

Glasgow and Clyde Valley City Deal



Executive Summary

Glasgow and Clyde Valley is comprised of eight local authorities: East Dunbartonshire Council; East Renfrewshire Council; Glasgow City Council; Inverclyde Council; North Lanarkshire Council; Renfrewshire Council; South Lanarkshire Council; and West Dunbartonshire Council (hereinafter referred to as “Glasgow and Clyde Valley”). This area comprises the largest city-region in Scotland and one of the largest in the United Kingdom, with a population of over 1.75 million people. As such Glasgow and Clyde Valley is a key engine of economic growth for both the Scottish and UK economies, generating around 32% of Scotland’s Gross Value Added, 33% of Scottish jobs and is home to over 29% of all businesses in Scotland.

Glasgow and Clyde Valley benefits from numerous economic assets including: strengths in areas such as financial services, life sciences, engineering, manufacturing and creative and media industries; successful universities and research institutes; and a skilled workforce. However the city and wider region also faces numerous challenges that have acted as barriers to economic growth. These include: high rates of long term unemployment; poor survival rates for business start-ups (when compared to similar UK cities); stalled development sites in key locations; and weaknesses in the area’s transport infrastructure.

Recognising these challenges and opportunities local leaders, the Scottish Government and UK Government have worked together to transform Glasgow and Clyde Valley. As a result of action taken to date, the city and wider region is undergoing a renaissance, re-emerging as a major centre for economic growth in the UK. Signs of this renaissance include: the 2014 Commonwealth Games – where the city welcomed athletes and visitors from all over the world; major enhancements to infrastructure including improvements to the M74 and M80; and the construction of the new South Glasgow Hospitals Campus (which will be the largest hospital complex in Western Europe). Building on this the City Deal provides a further opportunity to take another step forward for the local area by providing new jobs and opportunities for the people of Glasgow, the Clyde Valley and Scotland.

This City Deal is one of the largest ever agreed. It is an agreement between: the UK Government; the Scottish Government; and the eight local authorities across Glasgow and Clyde Valley. This deal provides an example of what can be achieved when all levels of Government, businesses, universities and the voluntary and community sector work together to promote economic growth. Over its lifetime local leaders in Glasgow and the Clyde Valley estimate this 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 the proposed infrastructure investment programme for the area. This will be complemented by a minimum of £130 million 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.

Our signing of this document confirms our joint commitment to ensure full implementation of the Glasgow and Clyde Valley City Deal proposed by: East Dunbartonshire Council; East Renfrewshire Council; Glasgow City Council; Inverclyde Council; North Lanarkshire Council; Renfrewshire Council; South Lanarkshire Council; and West Dunbartonshire Council. To ensure implementation and demonstrate success we will jointly track progress against milestones and outcomes.

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Rt Hon Danny Alexander MP
Chief Secretary to the Treasury
UK Government

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Nicola Sturgeon MSP
Deputy First Minister of Scotland
Scottish Government

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Rt Hon Greg Clark MP
Minister for Universities, Science
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John Swinney MSP
Cabinet Secretary for Finance,
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Cllr. Gordon Matheson
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Cllr. Rhondda Geekie
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Cllr. Jim Fletcher
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Cllr. Stephen McCabe
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Cllr. Jim McCabe
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Cllr. Mark Macmillan
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Cllr. Eddie McAvoy
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Cllr. Martin Rooney
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West Dunbartonshire Council

Introduction

1. Glasgow and Clyde Valley is the largest city-region in Scotland and one of the largest city regions in the United Kingdom. As such it is a key engine of economic growth for both the Scottish and UK economies, generating around 32% of Scotland's Gross Value Added and 33% of Scottish jobs. It is also home to over 29% of all businesses in Scotland.
2. Glasgow and Clyde Valley benefits from numerous economic assets. It has existing strengths in areas including financial services, life sciences, engineering, manufacturing and creative and media industries. Successful universities and research institutes provide the space for both innovation and the people who will drive the city's development. More widely, the region benefits from a highly skilled workforce across a wide range of industries. However the city and wider region also faces numerous challenges that act as barriers to future economic growth. High rates of long term unemployment, poor survival rates for business start-ups (when compared to similar UK cities), stalled development sites in key locations and pressures facing existing transport infrastructure remain key challenges.
3. The growth strategy underpinning the work of Glasgow and Clyde Valley recognises these comparative economic advantages and challenges. As such, the City Deal will support the local area to achieve its shared long term vision for the local economy by:
 - Establishing a **£1.13 billion Glasgow and Clyde Valley Infrastructure 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.
 - Supporting **further growth in the life science sector** through the establishment of world class R&D and commercialisation facilities in the city.
 - Enabling more small and medium enterprises to grow by **providing additional business incubator and grow-on space** for entrepreneurs across Glasgow and the Clyde Valley.
 - **Tackling unemployment** through the establishment of programmes that will provide targeted support to both 16-24 year olds and vulnerable residents that are in receipt of Employment Support Allowance.
 - Testing **new ways of boosting the incomes of people on low wages**, making them more self reliant.

Why does Glasgow and Clyde Valley need a City Deal?

Infrastructure investment

4. In January 2013 Glasgow and Clyde Valley embarked on a study to determine whether an Infrastructure Fund could meet the area's objectives to: close its economic 'output gap' with top performing European Cities; and ensure that economic growth benefits all the residents of Glasgow – including the area's most deprived neighbourhoods. This study drew on the existing economic evidence as well as extensive stakeholder analysis to: evaluate the economic geography of the city region; identify key infrastructure constraints; and assess existing approaches to investment prioritisation and appraisal. The study identified that there was a significant need for additional infrastructure investment and that a more coordinated approach to delivering infrastructure would maximise the impact of this investment.

Investing in life sciences and business support

5. The development of the largest hospital in Western Europe (South Glasgow Hospital Campus) not only provides an opportunity to significantly enhance healthcare services for the people of Glasgow and Scotland, it also provides a great opportunity to create a unique life science research and development cluster that will benefit Scotland and the UK as a whole. This City Deal will provide additional funding to enhance plans to build a Stratified Medicine: Imaging Centre of Excellence. This development will include the Scottish NHS, academic partners and industry partners. Once completed this new facility will allow Glasgow to support a much greater volume and variety of clinical trials, enabling more high quality research to be translated into new products and services.
6. Whilst Glasgow and Clyde Valley and Scotland benefit from a high degree of university spin out companies within the medical technology sector, the private sector is not as effective at producing the level of expected start-ups. The City Deal will support the development of new facilities that will create an environment in which new medical technology companies can grow and establish themselves.
7. Providing additional business support to small and medium sized enterprises will create new employment opportunities and further strengthen the private sector across the city region.

Tackling unemployment

8. The City Deal provides an opportunity to bring together existing support for unemployed young people and launch a new integrated employment scheme for Employment Support Allowance claimants across Glasgow and the Clyde Valley. Funding secured through this City Deal will also provide additional support for those in low income jobs, ensuring that the economic recovery taking hold across Scotland and the UK benefits all members of society.

The Deal

9. Glasgow and Clyde Valley have undertaken research to establish the need for significant infrastructure investment across the area. The City Deal **flagship proposal** will:
 - Establish a **£1.13 billion Glasgow and Clyde Valley Infrastructure Fund**. This 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's infrastructure. The UK Government will provide £500 million of funding, £500 million will be provided by the Scottish Government and a minimum of £130 million will come from local authorities across Glasgow and Clyde Valley. 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.
 - 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.
 - The Infrastructure Fund will be underpinned by a robust governance process, a rigorous assurance framework and programme management arrangements that are designed to ensure that public money delivers agreed outcomes.
10. The infrastructure fund will be **complemented by a range of life science, business support and labour market schemes**. These schemes are designed to support the growth of small and medium enterprises, enhance the life science sector and tackle the city region's long running challenge around unemployment. To achieve this the Glasgow and Clyde Valley City Deal will:
 - Support the development of an Imaging Centre of Excellence as part of the £64 million investment in **Stratified Medicine** at the new South Glasgow Hospitals Campus. This centre will provide new imaging, R&D and commercialisation facilities for clinical researchers and companies that are developing new products and services in the life science sector.
 - Support the development of a £4 million **MediCity Scotland** facility. This facility will bring academics, entrepreneurs, clinicians and business support services together in order to support the development of new healthcare services and medical technology.
 - Support the development of a new £4 million **Centre for Business Incubation and Development** in the Tontine Building in Glasgow's Merchant City.
 - Launch a new **£9 million employment scheme for individuals in receipt of Employment Support Allowance**. This scheme will work with 4,000 individuals and help at least 600 Employment Support Allowance claimants into sustained work.
 - Launch a £15 million youth employment programme that will provide a **new integrated employment support service for young people (16 – 24)**. This programme will seek to work with 15,000 young people over the next three years, helping 5,000 into sustained work.
 - Establish a **prototype labour market progression programme** in three sectors (care, hospitality and retail). The aim of this prototype scheme will be to support the training and development of staff, thereby boosting their wages and reducing their reliance on in-work benefits.

11. Over its lifetime Glasgow and Clyde Valley partners estimate this City Deal will:

- Support an additional overall increase 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 the delivery of the proposed infrastructure investment programme for the area. This will be complemented by a minimum of £130 million of investment from local authorities across Glasgow and the Clyde Valley.
- Lever in an estimated £3.3 billion of private sector investment into the infrastructure programme.
- Spread the benefits of economic growth across Glasgow and Clyde Valley, ensuring deprived areas benefit from this growth.

Geography

12. This City Deal sets out a range of programmes and initiatives that seek to support Glasgow and the Clyde Valley. This includes the areas covered by the following local authorities: East Dunbartonshire; East Renfrewshire; Glasgow City; Inverclyde; North Lanarkshire; Renfrewshire; South Lanarkshire; and West Dunbartonshire.

Key Elements of the City Deal

Glasgow and Clyde Valley Infrastructure Fund

13. The purpose of the **£1.13 billion Glasgow and Clyde Valley Infrastructure Fund** is to support the delivery of an investment programme for the city region, which will see up to 20 infrastructure projects taken forward (subject to appropriate processes being undertaken through an agreed assurance framework). These projects will improve the regional transport network, including public transport, and seek to unlock key development sites across the region. Local authorities in Glasgow and Clyde Valley believe that projects supported by this fund will leverage a further £3.3 billion of private sector investment and generate genuine additional economic growth above what would be achieved in the absence of such a fund.
14. Over a 20 year period (commencing in 2015/16) the UK and Scottish Government will each provide £500 million of capital funding, in a manner that is consistent with HM Treasury rules for managing the public finances. Local authorities in Glasgow and the Clyde Valley will also contribute a minimum of £130 million over this period. UK Government and Scottish Government funding will be paid as annual grants, in line with an agreed funding profile over a 20 year period. An annual grant offer letter will set out the conditions of the grant for that year, which will include conditions of its use. These conditions will include requirements for the grant to be used for: capital expenditure by local authorities directly or through the provision of grants to third parties; and/or for the early redemption of the principal element of debt (but not interest) associated with prior years' capital expenditure.
15. In order to maximise the impact of the Infrastructure Fund, the Scottish Government will, as part of this City Deal, explore bringing forward proposals to change the current legislative provisions relating to local authority borrowing and repayment based on prudential principles. This has the potential to enable Glasgow and Clyde Valley to frontload its infrastructure investment programme in the first 10 years.
16. Glasgow and Clyde Valley believe that the planned investment in infrastructure will result in the creation of over 28,400 new jobs in the city region by 2035. During the first five years of the programme the jobs created will primarily be in the construction sector. The use of Community Benefit clauses in the procurement of all of the contracts will maximise the number of opportunities for new entrants and trainees.

Infrastructure Fund Assurance Framework

17. Local authorities across Glasgow and Clyde Valley have committed to adopting a city-region wide single infrastructure assurance framework by December 2014. By adopting this framework prior to the commencement of the Glasgow and Clyde Valley Infrastructure Fund, Glasgow and Clyde Valley will ensure that infrastructure schemes that are delivered provide good value for money and are underpinned by robust business cases.
18. This assurance framework will be based on existing best practice from the UK Government and Scottish Government. In addition the framework will also draw upon Glasgow and Clyde Valley's processes for managing the development of infrastructure associated with the 2014 Commonwealth Games. Key elements that the assurance framework will include are:
 - Purpose, structure and operating principles of the framework.
 - Prioritisation process utilised to develop the programme of infrastructure investment.
 - Programme management and investment decision processes.

- Appraisal of how projects interact with one another and existing infrastructure.
 - The link the assurance framework and its associated processes have with the overarching Governance arrangements for the City Deal.
19. Both the assurance framework and associated governance arrangements (discussed below) will need to be formally endorsed by the Scottish and UK Governments as being robust and fit-for-purpose. In addition, the framework and governance arrangements will need to be adopted by Glasgow and Clyde Valley in advance of April 2015, before any capital funding will be released by either Government.

Gateway Review Mechanism

20. The Glasgow and Clyde Valley Infrastructure Fund will be underpinned by an innovative Gateway Review mechanism, which seeks to incentivise local leaders in Glasgow and Clyde Valley to prioritise and invest in an infrastructure programme that delivers the greatest economic impact for the local, Scottish and UK economies. UK Government and Scottish Government funding will be unlocked in five-year funding blocks, to an agreed funding profile.
21. In the first five years the UK and Scottish Governments will each provide Glasgow and Clyde Valley with total capital grant of £75 million (2015/16 to 2019/20), totalling investment of £150 million. This will consist of five annual payments of £30 million (£15 million from the UK Government and £15 million from Scottish Government). The remaining £850 million of funding will be conditional on local partners demonstrating: robust governance of the Deal; a clear record of infrastructure project delivery; and evidence that projects provide good value for money at the local and national levels, as determined by the criteria set out in the assurance framework.
22. The formal process for agreeing the release of future grant will be a series of 5-yearly Gateway Reviews, commencing in 2019. These reviews will be conducted by an independent Commission. In total there will be three Gateway Reviews. If Glasgow and Clyde Valley meet agreed outputs and outcomes at each review they will unlock the full £1 billion of funding from the UK and Scottish Governments.
- **Gateway Review 1:** This review is scheduled to take place in May 2019 and if successfully passed will unlock £250 million of payments for 2020/21 – 2024/25. At the first Gateway Review the independent Commission will submit an assessment to the UK and Scottish Governments of the estimated economic impacts of the investments made to date. The assessment will be based upon both the early stages of economic evaluation work and Glasgow and Clyde Valley's record of delivering agreed infrastructure projects.
 - **Gateway Review 2:** This review is scheduled to take place in May 2024 and if successfully passed will unlock £300 million of payments for 2025/26 – 2029/30. The second Gateway Review will focus on overall economic performance in the 10 years since the Glasgow and Clyde Valley Infrastructure Fund became operational, factoring in the impact of the planned programme of investment. The Commission will use their initial assessment in 2015 to establish a counterfactual for growth in Glasgow and the Clyde Valley, Scotland and the UK in the absence of the City Deal. The Infrastructure Fund's performance will be assessed against this counterfactual, taking into account wider economic conditions.
 - **Gateway Review 3:** This review is scheduled to take place in May 2029 and if successfully passed will unlock £300 million of payments for 2030/31 – 2034/35. The

third Gateway Review will follow a similar process to Gateway Review 2, taking into account wider economic conditions.

The Commission on Urban Economic Growth

23. To facilitate Gateway Reviews, Glasgow and Clyde Valley will establish an independent Commission on Urban Economic Growth, to undertake analysis and make recommendations to the UK and Scottish Governments on the performance of the Infrastructure Fund against agreed metrics. To support their analysis and recommendations the Commission will have an important role in furthering the development of an evidence base that explores the delivery and measurement of local and national growth derived from infrastructure investment. The work of this Commission will be shared with comparable Commissions that are being established by Cambridge and West Yorkshire, as they establish and monitor their own local Infrastructure Funds.
24. To enable this work to begin as quickly as possible Glasgow and Clyde Valley will set out detailed proposals to the UK and Scottish Governments on the operation of the Commission by November 2014, to permit the establishment of the Commission in December 2014. The proposal for the Commission will include:
- Detailed terms of reference for the Commission, reflecting the overall approach that will be adopted by the Commission in undertaking its analysis.
 - The membership of the Commission, including number of people and the chairperson. Members will be nominated by the UK Government, the Scottish Government and Glasgow and Clyde Valley.
 - The Commission's work programme, including clear milestones for reviews and reports.
 - An assessment of the Commission's operating costs.
 - An agreed role for how the Scottish Government uses its analytical capability to support the work of the Commission.
 - How the Commission will feed into the existing assurance frameworks and governance structures in place.
25. By March 2015 the Commission will commence work on defining its approach to the first Gateway Review in 2019. Its conclusions will be published by December 2015. In tandem, the Commission will commence work to refine its approach to the second and third gateways. An assessment of additional economic growth at the Scotland and UK levels will be a key issue for these reviews. All published findings from the Commission will be used by UK and Scottish Government Ministers to inform their deliberations as to whether Glasgow and Clyde Valley have met the conditions of a Gateway Review.

Local Authority Borrowing to support the Glasgow and Clyde Valley Infrastructure Fund

26. Throughout the course of the City Deal programme Glasgow and Clyde Valley local authorities will be responsible for financing the capital investment programme. The difference in the profile between the proposed capital investment and the capital grant funding may require a local authority to borrow to fund any difference in expenditure and grant. The cost of any external borrowing is the responsibility of the local authority and is to be managed by the local authority in accordance with prudential principles – it must be prudent, affordable and sustainable. In a scenario where a future Gateway is not achieved, leading to any reduction or cessation of City Deal capital grant, then it will be the responsibility of individual local authorities within Glasgow and Clyde Valley to manage the

financial impact of this within their local authority budget, utilising reserves or surpluses as required.

Supporting the Growth of the Life Sciences Sector and Growing Small and Medium Enterprises

27. Complementing the flagship Infrastructure Fund the UK Government and local leaders from Glasgow and the Clyde Valley have agreed a life science and business support investment package that will: build on existing Scottish Government investments; support growth in the city's life science sector; and enable small and medium enterprises across the city to grow. As part of this City Deal three schemes will be taken forward, subject to final approval of business cases in September 2014.

Stratified Medicine: Imaging Centre of Excellence

28. Stratified Medicine is an exciting field in healthcare, providing new opportunities to: develop tailored treatments for individuals; and to create large numbers of new high quality jobs. To support this sector leaders across Glasgow and the Clyde Valley and the UK and Scottish Governments have agreed to support the **development of a Stratified Medicine: Imaging Centre of Excellence**.
29. Based at the £1 billion New South Glasgow Hospitals Campus (which is currently under construction) this enhanced facility, led by the University of Glasgow, will provide life science research and innovation facilities that include: business incubator space for small and medium sized enterprises specialising in stratified medicine; room for clinical researchers specialising in applied imaging research; and space for companies from the pharmaceutical sector. Glasgow and Clyde Valley believes this scheme will generate 396 high-value new jobs over a seven year period and generate £88 million for the local economy.
30. To take this scheme forward the UK Government will provide £16 million of funding over three years (2014/15 – 2016/17) to establish a world leading Stratified Medicine: Imaging Centre of Excellence on the site of the South Glasgow Hospital. This will add to £48 million of investment in Stratified Medicine assets that has already been committed by a range of funders including significant contributions from the Scottish Government, Scottish Funding Council, Scottish NHS and the University of Glasgow. Release of UK Government funding will be subject to development of a final business case which is supported by the Medical Research Council as: being good value for money; and demonstratively enhancing Glasgow's life sciences sector. UK Government officials will consult with the Scottish Government when assessing this business case.

MediCity: Healthcare Services and Medical Technology

31. Much of Glasgow's healthcare and medical technology sector is comprised of small or micro businesses, which are often poorly connected with: other complementary businesses; the health service; and researchers/academics that specialise in this field. Despite these constraints local leaders in Glasgow and the Clyde Valley believe this sector has significant potential to grow and to provide new jobs.
32. Therefore, as part of this City Deal, the UK Government and local leaders have agreed to support **the establishment of MediCity Scotland**. Located in the campus of BioCity Scotland (on the outskirts of Glasgow) this new facility will bring together: academics; entrepreneurs; clinicians and business support services. Together this grouping of individuals and services will support companies in Scotland's healthcare sector to develop new healthcare services and medical technology for the market. Glasgow and Clyde Valley believes this scheme will create 50 new healthcare businesses and create 350 new jobs over seven years.
33. To take this scheme forward the UK Government will provide £1.2 million of capital funding in 2014/15, subject to final agreement of the scheme's business case including clarification

of how MediCity will be integrated with existing health service and medical technology facilities across the UK. This will be matched with up to £2.79 million of local funding, with significant contributions from BioCity Scotland and North Lanarkshire Council. Scottish Enterprise is also considering how it may be able to support the project.

Glasgow Grow-on Centre for Business Incubation and Development

34. As an entrepreneurial city Glasgow's rate of new business start-ups is above the national average. However the city's rate of business failure is higher than comparable cities such as Edinburgh, Manchester and Birmingham. In order to provide further support to Glasgow's new businesses the UK Government and local leaders have agreed to **establish a new Centre for Business Incubation and Development in the Tontine Building**, which is located in the Merchant City quarter of Glasgow. This space will be open to ambitious and growing small and medium enterprises from all economic sectors. Services provided at this centre will also be aligned to programmes being taken forward by Scottish Enterprise, therefore maximising the range of business support available to companies.
35. This new facility will accommodate up to 50 businesses at any given time and will provide high quality flexible work spaces for companies that have between two and twenty staff. As part of this scheme Glasgow City Council and the University of Strathclyde will provide additional business support services including: business mentoring; access to finance services; and back-office services such as ICT, Human Resources and legal/accounting services. Glasgow and Clyde Valley believes that this scheme, over a five year period, will support 125 firms and create 600 new jobs.
36. To take this scheme forward the UK Government will provide £1.67 million of capital funding in 2014/15 to Glasgow City Council, subject to final agreement of the scheme's business case. This business case will also seek to ensure that the business support provided is both coordinated and targeted and does not duplicate the work of Scottish Enterprise. UK Government funding will be matched by up to £2.42 million of local funding.

Supporting Growth – Tackling Long Term Unemployment and Increasing Earnings

37. The Glasgow and Clyde Valley City Deal will build on local work to reduce unemployment across the city region, ensuring that unemployed people benefit from the job opportunities that will result from the major investment that this deal will unlock.
38. The UK Government, the Scottish Government and Glasgow and Clyde Valley have agreed to develop three schemes to boost employment and earnings. These are:
- Tackling entrenched unemployment for Employment and Support Allowance claimants, with an explicit focus on those leaving the Work Programme.
 - Boosting youth employment and skills training opportunities via the creation of a single integrated Glasgow and Clyde Valley Guarantee for Young People, which will streamline existing services.
 - Piloting a new scheme working with employers and people in low paid jobs to boost earnings and increase upward labour mobility.

Reducing Unemployment for those on Employment Support Allowance

39. Across Glasgow and the Clyde Valley area over 100,000 people are unemployed and claiming Employment Support Allowance. The UK Government, Scottish Government and local leaders are committed to helping the hardest to reach claimants into work. Therefore, aligned to national and Scottish initiatives such as the Work Programme and the Employability Fund, Glasgow and Clyde Valley will **launch a new jointly funded employment scheme for individuals in receipt of Employment Support Allowance** to improve their employment outcomes. This new scheme will provide intensive support to individuals seeking employment – both: those Employment Support Allowance claimants who have left the Work Programme without finding work; and Employment Support Allowance claimants prior to entry into the Work Programme.
40. In order to deliver these outcomes Glasgow and Clyde Valley will trial a new model of local service delivery, working in partnership with the UK Government (Cabinet Office and Department for Work and Pensions) and the Scottish Government. This model will feature personalised employment support that is integrated with wider local support services such as health and social care and skills training. By drawing on the different strengths of specialist organisations and services, Glasgow and Clyde Valley believe it is possible to design a more responsive employment support programme that can meet the multiple and complex challenges faced by the individuals on health related benefits. These include: mental health conditions; physical disabilities; homelessness; lack of relevant or appropriate skills; low confidence; and drug and alcohol dependency amongst others. This personalised support will be co-ordinated by a central caseworker that understands the services that are available to individuals and can provide challenge and support to help individuals overcome their complex barriers to finding sustained work.
41. Local leaders in Glasgow and Clyde Valley estimate that over the next three years (2015/16 – 2017/18) this programme will work with 4,000 individuals and help at least 600 Employment Support Allowance claimants into sustained work. To take this scheme forward the UK Government will provide £4.5 million of revenue funding. This will be matched with £4.5 million of revenue funding from local partners. Through the Employability Fund operated by Skills Development Scotland, the Scottish Government already commissions activity in partnership with local authorities and the Department for Work and Pensions. The mechanisms in place for this local contracting will continue to provide

flexibility to determine how local skills investment is better aligned across the city region and will ensure skills investment is utilised to support the hardest to help where appropriate.

Reducing Youth Unemployment

42. Ensuring young people are able to access good jobs across Glasgow and Clyde Valley is a key priority for the UK Government, Scottish Government and local leaders. Building on existing local and national programmes Glasgow and Clyde Valley will create an integrated service for young people as part of the City Deal.
43. To take this forward local partners will utilise existing and planned investment into skills, training and employment support for young people to underpin a **Glasgow and Clyde Valley Guarantee, which will provide employment and support services for those aged 16-24**. To deliver this Guarantee the employment support activities of local partners, UK Government and Scottish Government across the Glasgow and Clyde Valley area will be streamlined. Local partners will seek to fund their streamlined activities in part through Glasgow and Clyde Valley's allocation under the European Commission's Youth Employment Initiative and the mainstream European Social Fund allocation for employability activity. Subject to this funding being agreed this programme will invest up to £15 million between 2015/16 – 2017/18, working with 15,000 young people and helping around 5,000 into sustained work.
44. In support of this local investment the UK Government, via local Department for Work and Pensions, will support the delivery of integrated services for young people through joint working arrangements that include providing additional local flexibility to align national services with local investment and by ensuring that investment avoids duplication of activities. All partners will work together to ensure their investment is used consistently and coherently so that skills investment better meets the needs of the local economy, taking into account the Regional Skills Investment Plans and Regional Skills Assessments being produced for these areas by Skills Development Scotland.

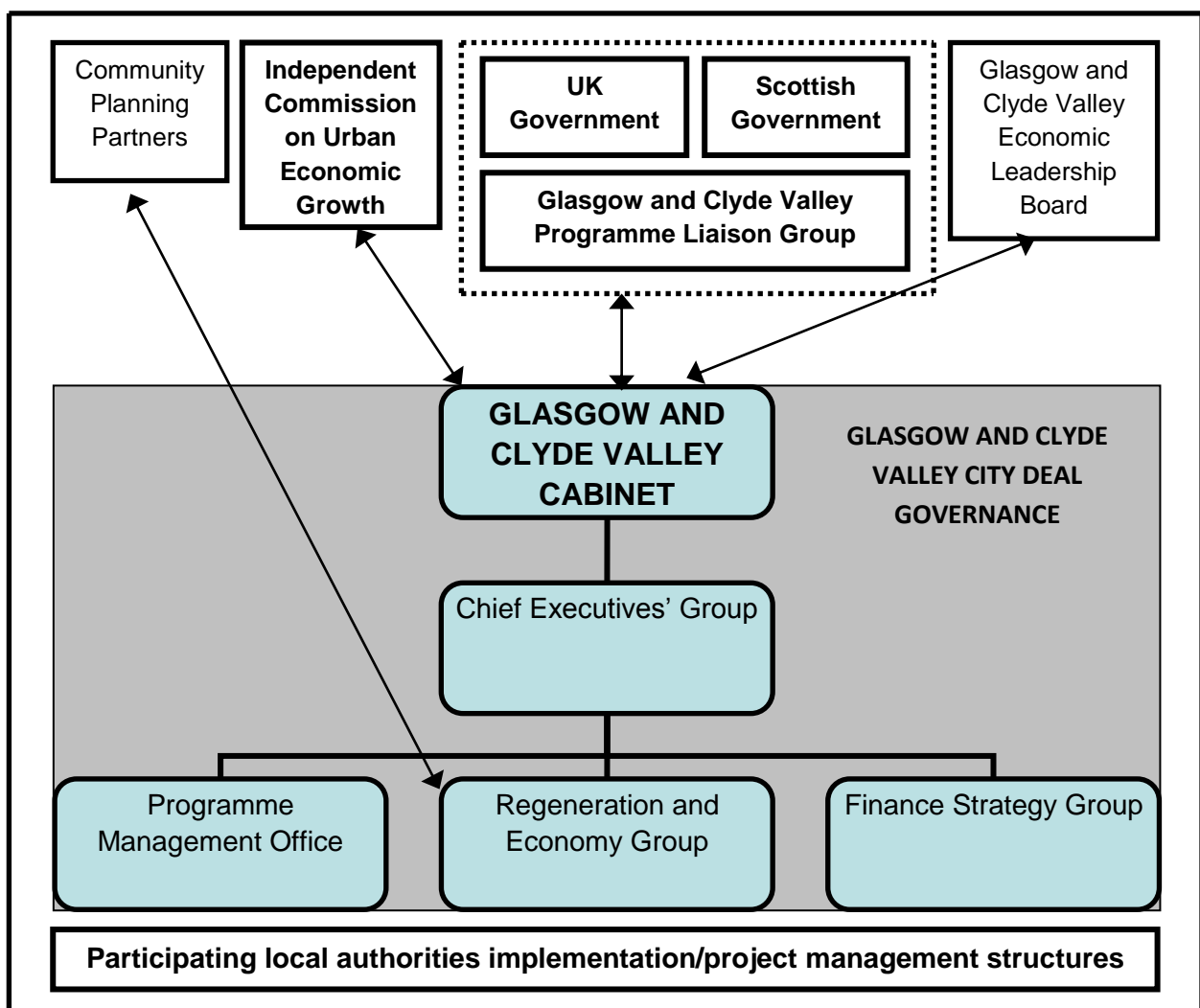
Boosting Earnings of those on Low Incomes

45. As part of this City Deal the UK Government has agreed to work with Glasgow City Council to **design and implement a joint in-work progression prototype** that will work with employers and employees in sectors with high concentrations of low pay, to reduce the reliance on in-work benefits. The aim of this scheme will be to test the type of support that employers can provide to boost earnings and the wider merit in designing sector based career ladders that provide inter-firm pathways into better jobs, boosting wages and career progression for the low paid. This prototype will help inform the UK Government's wider policy on boosting earning as part of the transition to Universal Credit.
46. In order to take this scheme forward the UK Government will provide £0.3 million of funding to test this new employment led approach to raising people's income, which will be matched with £0.3 million of local funding. The Scottish Government will work with local partners to investigate how existing workforce development funding can support this activity.

Glasgow and Clyde Valley Governance

47. In order to ensure the delivery of the Glasgow and Clyde Valley City Deal local partners will establish a governance model that: streamlines and strengthens the existing governance and partnership arrangements across the city region; enables the delivery of programmes agreed in this City Deal; and ensures that assurance is provided to the UK Government and the Scottish Government that local leaders are making decisions which will drive economic growth across the city region.
48. **Governance arrangements will be driven by a newly established Glasgow and Clyde Valley Cabinet.** Supporting this decision making body will be: a Chief Executives' Group; Finance Strategy Group; Regeneration and Economy Group; the independent Commission on Urban Growth (discussed above); and the Glasgow and Clyde Valley Economic Leadership Board. A City Deal Programme Management Office will also provide critical capacity and expertise to ensure the City Deal is delivered. All elements of the proposed governance arrangement will be agreed and in place by December 2014. Representatives from Department for Work and Pensions and Jobcentre Plus will be invited to join, and play an active role, in governance that relates to the delivery of the labour market programmes in this City Deal.
49. These arrangements will build on the existing Community Planning Partnership and Glasgow Economic Leadership Board and will provide a greater focus to the remit and practices of both groups going forward.

Figure 1: City Deal Governance Arrangements and its interaction with: the UK Government; Scottish Government; private sector and Commission on Urban Economic Growth



50. **The Glasgow and Clyde Valley Cabinet** will be the ultimate decision making body in the governance structure. It will be responsible to the UK and Scottish Governments and will act in the joint interests of the eight participating local authorities across Glasgow and the Clyde Valley. The eight full members will operate on a one member, one vote basis. For the Infrastructure Fund, voting will apply to all members with approved infrastructure projects. A partnership agreement will be drawn up between the parties setting out the decision making and arbitration processes in detail.
51. The members of the Glasgow and Clyde Valley Cabinet will be the Leaders of the participating local authorities and the Chair of the Cabinet (which will be the Leader of Glasgow City Council). The Chair of the Cabinet will act, where necessary, as the point of contact for both the UK Government and Scottish Government Ministers with regard to the implementation and management of this City Deal. The Cabinet will meet quarterly and will make strategic decisions regarding all aspects of the Glasgow and Clyde Valley City Deal.
52. Working together **the Chief Executives' Group** will take operational responsibility individually (for activity within their local authority area) and collectively across Glasgow and Clyde Valley. The Chief Executives will meet in advance of the Leaders to propose a programme of work for the Leaders and they will individually prepare briefings for their own Leaders.
53. **The Finance Strategy Group** will be chaired by one of the Chief Executives and will be made up of senior finance specialists from the eight local authorities. This group will focus primarily on the strategic finance aspects of the Glasgow and Clyde Valley Infrastructure Fund. The programme of work will include, but is not be restricted to:
- Advice and research on long term borrowing and negotiation with lenders.
 - Development of standard control and reporting templates.
 - Development of modelling system for monitoring programme implementation and financial profiles.
54. **The Regeneration and Economy Group** will be chaired by one of the Chief Executives and will provide strategic guidance to both the Glasgow and Clyde Valley Cabinet and individual local authorities with regard to the implementation of the investment programme that flows from the Glasgow and Clyde Valley Infrastructure Fund. It is intended that the work of the Regeneration and Economy Group ensures the maximum leverage from the capital investment in terms of new employment opportunities, community benefits and sustainable design. Local authorities will draw on the highly successful 2014 Commonwealth Games legacy structures in the design of this group. This group will replace the current Clyde Valley Community Planning Partnership Officers Group, providing a renewed focus for integrating service delivery across partners.
55. **The Commission on Urban Economic Growth** will be established to monitor and verify the impacts of the investment programme, at a regional and national level, that flows from the Glasgow and Clyde Valley Infrastructure Fund. The proposal is that the Commission is chaired by an independent expert in the field of economics, with members nominated by the UK Government, the Scottish Government and the Glasgow and Clyde Valley Cabinet. Glasgow and Clyde Valley will set out detailed proposals on the operation of the Commission by November 2014.
56. In support of the Cabinet a **Glasgow and Clyde Valley Economic Leadership Board will also be established**. The current Glasgow Economic Leadership will be recast to have a region wide remit and makeup, to provide links to industry. This will assist in the maximisation of the benefits of the investment programme that flows from the Glasgow and Clyde Valley Infrastructure Fund.

Programme Management Office

57. As part of Glasgow and Clyde Valley's Governance arrangements a City Deal **Programme Management Office** will be established in Glasgow City Council. This Programme Management Office will act as both secretariat to the Glasgow and Clyde Valley Cabinet and will act as the central point for appraisal and monitoring of all aspects of the City Deal.

58. The key responsibilities of the Programme Management Office will be:

- Organisation of meetings of the Glasgow and Clyde Valley Cabinet and Chief Executives' Group, preparation of agendas and recording the decision making process.
- Acting as first point of contact for UK and Scottish Governments.
- Preparing reports for the UK and Scottish Governments on City Deal delivery, for use by the Glasgow and Clyde Valley Programme Liaison Group.
- Conducting the appraisal of new and substitute schemes in the investment programme for the Glasgow and Clyde Valley Infrastructure Fund.
- Working with individual local authorities to assist the implementation of projects.
- Analysis and reporting on: progress; impact; and wider benefits realisation.
- Liaison and co-ordination of programmes with other regional partners.

59. In addition, the Programme Management Office will be empowered with "step-in rights" by Glasgow and Clyde Valley Cabinet when delivery of any City Deal project or programme is at risk. These "step-in rights" will enable the Programme Management Office to undertake a detailed analysis of a project or programme and recommend a series of mitigating actions to the Glasgow and Clyde Valley Cabinet.

UK and Scottish Governments supporting City Deal Implementation

60. To support the implementation of the Glasgow and Clyde Valley City Deal the UK Government, Scottish Government and Glasgow and Clyde Valley will establish complementary tripartite City Deal implementation arrangements. These arrangements will:

- Facilitate joint working between Glasgow and Clyde Valley, UK Government and Scottish Government.
- Provide a mechanism to ensure that Glasgow and Clyde Valley, UK Government and the Scottish Government are meeting their commitments in this City Deal and associated implementation.
- Enable all partners to challenge one another if City Deal delivery is not on track and agree mitigating actions.
- Provide a forum to highlight successes.
- Ensure funding provided as part of this City Deal is being drawn down and spent according to agreed funding profiles.

61. This Programme Liaison Group will comprise the Senior Responsible Officer for each element of the City Deal, a representative from the Scottish Government and a

representative from the UK Government Cities and Local Growth Unit. Officials will meet on a quarterly basis and will review progress on City Deal implementation. The Glasgow and Clyde Valley Programme Management Office will provide the Group with a copy of the Glasgow and Clyde Valley Cabinet's quarterly performance report that will:

- Highlight City Deal successes.
- Provide a performance narrative for each element of the City Deal against agreed implementation plan timescales.
- Provide information on outputs and outcomes agreed.
- Identify mitigating actions for projects and programmes that are not being delivered to agreed timescales.

62. The UK Government will work with Glasgow and Clyde Valley to agree a timetable for the production of these reports and will take the lead in convening the Glasgow and Clyde Valley Programme Liaison Group.

Ongoing Monthly Support

63. In support of the Glasgow and Clyde Valley Programme Liaison Group, officials from the UK Government Cities and Local Growth Unit, the Scottish Government and Glasgow and the Clyde Valley will discuss City Deal implementation on a monthly basis. These sessions will discuss progress against City Deal Implementation Plans and will pro-actively tackle emerging implementation risks.

Summary of Commitments

Glasgow and Clyde Valley Infrastructure Fund

| Glasgow and Clyde Valley commitments | Scottish Government commitments | UK Government commitments |
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| <ul style="list-style-type: none"> Pool local authority resources to contribute a minimum of £130 million of capital funding from 2015/16 – 2034/35 for the Glasgow and Clyde Valley Infrastructure Fund. Develop a robust city-wide single assurance framework, by December 2014, which will guide decision making and ensure infrastructure schemes taken forward will deliver: value for money; additional economic growth; and support economic inclusion. Adopt the city-wide single infrastructure assurance framework in advance of April 2015. Work with the UK and Scottish Governments to agree the design, remit and make-up of a Commission on Urban Economic Growth for Glasgow and Clyde Valley by November 2014. This will enable its formal establishment in December 2014. Provide funding to support the ongoing operation of the Commission on Urban Economic Growth. Commission on Urban Economic Growth to define its approach to the first Gateway Review, with findings | <ul style="list-style-type: none"> Support the Glasgow and Clyde Valley Infrastructure Fund with £500 million of funding over a 20 year period (2015/16 – 2034/35), subject to Gateway Reviews. Review the Glasgow and Clyde Valley city-wide single assurance framework and provide a formal endorsement of it, subject to it meeting best practice requirements. Provide funding in annual grant payments to a nominated lead local authority in line with an agreed funding profile over a 20 year period (2015/16 – 2034/35). Work with the UK Government and Glasgow and Clyde Valley to agree the design, remit and make-up of a Commission on Urban Economic Growth for Glasgow and Clyde Valley by November 2014. This will enable its formal establishment in December 2014. Work with Glasgow and Clyde Valley to explore ways in which the Scottish Government could use its analytical capability to support the work of the Commission on Urban Economic Growth. Utilise the findings of the Commission on Urban | <ul style="list-style-type: none"> Support the Glasgow and Clyde Valley Infrastructure Fund with £500 million of funding over a 20 year period (2015/16 – 2034/35), subject to Gateway Reviews. Review the Glasgow and Clyde Valley city-wide single assurance framework and provide a formal endorsement of it, subject to it meeting best practice requirements. Provide funding in annual grant payments in line with an agreed funding profile over a 20 year period (2015/16 – 2034/35). This funding will be routed via the Scottish Government and passported directly to the nominated lead local authority within Glasgow and Clyde Valley. Work with the Scottish Government and Glasgow and Clyde Valley to agree the design, remit and make-up of a Commission on Urban Economic Growth for Glasgow by November 2014. This will enable its formal establishment in December 2014. Utilise the findings of the Commission on Urban Economic Growth to inform Ministerial deliberations as to whether Glasgow and |

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| <p>published in December 2015.</p> <ul style="list-style-type: none"> • The work of Commission on Urban Economic Growth will be shared with comparable Commissions that are being established by Cambridge and West Yorkshire, as they establish and monitor their own local Infrastructure Funds. • Put in place robust safeguards to ensure they are able to manage the costs associated with any individual project or group of projects, including the costs of meeting any borrowing undertaken, should the outcomes expected at a Gateway Review not be achieved. • Work with relevant partners such as Transport Scotland to ensure that investment projects complement other infrastructure projects. | <p>Economic Growth to inform Ministerial deliberations as to whether Glasgow and Clyde Valley have met the requirements of the three Gateway Reviews.</p> <ul style="list-style-type: none"> • Subject to due Parliamentary process, bring forward proposals to change the current legislative provisions relating to local authority capital borrowing and repayment based on prudential principles. | <p>Clyde Valley have met the requirements of the three Gateway Reviews.</p> |
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Supporting the Growth of the Life Sciences Sector and Growing Small and Medium Enterprises

| Glasgow and Clyde Valley commitments | Scottish Government commitments | UK Government commitments |
|---|---|--|
| <ul style="list-style-type: none"> • Submit final business cases for the following schemes: Stratified Medicine Imaging Centre of Excellence; MediCity; and Glasgow Grow-on Centre for Business Incubation and Development for consideration by Department for Business, Innovation and Skills. • Provide £9 million of | <ul style="list-style-type: none"> • Provide £39 million match funding to support the development of the Stratified Medicine Centre. This includes £20 million from Scottish Government, £2.3 million of European Union funding and £16.8 million from NHS Scotland. | <ul style="list-style-type: none"> • Department for Business, Innovation and Skills will review final business cases in consultation with the Scottish Government for the following schemes: Stratified Medicine Imaging Centre of Excellence; MediCity; and Glasgow Grow-on Centre for Business Incubation and provide a final decision on these by the end of September |

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| <p>local match funding to support the development of the Stratified Medicine Imaging Centre of Excellence.</p> <ul style="list-style-type: none"> • Provide up to £2.79 million of local match funding to support the development of MediCity. • Provide up to £2.42 million of local match funding to support the development of the Glasgow Grow-on Centre for Business Incubation and Development. | | <p>2014.</p> <ul style="list-style-type: none"> • Subject to the approval of final business cases: <ul style="list-style-type: none"> ○ Provide £16 million of UK Government match funding to support the development of the Stratified Medicine Imaging Centre of Excellence, profiled over three years (2014/15 – 2016/17). ○ Provide £1.2 million of UK Government funding to support the development of MediCity in 2014/15. ○ Provide £1.67 million of UK Government funding to support the development of the Glasgow Grow-on Centre for Business Incubation and Development in 2014/15. |
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Supporting Growth – Tackling Long Term Unemployment and Increasing Earnings

| Glasgow and Clyde Valley commitments | Scottish Government commitments | UK Government commitments |
|---|--|--|
| <ul style="list-style-type: none"> • Design, commission and implement a new scheme to provide employment support to up to 4,000 Employment and Support Allowance claimants and help 600 in sustained work. • Invest £4.5 million to fund the Employment and Support Allowance Scheme. • Create a single pan Glasgow and Clyde Valley Labour Market team to take responsibility for the implementation, delivery and co-ordination of the labour market | <ul style="list-style-type: none"> • Work in partnership to ensure contracting of the Employability Fund continues to provide local flexibility to determine how existing skills investment is better aligned across Glasgow and Clyde Valley and utilised to support the hardest to help where appropriate. • Work in partnership to align investment in skills to best meet the needs of the local economy and to complement the new investment in infrastructure via the City Deal. | <ul style="list-style-type: none"> • Commit to support the design and implementation of the Employment and Support Allowance scheme. • Invest £4.5 million to fund the Employment and Support Allowance Scheme. • Department for Work and Pensions to represent the UK Government as part of the joint pan Glasgow and Clyde Valley Labour Market team. • Work with Glasgow and Clyde Valley and the Scottish Government to align and integrate existing |

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| <p>components of the City Deal by September 2014.</p> <ul style="list-style-type: none"> • Work with Department for Work and Pensions, Scottish Government and local partners to create a single integrated Guarantee for Young People across Glasgow and Clyde Valley. • Align £15 million of existing and future investment to support young people into work. • Glasgow City Council to Co-invest £0.3 million and work with Department for Work and Pensions to design an employer led progression prototype to boost earnings and career progression for low paid workers. | | <p>and future national and locally determined labour market schemes as part of the Glasgow and Clyde Valley Guarantee, particularly for those claiming benefits.</p> <ul style="list-style-type: none"> • Invest £0.3 million and co-design with Glasgow city Council an employer led progression prototype to boost earnings and career progression for low paid workers. |
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Governance

| Glasgow and Clyde Valley commitments | Scottish Government commitments | UK Government commitments |
|--|---|--|
| <ul style="list-style-type: none"> • Establish the following governance boards to drive the delivery of the Glasgow and Clyde Valley City Deal by December 2014: Glasgow and Clyde Valley Cabinet and associated sub-boards; the Glasgow and Clyde Valley Economic Leadership Board; the Commission on Urban Economic Growth; and the City Deal Programme Management Office. • Join the Glasgow and Clyde Valley Programme Liaison Group that will meet on a quarterly | <ul style="list-style-type: none"> • Take part in the Glasgow and Clyde Valley Liaison Group that will meet on a quarterly basis. • Take part in monthly City Deal implementation updates, to ensure City Deal programmes remain on track and emerging risks are mitigated. | <ul style="list-style-type: none"> • Establish and take part in the Glasgow and Clyde Valley Liaison Group that will meet on a quarterly basis. • Set up and take part in monthly City Deal implementation updates, to ensure City Deal programmes remain on track and emerging risks are mitigated. |

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| <p>basis.</p> <ul style="list-style-type: none"> • Take part in monthly City Deal implementation updates, to ensure City Deal programmes remain on track and emerging risks are mitigated. | | |
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