,182,510 for the Strathclyde Country Park Watersports Centre Redevelopment, subject to final technical assessment and the resulting grant conditions.

Background

3. CM-HDF is a targeted investment programme that has been established by Glasgow City Region (GCR). The Scottish Government is funding CM-HDF under the Clyde Mission programme. Its purpose is to accelerate the replacement of fossil fuel heating systems with low and zero carbon alternatives across the Clyde Mission corridor, in line with local, regional and national policy objectives. The aims of the CM-HDF are to:

    - Stimulate capital funding for high impact heat decarbonisation projects in the Clyde Mission corridor.
    - Provide necessary funding to support district heat decarbonisation projects in both the public and private sectors, ensuring economic viability for installation and operational phases.
    - Offer targeted supplementary funding to bridge funding gaps and enhance the viability of eligible projects.

4. CM-HDF complements national initiatives like the Heat in Buildings Strategy but is distinct in its place-based focus. By concentrating resources in the Clyde Mission corridor, the fund seeks to generate wider benefits: reducing emissions, lowering energy bills, addressing fuel poverty and stimulating local economic activity through green jobs and supply chain opportunities.

5. On the 28th of August 2023, oversight of the Clyde Mission, including the administration of the CM-HDF, was transferred to GCR in partnership with Argyll & Bute Council, with the Scottish Government remaining a key partner.

6. On the 18th of November 2025, GCR Cabinet approved the CM-HDF implementation framework and delegated the final approval of grant awards to CEG.

7. On the 10th of December 2025 the fund was officially launched with a budget of £5 million for the financial year 26/27 to be allocated via three rounds of applications across the year.

Round 2

8. This round submission deadline on the 31 July 2026 attracted three applications:

CM-HDF-262703	Clyde Gateway Developments Ltd.	Clyde Gateway Community Energy Project – DHN Thenue Extension	Detailed Design & Construction/ Installation	£1,498,191
CM-HDF-262704	Scottish Water Horizons	Daldowie Admin Building Heat Project	Concept Development – Detailed Design	£49,463

CM-HDF-262705	NHS Lanarkshire	Decarbonisation of University Hospital Wishaw and the West of Scotland Laundry	Concept Development	£150,000

9. Initial screening concluded that CMHDF2627-05 was not eligible for funding as the project development stage was not mature to the minimum eligible stage – Concept Design. Assistance has been offered to support the further development of the project since the proposal has a potential of a good quality project.

10. CM-HDF-262703 has been assessed and passed on to the Independent Assessment Panel (IAP) with recommendation to award the full amount applied for - £1,498,191.

11. CM-HDF-262704 has been assessed and passed on to the Independent Assessment Panel (IAP) with recommendation to award the full amount applied for - £49,463.

12. The IAP accepted the assessment recommendations to refer the applications for final award approval of the CEG.

13. At its September 2026 meeting, the Chief Executives' Group considered both applications recommended for awards and decided to:

    - approve in principle the award of £1,498,191 to Clyde Gateway Developments Limited for the Clyde Gateway Community Energy Project, DHN Thenue Extension. The project will extend the existing Dalmarnock District Heat Network to 36 mixed-tenure homes. Progression from detailed design to construction will be controlled through a formal gateway review. Approval in principle was subject to conditions relating to confirmation of match funding, submission of an appropriate economic appraisal demonstrating project necessity, proportionality and value for money, and the provision of further clarification regarding project scope and costs. The requested clarifications were subsequently provided and, at its meeting on 5 November 2026, CEG confirmed that it was satisfied with the information provided and gave final approval to the award. The award remains subject to conditions requiring: submission of a Green Book-compliant economic appraisal before construction or installation works commence; confirmation of the approved match-funding contribution before any grant drawdown; and agreement of a final Community Benefits Realisation Plan within three months of the Grant Agreement or before construction or installation works commence, whichever is earlier; and

    - approve the award of £49,463 to Scottish Water Horizons Limited for the Daldowie Administration Building Heat Project. The project will support development of a wastewater heat-recovery heat-pump solution to replace the existing LPG heating system. The funded work will develop the proposal through to a coordinated detailed design and completed business case. Gateway reviews will be undertaken throughout the development process to assess design progression, costs, programme, risk, procurement, consenting and governance requirements before advancement to subsequent stages.

14. Following the Chief Executives' Group decisions, the programme team has been progressing the grant award documentation and project-specific conditions associated with the approved projects.

15. Bespoke project risks will be managed by the applicant and monitored by GCR through regular monthly reporting.

Budget

16. CM-HDF has an overall budget of £25 million sourced from the Scottish Government over three years. Annual budget allocations are subject to approval through the Scottish Government budget process and facilitated by a standard Grant Offer Letter approach.

17. The budget allocation for financial year 2026/27 is £5 million. Following the approval of the Round 1 and Round 2 awards, the remaining uncommitted budget is £2,269,837.

18. Grants from the scheme are provided on a match funding basis, with a maximum contribution of up to 50% of eligible project costs.

19. Grant funding will be made available in arrears, ensuring payments are only released against verified expenditure. To support this, a structured monthly evaluation cycle will operate. Each funded project will be required to submit evidence of eligible spend.

20. To maintain efficiency and financial oversight, GCR Place will prepare a consolidated quarterly claims to the Scottish Government covering all live CM-HDF projects, balancing robust governance with predictable cashflow for delivery partners, and ensuring alignment with GCR programme monitoring and reporting standards.

Round 3 applications

21. Round 3 of the Fund closed on 25 September 2026 and attracted two applications seeking approximately £6.19 million of grant support. The applications are currently undergoing assessment, before consideration by the Independent Assessment Panel. Subject to completion of the assessment process, a report setting out recommendations will be presented to the Chief Executives' Group in December 2026, with subsequent updates provided to the Regional Partnership and GCR Cabinet.

Recommendation

22. The Cabinet is invited to:

- note the Round 2 grant awards approved by the Chief Executives’ Group.