



Glasgow City Council
City Administration Committee

Item 3

14th September 2023

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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SHARED PROSPERITY FUND UPDATE

Purpose of Report:

This report recommends the approval of two UK Shared Prosperity Fund programmes under the Supporting Local Business and Communities and Place themes.

The programmes are:

Supporting Local Business

- Innovation Districts Support Programme

Communities and Place

- Net Zero Neighbourhoods

Recommendations:

It is recommended that Committee:

- Approves the projects as outlined in the report; and
- Notes that progress updates will be provided to the Economy, Housing, Transport and Regeneration City Policy Committee on an annual basis.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes No consulted: Yes No

1 Introduction

- 1.1 At its meeting on 18th August 2022¹, Committee considered a report outlining Glasgow City Council's distribution of the UK Shared Prosperity Fund (UKSPF) across the three UKSPF investment priorities, namely: Communities and Place; Supporting Local Business; and People and Skills.
- 1.2 This paper provides detail on the approach to a further two projects that will be funded through UKSPF.

2 Innovation Districts

- 2.1 The Glasgow City Region's (GCR) Economic Strategy aims to have the most innovative, inclusive, and resilient economy in the UK by 2030. The continued development of the Region's Innovation Districts is core to this ambition.
- 2.2 Innovation Districts support place-based innovation and entrepreneurial ecosystems, creating the conditions to generate positive employment, training, and productivity outcomes at scale. In Glasgow, they allow us to bring together our talent base, the research strengths of Universities of Strathclyde and Glasgow, and industrial, commercial, and public sector partners.
- 2.3 This enables the generation of new business, promotion of faster growth in key sectors and stimulates the development of innovative products and services. Co-ordinating their development, maximising co-operation and collectively marketing Glasgow's innovation offer at a national and global level will provide an at-scale proposition comparable with any to be found elsewhere in the UK.
- 2.4 Two of the GCRs Innovation Districts are located within the Glasgow city boundary:
 - *Glasgow City Innovation District (GCID)* was the very first Innovation District in Scotland. Launched in early 2019, it is a hub for entrepreneurship, innovation, and collaboration and builds on Scotland's rich tradition of scientific excellence and industrial collaboration, with the University of Strathclyde at its heart.
 - *Glasgow Riverside Innovation District (GRID)* spans the River Clyde from the western campus of the University of Glasgow to the Queen Elizabeth University Hospital, one of the largest teaching hospitals in Europe. The University is collaborating with a wider range of partners to build innovation and interaction spaces needed to incubate and grow new technology companies.
- 2.5 These existing assets represent a strong foundation on which to continue developing and scaling innovation activity through continued public sector funding, that leverages in private sector investment.

¹ Available at: <https://www.glasgow.gov.uk/council/orsandcommittees/viewSelectedDocument.asp?c=P62AFQDNZLNTDXDNDX>

3 Innovation Accelerator Pilot

- 3.1 In February 2022, GCR was pre-selected as one of three regions across the UK for an equal share of £100m investment in an Innovation Accelerator Pilot, alongside Greater Manchester and the West Midlands.
- 3.2 The GCR Innovation Accelerator programme consists of eleven projects across the city region, assessed by an industry-led partnership and Innovate UK, the UK's national innovation agency. The project shortlist was noted by the Glasgow City Region Cabinet in May this year².
- 3.3 These projects are focused on the key sectors which regional partners had previously identified as representing particular areas of local strength. They represent a good mix which will deliver specific products and processes together with those that will create the enabling conditions for future innovation, especially through offering opportunities for SME growth.
- 3.4 Many of the selected projects draw upon strong links between business and the Higher Education sector, which is a key asset for the city region and a foundation on which further progress in growing an innovation economy can be built. All of them provide a springboard for growth in jobs and GVA, and some present opportunities for GCR to focus on sectors where it has world leading potential.

4 Regional Innovation Action Plan

- 4.1 The work on the Innovation Accelerator project has informed the development of a wider, regional, innovation action plan. This action plan is being co-created with regional partners and Innovate UK, to unlock our significant innovation potential and create a greener, healthier and more prosperous region.
- 4.2 To date, the partnership has held a series of roundtable discussions, led by Glasgow City of Science and Innovation, with the GCR Intelligence Hub carrying out an extensive mapping of key clusters and emerging specialisms, where GCR has both strengths and competitive advantage to further enhance the case for future investment by both public and private sector partners.
- 4.3 The plan will be aligned to emerging national priorities, support the GCR stated ambitions and build on existing innovation assets to help scale up activity.

5 Supporting Local Business – Innovation Districts Support Programme

- 5.1 To realise the city, and GCR, ambitions on innovation, and to deliver against the actions that will emerge from the regional action plan, continued investment in the two city Innovation Districts, is critical.

² Available at: <https://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=P62AFQDNZ3DXNT8181>

- 5.2 UKSPF allows for support in this area, specifically under S15, S16, S17 S19, and S23, - *funding interventions for the development and support of appropriate innovation infrastructure at the local level.*
- 5.3 The Council currently provides funding through core budget to both Glasgow and Strathclyde Universities to support the GRID and GCID Innovation Districts. This proposal will see a continuation of the existing support provided, using UKSPF, to both GCID and GRID, recognising the need to support core staff costs and overheads. If approved, an initial investment of £90,000 this financial year in both GCID and GRID, a total of £180,000 of SPF funding, to continue delivering innovation activity in Glasgow as outlined in the city's Economic Strategy, will be made.
- 5.4 Scottish Enterprise have committed match funding over the next three financial years to support this activity, with the Universities also providing match funding in-kind.
- 5.5 In addition to this, it is proposed that £270,000 of SPF funding per University is used (£540,000), to carry out innovation activity that follows on from the £33m invested in the city region through the Innovation Accelerator Pilot. Following the key principles of the Innovation Accelerator Pilot, project activity that aligns with one or more of the key principles already adopted, specifically
- *Evidence of Financial Leverage:* activity that successfully leverages in other funding, Therefore, projects which show clear evidence of leverage and follow-on investment will be looked on favourably.
 - *Deliverability:* Project deliverability and fit with a balanced portfolio, including horizontal linkages to other sectors and contribution to a mix of mature projects with those which offer future paths to market success. Particular emphasis should be placed on those projects which demonstrate clear partnership working across the city.
 - *Strategic fit:* Likely delivery on the priorities set out in the Regional and City Economic Strategies, and a clear focus on innovation which drives economic outcomes, for example, ensuring a clear focus on jobs, GVA and attraction of further R&D investment, and, where possible, likely impacts on inclusive forms of growth.
 - *Legacy:* Potential for legacy and sustainability. How the activity might feed into future progress for the local innovation eco-system and contribute to its further development beyond the funding period, with particular reference to supporting social innovation and inclusive growth among some of the city's most underserved communities, as well as a focus on activity that can help accelerate economic value through focussing on emerging sectoral strengths and opportunities.
- 5.6 Established structures are in place within both Universities, to ensure appropriate governance, with the Chief Executive of the Council sitting on both innovation leadership groups. These groups are Chaired by The Principal of

Strathclyde, Sir Jim McDonald and the Vice Principal for Economic Development and Innovation, Uzma Khan. It is proposed that the decision on what activity to support is remitted to these groups, with activity agreed that aligns with the key principles outlined in section 5.5. The outputs and outcomes will be reported through existing processes, with ultimate approval of the programme of activity made by the GCR.

- 5.7 Internal governance and compliance structures are in place within the Council, to ensure compliance with UKSPF priorities, outcomes and outputs. All project activity will require to be presented to this group during the course of the award period.
- 5.8 Subject to satisfactory delivery and compliance, it is proposed that a further £1,080,000 of UKSPF funding is invested to continue this activity in financial year 2024/25, broken down as:
- £90,000 of core funding per University:
 - A further £450,000 per University to support innovation activity.
- 5.9 This approach is in line with the underpinning principles of UKSPF in that it is not core Council funding, but rather funding to support city priorities, one of which is supporting the innovation economy and tackling productivity.

6 Net-Zero Neighbourhoods

- 6.1 The Net Zero Neighbourhoods project will see £125,000 of UKSPF monies and is under the Communities and Place theme. It will pilot a new governance and finance model for street-by-street and place-based housing retrofit through exploring different models of finance across housing tenure types in a selected neighbourhood in Glasgow.
- 6.2 The project will be aligned with the work being undertaken by Sustainable Glasgow on developing detailed analysis of decarbonization across the city through the Local Heat & Energy Efficiency Strategy.
- 6.3 It will also benefit from the Council's partnership with the Connected Places Catapult, which hosts the 3Ci collaboration (Cities Climate Investment Commission), a key legacy of COP26 in which Glasgow has a lead role in bringing a collective urban voice to national government on the climate finance agenda.
- 6.4 UKSPF allows for support in this area, specifically under S27 intervention. The output of this project will be a feasibility study, commissioned with NRS colleagues from external consultants. The work will contribute to the city's approach on a just transition to net zero carbon emissions by the year 2030 and, through the 3Ci connection, link into UK national discussions with government on funding support for a pipeline of place-based projects.

7 Policy and Resource Implications

Resource Implications:

- Financial:* The UKSPF represents additional resource to deliver on the Council's economic strategy and related policies.
- Legal:* Appropriate arrangements will be entered into between the Council and each of the Universities to ensure compliance with UKSPF funding requirements, including compliance with the Subsidy Control Act 2022.
- Personnel:* The input by the Council into the preparation of the Investment Plan will be carried out by existing staff. Individual UFSPF activity streams may require some recruitment.
- Procurement:* Some interventions using UKSPF may be procured. In such cases compliance with the Public Contracts (Scotland) Regulations 2015 will be required.

- Council Strategic Plan:** Grand Challenge 1: Reduce poverty and inequality in our communities
- Mission 3: Improve the health and wellbeing of our local communities.
 - Mission 4: Support Glasgow to be a city that is active and culturally vibrant.
- 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]; Reducing Health Inequality; and Empowering

Equality Outcomes 2021-25? Please specify.

Communities.

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

Positive.

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

Elements of the proposal will target the city's underserved communities, including those from socially deprived backgrounds, as well as women and members of the migrant communities.

Climate Impacts:

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

Yes. The actions related to the green economy have been designed to support the implementation of the Glasgow Green Deal – a dedicated action in the climate plan. Many of these actions are enabling in nature – in that they will not directly deliver emissions reductions or improve resilience, but will develop the plans, projects and programmes that will, in partnership with the private sector and communities. The programme will also contribute to a Just Transition, by targeting those businesses and communities most impacted by the energy and cost of living crisis, as well as by focusing on those businesses least able to adapt, and by supporting reskilling and upskilling for those furthest from the labour market.

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

Reduction in CO2 emissions through for example increased energy efficiency of Glasgow businesses. Increased resilience of SMEs and communities to flooding and heatwaves.

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

Yes.

Privacy and Data Protection Impacts:

Are there any potential data protection impacts as a result of this report
Y/N

No.
If Yes, please confirm that a Data Protection Impact Assessment (DPIA) has been carried out

8 Recommendations

It is recommended that Committee:

- i. Approves the projects as outlined in the report; and
- ii. Notes that progress updates will be provided to the Economy, Housing, Transport and Regeneration City Policy Committee on an annual basis.