Glasgow and Clyde Valley City Deal

1. Summary[1]

Eight neighbouring local authorities across Glasgow and the Clyde Valley secured the second largest City Deal in the UK. The deal was formally approved by government in August 2014.

Over the next 20 years, the Glasgow City Region City Deal will fund major infrastructure projects; create thousands of new jobs and assist thousands of unemployed people back to work; improve public transport and connectivity; drive business innovation and growth and generate billions of pounds of private sector investment.

The City Deal will support the local area to achieve its shared long-term vision for the local economy through:

- **Improved infrastructure** - £1.13 billion fund to support the delivery of an improved transport network across Glasgow and the Clyde Valley, key development and regeneration sites and improved public transport.
- **Growth in life sciences** - establishment of world class research and development and commercialisation facilities.
- **Supporting business innovation** - providing additional business incubator and grow-on space for entrepreneurs across the region enabling more small and medium enterprises to grow.
- **Tackling unemployment** - creation of thousands of new jobs and establishment of programmes to provide targeted support to 16-24 year olds and vulnerable residents, and testing new ways of boosting the incomes of people on low wages to make them more self-reliant.

2. How will the City Deal benefit the Glasgow and Clyde City Region?

Overall, economists have estimated that it will lead to a permanent uplift of 4.4% in the regional economy. Over its lifetime, local leaders in Glasgow and the Clyde Valley anticipate that City Deal will:

- Support an overall increase in the economy of around 29,000 jobs in the city region.
- Work with 19,000 unemployed residents and support over 5,500 back into sustained employment.
- Secure £1 billion of Scottish Government and UK Government capital funding to support proposed infrastructure investment programme for the area. This will be complemented by a minimum of £130 of investment from Glasgow and Clyde Valley local authorities.
- Lever in an estimated £3.3 billion of private sector investment into the proposed infrastructure investment programme.
- Spread the benefits of economic growth across Glasgow and Clyde Valley, ensuring deprived areas benefit from this growth. In terms of access to jobs for the most deprived wards, it will be above the average for the city-region.

[1] Primary source: http://www.glasgowcityregion.co.uk/

- An additional £1 in GVA would be expected to bring in 38p in tax income across all taxes at a UK Exchequer level.

The key aim is for the City Region to be seen as one of Europe's leading destinations of choice for residents, businesses, visitors and investors. The characteristics of the City Region include a strong growing core in Glasgow, but able to exploit growth opportunities across the region, reducing economic inequality, and a highly skilled and entrepreneurial workforce able to engage fully with the labour market.

3. Funding and delivery

The UK and Scottish Governments will each give the city region £500 million in grant funding, and the local authorities will borrow a further £130million. This is additional funding outside of the Barnett formula.

The £1.13 billion fund, one of the biggest single funds agreed in a City Deal, will support the delivery of a once in a generation investment into Glasgow and the city region's infrastructure. This is borrowed up-front by the local authorities for the 10 year programme, and the capital grants are paid by central and Scottish governments at periodic points throughout the programme to service Council borrowing. (The financing costs are covered by the local authority.)

This funding will be used to: enhance transport infrastructure; unlock new sites for housing and employment; and improve public transport over the next 10-20 years.

Further funding of £18.8 million from BIS (Department of Business, Innovation and Skills) and £4.8 million from Department of Work and Pensions will fund the Business Growth and Innovation and the Employability schemes respectively over three years.

Funding provided by the UK Government and the Scottish Government will be paid over a twenty year period in annual instalments. This funding will be unlocked in five-year blocks, subject to Glasgow and Clyde Valley meeting agreed outputs and outcomes assessed through a Gateway Review mechanism.

A Project Management Office administers and manages the Programme; liaises with the UK and Scottish Governments and other stakeholders; analyses and reports on the impact and delivery of projects and the overall programme.

4. Projects contained in Glasgow and Clyde City Deal

The programme of 26 projects is spread over three themes:

- **Infrastructure:** Based on proposal developed by the Clyde Valley Authorities the infrastructure fund will deliver twenty new projects across the region (excluding East Dunbartonshire): an improved transport network across Glasgow and the Clyde Valley; key development and regeneration sites, unlocking new sites for housing and development; and improved public transport.
- **Employability:** Three schemes will be established to support the labour market and local employment challenges:

- **Working Matters:** employment scheme for those in receipt of Employment Support Allowance to work with 4,000 people, assisting at least 600 into sustained work.
- **Youth Gateway:** an integrated employment programme for young people (16 - 24) will work with 15,000 people over the next three years, helping 5,000 into sustained work.
- **In Work Progression:** a pilot labour market progression programme in the Care sector to support the training and development of staff in low income jobs, boosting wages and reducing reliance on in-work benefits.

- **Business Growth and Innovation:** Schemes to support the growth of small and medium enterprises and enhance the life science sector.
  - **Imaging Centre of Excellence:** the development of the Glasgow University led Imaging Centre (ICE) of Excellence at the new Queen Elizabeth II Hospital Campus will provide ground-breaking medical research and commercialisation facilities for clinical researchers and companies developing new products and services in the life science sector. ICE has secured £16 million of City Deal funding from the Department for Business, Innovation & Skills.
  - **Integrated Grow-on:** the development of a new Centre for Business Incubation and Development in Glasgow's Merchant City will provide quality, flexible work spaces for growing small to medium sized enterprises and a highly focused account managed service from dedicated business advisers.
  - **MediCity:** the MediCity Scotland facility based at Euro Central Business Park in North Lanarkshire will bring together academics, entrepreneurs, clinicians and business support services to boost the development of new healthcare services and medical technology. This project is expected to create 150 jobs within new med-tech companies over the next 5 years.

5. Key stages to developing Glasgow and Clyde City Deal

Over an 18-month period of intensive consultation, analysis and negotiations, there were 3 key work streams[2] to develop the City Deal:

- Strategy, stakeholder management and governance, with a feasibility study to agree shared objectives, a distributed governance model and ‘asks’ on the basis of technical and economic analysis;
- Economic modelling and project selection, prioritised on basis of GVA return on investment, regional gain and balanced access to employment; and
- Finance and funding, to determine affordability and whole-life costs as well as required changes to local government accounting regulations.

The eight local authorities participating in the City Deal are East Dunbartonshire Council, East Renfrewshire Council, Glasgow City Council, Inverclyde Council, North Lanarkshire Council, Renfrewshire Council, South Lanarkshire Council and West Dunbartonshire Council.

[2] Source: KPMG