

To: Economy and Regeneration Policy Board

On: 28 May 2024

Report by: Chief Executive

Heading: Glasgow City Region Investment Zone – Renfrewshire Council Application.

1. Summary

1.1 The purpose of this report is to inform the Economy and Regeneration Board on the progress of the Glasgow City Region Investment Zone (GCR IZ) and for the Board to approve Renfrewshire Council's submitted application for investment zone funding at the Advanced Manufacturing Innovation District Scotland (AMIDS).

2. Recommendations

2.1 It is recommended that the Board:

- (i) Approves Renfrewshire Council's submission for Investment Zone funding at AMIDS. This includes bidding to become one of the Investment Zone's tax sites (encompassing Netherton Campus, Westway and potentially Glasgow Airport) as well as applying for capital investment to help fund "Tech Terrace" at Netherton Campus and to attract potential occupiers and to improve future development viability.
 - (ii) Notes the timescales of the development of GCR Investment Zone proposal for submission to UK/Scottish Governments and confirm that updates and required approvals will be reported to Board at regular intervals as appropriate.
-

3. Background

3.1 A report to the Economy and Regeneration Board on 19 March 2024 provided an update on the Glasgow City Region (GCR) receiving £160m in funding from the Scottish and UK governments over 10 years to form an investment zone (there will be two in Scotland; one in the GCR, another in the North-East).

- 3.2 It is intended that these zones will stimulate private sector investment thereby increasing the GCR's innovation potential, driving economic growth, reducing economic inequalities and creating high value jobs across the Region.
- 3.3 Any finalised programme for the IZ is subject to final agreement by both the UK and Scottish Government's and needs to correspond to both the Levelling-Up Strategy and the Scottish National Strategy for Economic Transformation.
- 3.4 The £160m IZ funding can be used flexibly between capital/revenue spending and tax incentives for investing companies. The exact nature of the GCR IZ programme will be decided by a separate governance board (as yet to be created) which will be set up to oversee the delivery of the GCR IZ and reporting to the Glasgow City Region Cabinet.
- 3.5 To determine the allocation of funding, the GCR has carried out the following key stages, with several already fulfilled.
 - **Phase 1: Scoping of Key Objectives and Parameters (June -December 2023):** The initial phase involved analysis, undertaken by the Regional Intelligence Hub and engagement with key partners to identify the objectives and parameters of the Region's IZ including proposed economic sectors, geography, interventions and delivery models. An analysis of established Investment Zones in England was also undertaken.

It was determined that the GCR IZ should build on existing strengths and cluster specialisms such as advanced manufacturing and life sciences, support R&D focused firms, create a significant number of mid to high skilled good jobs, generate significant private sector development and facilitate the development / regeneration of under-developed land and assets within the Region. There were also calls for the development of a regional skills programme for local residents and a regional investment fund.

An initial set of priority sectors were identified: Life Sciences, Energy and Net Zero, Digital Creative Industries, Advanced Manufacturing and Precision Engineering, Digital and Enabling Technologies and Services. A call for Expressions of Interest (EOI) co-ordinated through Scottish Enterprise, Skills Development Scotland and the eight member councils identified and engaged with organisations within these sectors across the private and academic domains.

Over 90 EOIs were received from across the Region and across all priority sectors.

- **Phase 2: Open call for eligible applications (January – March 2024):** After a review of Phase 1, it was determined that the GCR IZ should have a primary focus around one of the following sectors: Life Sciences, Advanced Manufacturing and Precision Engineering, or Digital and Enabling Technologies and Services.

Phase two involved an open call for detailed project applications from eligible businesses and organisations.

To be eligible applicants must be involved in one of the three sectors identified above and provide at least 60% of the project funding which will then be matched by 40% of public funding in capital / revenue investment or tax incentives.

Renfrewshire Council and its joint venture partner Tarras Park Property Limited (trading as Buccleuch Property), opted to apply at this stage for funding to help further develop the Advanced Manufacturing Innovation District Scotland (AMIDS), centred on Council-owned land at Netherton Campus.

- **Phase 3: Collation of proposals and projects / Approval by Government:** The deadline for applications at Phase 2 was the 31st of March 2024. The application was not sufficiently developed to allow it to be presented at the Economy and Regeneration Board in March 2024. The GCR have subsequently confirmed almost £2 billion worth of project funding bids had been submitted over 41 key projects.

The applications are now being reviewed and assessed by the GCR using a scoring matrix. This will produce a list of projects which will be eligible for IZ funding. They will also select the sites which will be put forward for the tax zone status as well as agreeing on a final position in terms of what the IZ's primary sector will be. These decisions will be ratified at the next available GCR Cabinet meeting.

The GCR will then collate the Region's formal proposal including the final package of projects for consideration and approval by the UK and Scottish Governments.

4. Renfrewshire IZ application

- 4.1 The main emphasis for the Council's IZ bid is to achieve the overarching ambition of AMIDS becoming Scotland's premier destination for advanced manufacturing innovation. AMIDS is already home to two new world-class innovation centres - the National Manufacturing Institute Scotland (NMIS) and the CPI Medicines Manufacturing Innovation Centre (CPI/MMIC) with a third confirmed, titled the Oligonucleotide Manufacturing Innovation Centre of Excellence (OMICE). AMIDS has also been supported by significant enabling infrastructure, including City Deal investment which has provided new roads and bridges. Securing IZ funding will complement and support this existing investment creating a conducive environment for growth and development.
- 4.2 The Council's bid was developed in collaboration with its JV partner and with key stakeholders across Renfrewshire. The Council's bid plans to use IZ funding to help implement the AMIDS Development Programme (ADP), which aims to scale up activities at AMIDS, acting as a catalyst for securing additional investment and creating modern workspace for advanced manufacturing companies which will ultimately increase economic activity to benefit local, regional, and national economies.

- 4.3 The ADP comprises an integrated series of IZ projects and bids (from the Council and AMIDS partners including University of Strathclyde/NMIS and CPI/MMIC) aimed at achieving transformative advanced manufacturing development. The ADP is dependent on realising three objectives: enhancing modern infrastructure for sectoral growth, attracting future investment and increasing skills and innovation among the workforce and businesses. It is hoped that securing IZ funding will be a key driver in achieving these outcomes.
- 4.4 Specifically, the Renfrewshire Council IZ bid was based upon two main elements:
- Creation of a tax site (one of the three potential IZ tax sites across the GCR) at Netherton Campus alongside Westway and potentially Glasgow Airport. It estimated that around £10m in tax incentives could be utilised at the site.
 - Securing capital investment (£4m) for “Tech Terrace” at Netherton Campus which will be a new facility (32,000 sq. ft) providing modern individual spin out units with a specific focus on advanced manufacturing SMEs. The Council also asked for potential additional capital investment (£12m) which will enhance AMIDS appeal further to potential occupiers and improve development viability. A copy of the full application submission is available to elected members on request.
- 4.5 The proposed tax zone site within Renfrewshire will not be a separate legal site, and as such is bound by relevant devolved legislation including employment rights and climate change. The IZ will not contain any special exceptions and the principle of Fair Work First should be embedded at every opportunity. There are also opportunities to take leading action with partners in terms of additionality, such as using any investment within the zone as an opportunity to deliver social and employment outcomes. Moreover, the tax incentives will be discounted from the overall funding package which means that any proposal for their inclusion must have a rationale which links back to the overall aims and objectives of the GCR IZ. Each investment seeking funding to locate and operate from within the IZ will be subject to specific and individual agreement with the GCR governance.

5. Next Steps

- 5.1 The GCR will review and assess all IZ bid applications and then prepare an Investment Zone Programme based on the finalised sector, projects and tax Sites which will then be submitted to both the UK and Scottish Governments for sign-off. It is expected that this process will be complete by Summer 2024.
- 5.2 Future governance arrangements regarding the IZ funding will be presented to this Board at a future date, once confirmed by the GCR and the Governments.
- 5.3 If Renfrewshire Council's bid for IZ funding is successful, then this will be reported back to Board for approval.

Implications of the Report

1. **Financial** – Significant as the Council will potentially have access to millions of pounds of IZ funding.
2. **HR & Organisational Development** – None.
3. **Community Planning** –
 - Our Renfrewshire is thriving – AMIDS will deliver an economic boost bringing thousands of jobs to the local area.
 - Our Renfrewshire is well – AMIDS will bring new talent, career opportunities and economic advantages.
 - Reshaping our place, our economy and our future – AMIDS will transform a previous derelict and unoccupied area of land. This has already seen the transformation of core infrastructure, and buildings will now follow to enhance the area.
 - Tackling inequality, ensuring opportunities for all – AMIDS will deliver job opportunities at all levels within multiple different sectors.
 - Creating a sustainable Renfrewshire for all to enjoy – Net Zero is a key feature of innovation that is being sought at AMIDS. The area is also supported by a district heating network for low carbon heat to premises.
 - Working together to improve outcomes – AMIDS will see partnership working between the public, private, and education sectors bringing a wealth of experience.
4. **Legal** – None.
5. **Property/Assets** – None.
6. **Information Technology** – None.
7. **Equality & Human Rights** -
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – None.
9. **Procurement** – None.

10. **Risk** – Project specific and Programme level risk registers have been established for all projects. These are kept under regular review and reported to the Council's internal City Deal and Infrastructure Programme Board.
 11. **Privacy Impact** – None.
 12. **Cosla Policy Position** – None.
 13. **Climate Risk** – None.
-

List of Background Papers

None.

Author: *Euan Shearer, Regeneration and Place Manager*