Item 15

18th August 2026

Glasgow City Region Cabinet

Report by Director of Regional Economic Growth

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Local Growth Fund Update

Purpose of Report:

The purpose of this report is to update the GCR Cabinet on the progress of designing the three elements of the Local Growth Fund.

Recommendations:

The GCR Cabinet is asked to:

a) Note the report;
b) Agree the proposed approach.

Purpose of the Report

1. The purpose of this paper is to update the GCR Cabinet on the progress of designing the three elements of the Local Growth Fund.

Background – Investment Plan

2. LGF was launched by the UK Government in January 2026 with the aim of driving economic growth and building fairer, more productive regional economies. Glasgow City Region (GCR) has been allocated £60.9 million in total over three years.

3. A proposed LGF methodology and Investment Plan was approved by GCR Cabinet in May 2026 covering revenue and capital elements over the three-year programme. The Investment Plan is awaiting final approval from UKG.

4. The Capital element of the Investment Plan was informed by the UK Government guidance published in March 2026 and engagement between GCR and Member Authorities (MAs). MAs were asked to complete an Expression of Interest (EOI) to understand the level of demand and opportunity across the region, across four broad themes:

    - Housing Supply
    - Employment Land
    - Town/City Centre Revitalisation
    - Net-Zero Business Support

5. The EOI process elicited 39 submissions from all eight MAs within a very short turnaround, ranging in scale from £200,000 to £15 million. The EOIs were also asked to describe project alignment with the LGF outputs/outcomes, Regional Economic Strategy (RES) priorities and programme/deliverability requirements.

6. Given the breath of the EOI submissions, in terms of size, scale, deliverability and the volume identified as Employment Land, it was proposed that the £42.5m LGF capital allocation be split across a number of strategic Regional Projects.

7. Firstly, £20m 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.

8. Secondly, £20m was allocated to other strategic projects of regional scale. It was agreed that the GCR Head of Place would engage with stakeholders and partners during Q1 2026/27 to develop a programme of regional projects of scale that can support the wider RES and LGF priorities to be delivered between 2027 and 2029. While the EOI process provides a useful foundation, GCR and partners also have an opportunity during this time to consider and develop other potential projects more fully, albeit still against tightly defined objectives/outputs and deliverability requirements.

9. The remaining £2.5m Capital budget has been allocated to individual allocations to Member Authorities for Net-Zero Business Grants. **Table 1** details the allocations;

	2026/2027 – 2028/2029
E. Dunbartonshire	£130,924
E. Renfrewshire	£121,057
Glasgow City	£1,020,401
Inverclyde	£77,871
N. Lanarkshire	£372,837
Renfrewshire	£233,120
S. Lanarkshire	£451,102
W. Dunbartonshire	£92.686
Total	£2,500,000

Table 1. MA Net-Zero Business Support Allocations

LGF and RES Requirements

10. LGF contains a mix of capital and revenue funding designed to support efforts to boost gross domestic product (GDP) and real household disposable income (RHDI) to deliver improved economies and higher living standards through three interconnected investment themes:
    - Enabling local growth infrastructure
    - Support for businesses
    - Skills and employment support

11. Capital investment in regional projects of scale is geared towards addressing the enabling local growth infrastructure theme. Within the enabling local growth infrastructure theme there are a number of intermediate impacts/outputs, including:
    - Increased amount of commercial space completed/improved
    - Increased development-ready land and sites
    - Increased housing supply

12. Discussions to date with the UK Government has highlighted the importance of projects adhering to the published outputs and outcomes. It is anticipated this will continue to apply as GCR develops regional projects of scale to incorporate within an updated Investment Plan which will require to be submitted to the UK Government for approval.

13. As established in previous CEG and Cabinet approvals, it is also important that LGF projects align with regional priorities. Within the high level RES vision and missions for the Region to have the most inclusive, productive and advanced city-region economy in the UK are several priority actions directly relevant to the LGF, including:
    - Revitalising town and centres
    - Growing key sectors
    - Providing affordable high quality homes

Outline Approach – Regional Projects of Scale

14. Based on the LGF and RES objectives outlined above, and building from the initial EOI process, it is proposed that GCR engage with MAs and other partners to progress through a staged process as follows:

Aug – Sept ‘26	GCR engage with MAs and other partners to identify potential regional projects of scale that meet the criteria set out below.
Sept – Oct ’26	GCR to confirm proposals and sift projects according to alignment with approved approach.

Nov '26	Seek approval of sifted project(s) via Regional Partnership and GCR Cabinet.
Nov '26 – Mar '27	Approved projects to develop and submit necessary Final Business Case (or equivalent) to GCR governance processes.
Apr '27 – Mar '29	Project delivery, noting projects must have incurred all expenditure in relation to LGF grant funding by the 31st of March 2029.

15. Figure 1 details the proposed criteria to enable the identification and sifting of potential regional projects of scale in accordance with LGF guidance and RES priorities. It is proposed that 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 are able to meet UK Government requirements and deliver on regional priorities.

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: Proposed LGF Regional Projects of Scale Criteria

16. GCR will also be required to work with projects to ensure compliance with UK subsidy control legislation.

Next Steps Regional Projects of Scale

17. GCR will establish an internal Short Life Working Group Short to continue developing the proposed approach and will continue to engage with the UK Government and MAs through the GCR Economic Delivery Group to inform the approach.

18. It should also be noted that in their confirmation letter of LGF approval to Susanne Millar, UKG stipulated that; Year 1 funding release is contingent upon agreement to provide additional information;

    Glasgow fire support and The Paisley Centre. *As part of its £20m 'Regional Projects of Scale' investment theme, the region must consider any proposals (1) from Glasgow City Council for recovery and regeneration related to the Union Street Fire, and (2) from Renfrewshire Council for the regeneration of the Paisley Centre. An update on the regional assessment of such proposals must be provided by the first LGF Quarterly Check-in in September 2026.*

19. This is considered to be a significant change with UK Government directing the region towards specific projects. Any proposals brought forward for any project will be assessed in the same way with a focus on viability, deliverability within the extremely tight timescales associated with the late announcements on the Local Growth Fund and value for money.

20. A final proposed approach will be presented to Chief Executives' Group in September for approval, with recommended projects being presented for approval at Cabinet in November.

Enabling Commercial Space

21. The 26th May 2026 Cabinet agreed the proposal to allocate £20m to the expansion of the existing City Deal £67.4m Enabling Commercial Space Programme. The Cabinet also agreed proposed LGF ECS allocations for each Member Authority as set out at Figure 2.

22. Following the Cabinet's approval, throughout June 2026, the Head of Glasgow City Region Programme Management Office undertook a series of meetings with Member Authorities to discuss which, if any, of the project proposals which had been included in their initial EOI submissions they would wish to take forward in light of the agreed allocations.

23. All MAs confirmed that the allocations would allow them to deliver either the full scope of an EOI proposal(s), or a proportion of an EOI proposal which had been submitted. They also confirmed that their proposed project(s) could be delivered in the 3-year time period of the Local Growth Fund.

24. In a number of cases, MAs advised that further work was required to more fully assess the deliverability risks associated with EOIs in order that their preferred option could be determined from their shortlist. It is therefore proposed that the programme assembly exercise for the £20m LGF ECS programme follows the same staged approach as the City Deal ECS Programme.

25. This will see all MAs:

    a. complete a self-assessment form which assesses their proposed ECS projects against deliverability risk, strategic alignment and economic impact; then
    b. this assessment will be reviewed by the PMO to ensure all risks are low/medium and that a minimum Benefit Cost Ratio can be achieved; then
    c. on confirmation that the proposed project meets the minimum criteria to progress, the Director for Economic Growth will approve the unlocking of up to 20% of the LGF ECS capacity funds for the MA to progress the selected project(s) to FBC stage; then
    d. once FBCs have been approved internally by each MA, they should be submitted to the GCR PMO for appraisal in line with the Business Case Template and upon approval by

the CEG (or the Director for Economic Growth where receiving under £4.5m LGF) will progress to delivery by the MA.

26. Figure 2 below sets out the allocations which are to be made available to MAs for ECS and the proposed project, or in some cases shortlist of projects, which each MA intends to take forward to the self-assessment process.

	Allocation	**Shortlisted Project(s)**
E. Dunbartonshire	£608,000	Southbank House Project
E. Renfrewshire	£892,000	Rouken Glen Enterprise Hub
		Crossmill Business Units
		Barrhead Town Centre Business Space
Glasgow City	7,824,000	Clyde Waterfront Innovation Campus (CWIC) Phase 2
		McLellan Galleries
		Kelvinhall
Inverclyde	£556,000	Inchgreen Marine Park
N. Lanarkshire	£3,496,000	Phase 2- Westfield Point (Cumbernauld)
		Condor Park – Eurocentral
Renfrewshire	£2,628,000	AMIDS Masterplan (Access road (north of NMIS site) and access road to energy centre)
		Johnstone Vision
		Industrial Properties Refurb (Council's industrial stock).
S. Lanarkshire	£3,430,000	Red Tree Labs, Shawfield
W. Dunbartonshire	£566,000	Eastern Platform at Exxon/Sewer Infrastructure
Total	£20,000,000	

Figure 2: ECS Allocations and Proposed Shortlisted Project(s)

27. Given the relatively modest amount of funding available to each Member Authority, some of the proposed projects represent further expansions to existing projects which were already in development, with the LGF funding providing additionality in the form of the opportunity to extend the scale and/or quality of these projects' intended outputs. A number of the projects will also be jointly funded by the City Deal ECS funds.

28. In order to support meeting the challenging capital spend target for LGF in 2026/27, it has been agreed with the UK and Scottish Governments that there is an opportunity to move City Deal funds out of ECS projects which are underway and have significant spend in 2026/27, with the Local Growth Funds being allocated to these. This process will be managed via the existing City Deal Change Control governance processes. Where this does take place, the City Deal funding will be reallocated to fund the ECS project(s) which were proposed for Local Growth Funds. This flexibility is welcomed and helps to ensure that funding is not lost to the Region as a result of challenging annual funding targets.

Next Steps for Enabling Commercial Space Programme

29. The PMO ask Cabinet to approve that the proposed list of projects set out in Table 2 move through to the staged approach set out at para 23a-d as per the City Deal funded ECS projects.

Revenue Allocation (2027 – 2029)

30. As per the agreement of the GCR Cabinet (May 2026) the Revenue allocation for 2026/27 has been passed to Member Authorities to support the delivery of Employability, Skills and Business Support. As per the terms of the LGF grant, revenue funded activity for 2027/28 & 2028/29 will be determined at a GCR level.

31. To identify the revenue funded activity for 2027/28 & 2028/29, two of the Regional Empowerment Working Groups; Skills and Business Growth, will develop proposals for consideration by Regional Partnership and approval by GCR Cabinet in November 2026. This will then enable activity to commence 1 April 2027.

32. As noted under section 18, UKG have also stipulated;

    Regional RDEL transition. *The Regional Partnership must provide further explanation of how it plans to transition to deliver regional revenue-funded activity in Y2 and Y3 of the LGF. This must be provided prior to the first Biannual Delivery Report in November 2026.*

Recommendation

33. The GCR Cabinet is asked to:

    a) Note the report; and
    b) Agree the proposed approach.