



Glasgow City Council

City Administration Committee

Item 5

26th March 2026

Report by Councillor Susan Aitken, Leader of the Council and City Convener for City and City Region Economy and Just Transition

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UK GOVERNMENT LOCAL GROWTH FUND PROPOSAL

Purpose of Report:

This report provides Committee with an update on funding and proposals for utilising the Local Growth Fund (LGF).

Recommendations:

The Committee is asked to:

- i. Note the context of the report;
- ii. Approve the approach and budgets proposed for the programmes as outlined in the report

1.0 Introduction

- 1.1 The UK Shared Prosperity Fund (UKSPF) was introduced by the UK Government in 2022 to replace EU Structural Funds after Brexit.
- 1.2 Funding was allocated directly to local authorities, with UKG committing to match previous ESF levels by 2024/25. This year is therefore the baseline for UKSPF.
- 1.3 Although each authority received an indicative allocation, the programme was administered at the Glasgow City Region level.
- 1.4 On 18 August 2022, the City Administration Committee approved Glasgow's contribution to the Glasgow City Region Investment Plan.
- 1.5 The original three-year programme (2022–2025) provided £27.2m for Glasgow, mostly revenue funding for skills, business support and the third sector. UKG extended the programme into 2025/26 for one year with a 25% reduced allocation (£11.8m).
- 1.6 UKG has confirmed that UKSPF ends on 31 March 2026. Although Scotland's overall funding envelope remains at £76m, new national programmes have significantly reduced what will flow to local authorities.
- 1.7 Four new funding streams will replace UKSPF:
 - Pride in Place Programme (PIPP)
 - Pride in Place Impact Fund (PIPIF)
 - Growth Mission Fund (GMF)
 - Local Growth Fund (LGF)
- 1.8 PIPP, PIPIF and GMF were confirmed at or before the Autumn Budget (26 November 2025), with further detail on LGF still to follow.
- 1.9 Glasgow City Region has received the following confirmed allocations from these replacement funds

	2026/27	2027/28	2028/29
PIP	£3,786,000	£11,413,000	£14,711,000
PIPIF	£3,000,000	£0	£0
GMF	£5,000,000	£5,000,000	£5,000,000
	£11,786,000	£16,413,000	£19,711,000

2.0 UKSPF Programme

2.1 UKSPF funding has supported a range of interventions to be delivered by partners including the Glasgow Chamber of Commerce, both Innovation Districts and partners across the Third Sector. In addition, internal delivery is undertaken across Economic Development, Neighbourhood and Regeneration Services, Social Work Services, Jobs and Business Glasgow and Glasgow Life.

2.2 Over the period April 2023 to March 2025, outputs achieved included:

- 17 Third Sector organisations funded/supported to deliver community-based activity over 2 years, helping to safeguard almost 200 jobs.
- Over 500 businesses received financial assistance through the provision of grants.
- Almost 200 businesses received expert advice through accessing the Glasgow Business Growth Framework.
- In addition, some 200 interventions have been delivered via Community Benefits from Framework suppliers, since 23/24.
- Five capital projects supported to move forward or complete.
- Through a blended funding model including GCC funding and Scottish Government's No One Left Behind programme (NOLB) Glasgow Futures providers delivered a menu of employability support aimed at those furthest from the labour market or experiencing in-work poverty. Outputs include:

- Engaging 10,095 people over the 2 years
- 2,379 people progressed into employment following GF support*
- 2,911 people gained qualifications, licenses and skills*
- In addition, financial support enabled employers to create 268 new jobs, providing opportunities for unemployed and underemployed Glasgow residents

*individuals may have achieved more than one outcome and progressions/achievements are not mutually exclusive

2.3 In December 2025, UKG advised that the delivery timescale for the extension year of UKSPF had been further extended and projects could now run until 30 September 2026. They also confirmed that this was a time only extension and no additional funding would be available.

3.0 Local Growth Fund for Glasgow City Region

3.1 At the UKG Spending Review, 11 June 25, they made a commitment to '*regional growth and devolution*' and advised that Scotland, Wales and Northern Ireland would receive the same overall level in cash terms for 2026/2027 to 2028/2029 as they have for the reduced UKSPF allocation in 2025/2026. For Scotland this is approx. £76m p.a., and approximately £238m over the Spending Review period (up to FY 28-29). However, this would cover the four programmes listed in sections 1.7/1.9.

- 3.2 On 8 January 2026 UKG provided clarity on the Scottish regional LGF allocations with further detail still to be provided on eligibility of activities/interventions.
- 3.3 In a further policy shift LGF allocations have been determined at a Regional Economic Partnership (REP) level, rather than individual Local Authority.
- 3.4 As the replacement for EU Structural Funds the UKG made a commitment that UKSPF would match the level of funding previously distributed through Structural Funds by 24/25 financial year. This meant that funding to GCR reached a total of £42.5m in 24/25.
- 3.5 Had the programme continued at £42.5m a year as per the government's guidance at the time, that would mean a three-year programme totalling £127.5m. However, this was reduced to £29m for the UKSPF extension year in 25/26. Taken together with the transition year of 23/24 (when ESF was still technically tapering down), the last three years saw a total of £91m for GCR.
- 3.6 The table below shows the reduction in funding for GCR from the level in 24/25 until the end of the 3-year Local Growth Fund period

		Annual funding	2024-25 = 100
2024-25	UKSPF	£42.5m	100
2025-26	UKSPF	£29m	68
2026-27	Local Growth Fund	£22.7m	53
2027-28	Local Growth Fund	£21.5m	50
2028-29	Local Growth Fund	£16.7m	39

- 3.7 GCR will receive £60.9m (43.5%) of the overall Scottish LGF allocation of £140m over the three years of the funding period.

4 Implications for Glasgow City Council

- 4.1 The value of UKSPF to GCC over the previous three years of the programme was just under £35m (£28.8m revenue/£6m capital).
- 4.2 Through the Local Growth Fund a total of £18.4m revenue funding is available across the Region over the next 3 years – over £10m less than GCC alone received under the previous programme.

2026/27 - £6.9m
 2027/28 - £6.7m
 2028/29 - £4.8m

- 4.3 It is therefore evident that there will be a significant reduction in revenue funding available to GCC and substantial cuts will have to be made to the programme of support previously funded through UKSPF.

- 4.4 In contrast, English City Regions are being given up to 75% revenue from their LGF allocation for 2026/27. Clarity has been sought as to why there is a different approach to the capital/revenue split in Scotland but as yet, no clarity has been provided.

CITY REGION	TOTAL LGF	LGF REVENUE	LGF CAPITAL
Manchester	£32,000,000	£24,000,000	£8,000,000
West Midlands	£32,000,000	£24,000,000	£8,000,000
Liverpool	£17,000,000	£13,000,000	£4,000,000
Glasgow	£22,700,000	£6,900,000	£15,800,000

5 Transition from UKSPF to LGF – Revenue and Capital arrangements

- 5.1 As noted in Section 3, UKG have made clear the new LGF has a different policy focus from previous UKG funding and that ‘core revenue’ economic development activity should not be directly funded by UKG. However, following significant pressure from GCR and Local Authorities, they have indicated that given the reliance on UKSPF to support Local Authority funded activity, a ‘transition’ year would be considered, to provide some continuity of budget. This transition year allows an effective ‘plus one’ year, with each Local Authority receiving an allocation of the 26/27 revenue budget, to allow some continuity of provision.
- 5.2 It should be noted that, even with individual allocations to Local Authorities, this is a very significant reduction in revenue funding for the City Region’s authorities.
- 5.3 While the full LGF guidance is awaited, UKG have indicated this won’t be available until March 2026, UKG have confirmed that REPs are required to develop a ‘Credible Plan’ outlining proposed delivery over the 3-year funding period. This Credible Plan process will follow a similar approach taken for the original UKSPF Investment Plan in 2022 and agreed by the City Region Cabinet.

Following ongoing engagement with UKG, they have clarified:

‘the feedback from REPs that LA-level management of RDEL in year 1 would be helpful to support a regional transition on RDEL in year 2 and year 3. While we are unable to confirm the final approach until March, we anticipate that year 1 RDEL flexibility is likely and so would be comfortable if you indicatively planned on that basis.’

‘We would encourage you to plan that the entire LGF funding allocation will be paid to the Lead Local Authority for the REP this summer. The REP will need to decide (via its usual governance mechanisms) on its approach to allocating funding/delegating RDEL funding to individual LAs for year 1 and set this out in the Investment Plan.’

5.4 Given this guidance from UKG, it is proposed that the UKSPF +1 year (2025/26) allocation methodology is used to allocate the revenue budget for 2026/27, to support this transition year. This approach will then enable individual Local Authorities to plan for receipt of revenue funding in 2026/27, helping to support established Business Support and Skills (Employability) interventions. It was confirmed to the GCR Chief Executives' Group that this allocation methodology is only for revenue funding in 2026/27 and a new methodology would be developed for the revenue allocation in the subsequent two years of the programme.

5.5 Table 4, below, provides a summary of the proposed revenue allocation for 2026/27:

	2026/27	Proportion
E. Dunbartonshire	£269,100	3.90%
E. Renfrewshire	£255,300	3.70%
Glasgow City	£2,773,800	40.20%
Inverclyde	£365,700	5.30%
N. Lanarkshire	£1,414,500	20.50%
Renfrewshire	£483,000	7%
S. Lanarkshire	£938,400	13.60%
W. Dunbartonshire	£400,200	5.80%
Total	£6,900,000	100%

Table 4 2026/27 Proposed Allocation, based on 2025/26 methodology

5.6 For the capital allocation, UKG have emphasised the requirement for regional activity at scale and of impact, particularly where the intermediate outcomes are considered:

- Increased development-ready land and sites
- Increased housing supply
- Improved utilities and energy upgrades
- Increased physical connectivity
- Increased digital connectivity

UKG has confirmed in writing to the GCR PMO that: *'The entire LGF CDEL funding allocation will need to be focussed on delivering regional outcomes'* and we await further clarity on what this will mean in practice.

5.7 With this guidance, it is proposed that the GCR PMO work with the Economic Delivery Group to develop an approach, for regional projects of scale, possibly enhancing the City Deal, Enabling Commercial Space programme, Green Business Grants and other place-based interventions. With the finalised Credible Plan being agreed by the Chief Executives' Group and Cabinet in advance of submission to UKG.

6. Proposals for implementation in Glasgow

- 6.1 As noted above, the proposed LGF revenue allocation for Glasgow is £2,773,800. This constitutes a reduction of £6.3m (70%) from the revenue stream of UKSPF in 2025/26.
- 6.2 UKG has advised that, from Years 2 and 3, LGF revenue funding will require to be deployed at a regional level. Accordingly, it is proposed that the Council utilises its 2026/27 LGF revenue allocation to maintain, albeit at a reduced level, support for core business support and employability and skills activity, together with a contribution to ongoing partnership work with the Innovation Districts.
- 6.3 The projects below are currently funded through UKSPF and given that LGF revenue will only be available for a further 12 months, the following budgets are proposed.
- 6.4 A regional proposal is being developed to enable all Member Authorities to offer Green Business support grants, which would be treated as capital expenditure. Green Business grants already form part of Glasgow's business support offer, and an annual budget of £150,000 has been submitted to continue this activity. This level of funding would allow support to be provided to at least 15 businesses each year.

LOCAL GROWTH FUND – 26/27 PROJECTS (25/26 BUDGETS)		
Innovation Support Programme	Continued support and investment in the city's innovation assets and promoting city investment opportunities .	£500,000 (£680,000)
Business Growth Framework Support	Offering access to specialist expert consultancy support across a number of business areas.	£400,000 (£550,000)
Digital Expert Advice	Providing access to digital expert consultancy support.	£120,000 (£110,000)
Business Start Up Grant	Grants to pre-start and new businesses who have been trading for less than 12 months.	£200,000 (£187,000)
Carbon Baselineing for SME's	Providing businesses with an understanding of their carbon footprint and tailored recommendations to reduce emissions, identify potential cost savings, and improve energy efficiency.	£29,000 (£92,715)
Green Business Grant	Supporting organisations to address the challenge of rising energy costs and build resilience to climate change.	Capital (see above)

Glasgow Futures Employability Programme	Supporting the delivery of an all age, holistic approach to employability, helping Glasgow citizen towards, into and in work.	£1,314,800 (£3,350,751)
International Strategy Fund	Supporting the implementation of the city's International Strategy, including trade missions with key city stakeholders.	£100,000 (£300,000)
Management and Administration	A 4% allocation towards the management and administration of the programme.	£110,000 (£473,392)

7 Policy and Resource Implications

Resource Implications:

Financial: The significant revenue reduction from UKSPF to LGF will have an impact on both internal and external delivery.

Legal: Formal agreements will be put in place where required.

Personnel: Personnel resources required to assist in the oversight and monitoring of these projects is in place.

Procurement: Where required, support will be sought from CPU.

Council Strategic Plan: *Grand Challenge 2: Increase opportunity and prosperity for all our citizens*

- Mission 1: Support Glasgow residents into sustainable and fair work
- Mission 2: Support the growth of an innovative, resilient, net-zero carbon economy

Grand Challenge 3: Fight the climate emergency in a just transition to a net zero Glasgow

- Mission 2: Become a net zero carbon city by 2030

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Yes, specifically Tackling Poverty and

What are the potential equality impacts as a result of this report?

The available funding will be utilised to deliver projects which impact positively.

Please highlight if the policy/proposal will help address socio economic disadvantage.

Provision under Glasgow Futures is designed to support the most socio-economically disadvantaged individuals in the city.

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify:

Yes, projects will provide a tangible means of ensuring that businesses across the city will be able to contribute to the Just Transition agenda. In addition, skills provision through Glasgow Futures will enable individuals to take advantage of emerging roles in low-carbon sectors.

What are the potential climate impacts as a result of this proposal?

Positive, with businesses and individuals having access to opportunities that contribute to the Just Transition agenda.

Will the proposal contribute to Glasgow's net zero carbon target?

Yes.

- By reducing emissions from industry.
- Through the development of skills to support the city's net zero ambitions.
- In the provision of support to businesses to secure carbon baseline reports and subsequently provide funding to implement recommendations.

Privacy and Data Protection impacts:

This report has no impacts upon privacy or data protection.

8 Recommendations

The Committee is asked to:

- i. Note the context of the report;
- ii. Approve the approach and budgets proposed for the programmes as outlined in the report