



Urban Renaissance

**GLASGOW:
LESSONS FOR INNOVATION
AND IMPLEMENTATION**



Glasgow

LESSONS FOR INNOVATION AND IMPLEMENTATION



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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PREFACE

THE HONORABLE ANDY KERR MINISTER FOR FINANCE AND PUBLIC SERVICES ADDRESS TO THE OECD CONFERENCE

Thanks to OECD and Scottish Enterprise Glasgow for inviting me along to this conference on Glasgow's Urban Renaissance and may I firstly welcome all of you, especially those who have come some distance to attend.

Glasgow has a long tradition in the field of urban regeneration and I am sure that over the next two days you will hear not only about past achievements but also gain an insight into how the city intends to move forward into the future.

The city of Glasgow is the economic heart of the West of Scotland. Its economic and social health is essential, not only to Glaswegians, but to the rest of Scotland.

It is **undeniable** that the last thirty years have seen a decline in many of the traditional industries which employed Glaswegians and because of this, Glasgow, in common with many other UK cities, has gone through a sometimes painful transition from an industrial to a post industrial city over this period.

It is however **clear** that growth and employment can be seen in the city for the first time in many years, in areas such as tourism, retail, software, creative industries and financial services. Glasgow has faced up to the challenge of change and this *interim* OECD Review has concluded that this is a city with a lot going for it. For example:

- Glasgow as a city is innovative and resourceful, and capable of developing cutting edge responses to social, economic and environmental challenges.
- The city has re-built its economy and nurtured a new economic base relevant to the new global economy.
- There is a determination in Glasgow to reduce social and economic disparities and build a better life for all of its citizens.
- The city has strong and innovative leadership and a skilled and professional workforce.

So amongst all the progress that has undoubtedly been made -- what are the main challenges that Glasgow faces? In the context of this speech I intend to touch on three main areas -- there is not enough time to cover all the angles and I am sure that those who follow me will raise the all the issues which require to be discussed.

The three areas I wish to touch on are the River Clyde, Glasgow's historic decision to transfer it's council housing stock to the new Glasgow Housing Association, and the continuing efforts to **combat** social exclusion and promote social justice in the city.

Firstly then, the River Clyde.

The OECD Review pays particular attention to the River Clyde and the need to adopt and implement an effective strategy for the Clyde. Just as Glasgow is the heart of the West of Scotland both socially and economically, the Clyde is at the heart of Glasgow. It is clear that the regeneration of the Clyde will play a key part in the overall revitalisation of Glasgow.

That is why my colleague Wendy Alexander established the River Clyde Working Group in November last year.

This is chaired by Scottish Enterprise and involves the relevant local enterprise companies, local authorities, Glasgow & Clyde Valley Structure Plan Committee and of course, the Scottish Executive.

The Group aims to progress an ambitious strategy to maximise economic development along the River Clyde (from Glasgow Green to the Erskine Bridge) and to add value to the many development and regeneration initiatives which are currently underway.

The role of the Working Group is to **build** on present development, to add value, identify synergies, and look at cross-cutting issues such as transport, infrastructure, marketing and development funding, which of course all dovetail into my own cross-cutting portfolio responsibilities.

Good progress is being made by the Group on the following issues:

- Identifying the full development potential of the area through a strategic benchmarking, market assessment and economic impact study. I gather that a consultant's report on this is imminent.
- Assessing existing technical and engineering studies previously commissioned by partners to identify key issues and data gaps.
- Commissioning a specific study to assess the potential for significantly expanded water-based transport.
- And looking at prospects for attracting European funding.

A working summit is scheduled for 23 May once all the studies are complete and the results have been examined.

Other major developments and proposals along the River Clyde are:

- Glasgow Science Centre and Pacific Quay;
- Glasgow Harbour proposals; and
- Glasgow City Council's Waterfront Regeneration Plan.

It is **crucial** that we keep up the momentum of interest and activity in Glasgow and the River Clyde and as you can see this is what is happening. It is also important to remember that although today we are concentrating on Glasgow, the regeneration of the Clyde is very much a live issue all along it's banks from Lanarkshire, through Glasgow, and into Renfrewshire, Inverclyde and West Dunbartonshire.

So the regeneration of the River Clyde is an issue which should unite, and not divide, Glasgow and its neighbours.

The OECD review also picks up on the need for Glasgow to improve the quality of housing in the city, an issue that has been of paramount importance in the Glasgow context for as long as most of us can remember.

Last week we saw the **historic** decision by council tenants to transfer all Glasgow City Council stock to the new Glasgow Housing Association. The benefits of this to Glaswegians are many fold and exist on various different levels.

Initially concentrating on security for older tenants, the programme plans to provide warm, dry homes with central heating for all tenants in homes with a long-term future within six years of transfer. The transfer will result in significant investment in Glasgow's housing stock, with all the homes which are transferred and which have a long-term future subject to improvement to an agreed Glasgow standard within 11 years.

We would also hope that the new arrangements will lead to an increase in community empowerment in housing, with tenants involved in, and responsible for decisions on day to day management and local investment in their areas. The housing association movement in Glasgow has shown that **sustainable** regeneration of housing can take place where tenants are involved -- bringing their experience and local knowledge to the decision making process.

There is a range of other "spin off" effects anticipated from the stock transfer, *e.g.*

Jobs

The refurbishment and modernisation of Glasgow's housing which is now possible will lead to opportunities for jobs, for skill development and for apprenticeships for our young people. We estimate that that there will be, for example, a net 3 100 additional construction jobs created in the construction industry for the duration of the investment programme.

Health

Health is about **more** than health services -- the main drivers lie outside the health service and include poor housing and crime. Steps can now be taken to combat fuel poverty through the provision of insulation, central heating and energy efficient homes. Houses that are free from condensation and dampness will also help to improve the health and the quality of life for those who live in them.

Education

There can be important links between educational performance and housing conditions. For example, the availability of adequate, quiet, warm and appropriate space affects the ability to learn out of school. On the other hand, sub standard housing can lead to health-related absence and disruption to children's schooling.

Through the housing stock transfer, Glasgow has a major opportunity to improve the overall quality of life for many of its residents in many different ways. This is down to the people of Glasgow and their elected representatives on the council having the vision to see what is possible and the courage to make it happen. All involved should be commended for this.

Another issue picked up in the OECD review is the need to reduce inequalities and address social exclusion.

The Scottish Executive has a **particular** commitment to making progress in this area, not just in Glasgow, but across Scotland. In our Annual Report "Social Justice...a Scotland where everyone matters" we have set our long-term strategy for tackling poverty and inequalities within our society.

A key delivery mechanism for both tackling existing exclusion and preventing further exclusion is through our Social Inclusion Partnership (SIP) Programme. Social Inclusion Partnerships are made up of representatives from all the major public agencies such as local authorities and health boards, from the private and voluntary sectors, as well as community representatives. We view them as a practical, local manifestation of our national social inclusion policy agenda.

SIPs all work on common principles such as preventing social exclusion, promoting new and innovative responses to locally identified problems and facilitating co-ordination of all regeneration efforts in their area of activity. Allied to this effort is the unique Glasgow approach to **Local** Economic Development which has been a characteristic of the city now for the last 15 years. In the same eight areas as currently house a Social Inclusion Partnership, there exists a Local Economic Development Company working in harness with them to ensure that all aspects of the area's regeneration potential is realised. Two of them, Govan Initiative and Gorbals Initiative, will feature strongly here over the next two days.

The way these principles are applied at an area level does, however vary according to local circumstances. It really is up to those who work in communities to identify the issues that they wish to tackle and to formulate and implement a locally defined strategy to tackle locally defined problems.

Successful partnership working is not easy -- partners need to focus on common interests rather than their own, to make compromises and both to see and be prepared to work towards the bigger picture in Glasgow and other areas across Scotland.

We must also acknowledge that regeneration is a **long-term** task and that there are no short-term solutions.

Within the Executive we see the good work going on at present feeding into the new community planning processes which will ensure that local authorities, other bodies and local communities come together to plan provide and promote the well being of their communities.

We want community planning partners to:

- achieve a shared vision for their area;
- identify the key objectives towards achieving that vision;
- identify specific outputs and targets which will demonstrate that progress is being achieved towards these objectives;
- agree a delivery plan for the area.

They also need to promote cultural change within partner bodies and new partnership arrangements as necessary to achieve objectives. Finally, and in many ways most important of all, this process must be used to develop the skills and abilities of communities to actively participate in the community planning process.

As one would expect, Glasgow is already well developed in the field of community planning with the Glasgow Alliance tying together the key players in pursuit of Glasgow's five strategic themes which aim to make Glasgow a working, learning, vibrant, healthy, and safe city for all its residents.

On the plus side it is clear that in Glasgow there is a very well developed policy making network, huge expertise and experience in this field of regeneration. Those working in Glasgow clearly have a vision of a competitive and inclusive Glasgow -- a Glasgow which prospers, which includes **all** of its people in it's success and which understands the interdependence between economic and social progress. I am **particularly** pleased with the sophisticated steps taken by Scottish Enterprise Glasgow to address the city's growth on the basis of a *diverse* economy. One which is based upon access for all. Which understands the need to base the economy on the growth poles of the city's excellent universities but which also understands that Glasgow will never be a great European city if we don't find ways of involving **everyone** in the productive economy of the city.

Scottish Enterprise Glasgow exemplifies what the Scottish Executive have been stating for some time now; that social justice is the responsibility of **all** of us. We want to create opportunities for citizenship to flourish and to ensure responsible and accountable city governance. Above all we want citizens to be informed, empowered and able to influence change.

The Scottish Executive is also playing a full part in ensuring that the policy frameworks necessary to revitalise our country are in place. We are currently undertaking three complementary reviews under Iain Gray, the Minister for Social Justice. These are looking at the way our policies work and interact on different geographical levels, seeking to identify improvements and ways forward in the planning and delivery of policies, services and infrastructure.

- The Cities Review is looking at the future of Scotland's cities, and is due to report later this year.
- The review of strategic planning is looking at the way the planning system can be modernised to allow development plans to realise their full potential in contributing to the management of change for the long-term public good, and is due soon.
- Finally we will issue our report on "Delivering Change: a strategy for regenerating Scotland's communities" in which we intend to set our views on what needs to be done on regeneration and how we plan to do it. Not only do we intend to increase the pace of change in terms of regenerating deprived communities, we also want to improve the effectiveness of how we deliver community regeneration on the ground. As many of you will be aware we sought views from a wide range of organisations and individuals currently involved in regeneration and our strategy seeks to reflect the key issues that have emerged from our consultation process.

From 1st November last year there is also a new national regeneration agency, Communities Scotland, which is charged with improving the quality of life for all

people across Scotland by fostering sustainable and healthy communities that are attractive, vibrant, and safe. The three key aims of the new agency are to regenerate designated areas, to empower communities, and to improve the effectiveness of investment in regeneration and housing across the country.

Conclusion

As you can see there is much to discuss and reflect on and I am sure that you will have an enjoyable and informative two days here in Glasgow. This conference forms part of the debate which has been brought about by the OECD at the invitation of Scottish Enterprise Glasgow. Your contributions here over the next two days will inform the final report which will be published by the OECD later this year. We will be very interested in what comes out of this process. On behalf of the Scottish Executive, welcome to Glasgow and I very much hope you enjoy your time in this great city.

FOREWORD

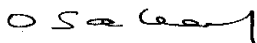
With this review of Glasgow, the urban renaissance series examines the problems of restructuring at the core of a large metropolis. Together with Belfast, the first in this series, Glasgow shares a destiny along its river, once the basis for its economic purpose and an organising element in its industrial geography, now an under-developed asset for a post-industrial future. Krakow, the second city to be reviewed, shares with Glasgow an historic core and major universities, assets for knowledge-based development. Canberra faced the challenge of redevelopment of its central district in the context of strategic efforts to sustain the growth of the private sector. In all these cities, and in Glasgow as well, the social, environmental and economic dimensions of sustainability are combined in analyses of how to strengthen the urban core and enhance its contribution to the development of the rest of the city. In Glasgow this challenge involves a better integration of distressed communities with the regeneration areas that share a strategic position along the Clyde waterfront.

This urban renaissance review of Glasgow looks back over the 1990s, when a succession of strategic initiatives and major events brought regeneration to several key parts of the city, including along the banks of the Clyde, and helped lift investment and activity. Glasgow is an outward-looking city, for three hundred years a key agent in the growth of the North Atlantic economy. Today it belongs to the dynamic Nordic Arc extending from Dublin to Helsinki, in which much of Europe's knowledge-based information technology is being designed, manufactured and used. Its challenge, at a time when many major cities from the industrial era have stable or declining populations, is to redefine its benchmarks to emphasise quality of life reflecting the increase in human capital and investment in improvements to infrastructure and the environment. The transfer of the entire social housing stock from public sector to community ownership, together with the physical renovation of the city's schools will result in considerable investment, jobs and environmental improvement. But the physical aspects of regeneration are in some ways easier to tackle than the problems linked to low levels of skills, low expectations, poverty, health disparities and high levels of long-term unemployment.

The regeneration of the Clyde gives Glasgow the opportunity to accelerate the transition from project-based development and a sectoral approach to a strategic plan and cross-sectoral co-ordination, to better link new investment to social integration. Glasgow is a laboratory for implementation. Other cities with similar problems can benefit from its large community of expertise based on practical experiences with local initiatives.

The evaluation benefited from the full support of Scottish Enterprise Glasgow, and in particular from Ron Culley, Chief Executive, Gordon Kennedy, Deputy Chief Executive, and Kevin Kane, Head, Strategic Projects and Partnerships. Charlie Gordon, Leader of the Glasgow City Council, provided invaluable assistance. The Seminar held in April 2002 benefited from the support of BT Scotland and of Bob Downes, Director. Debra Mountford (OECD Administrator) prepared the report under the supervision of Josef Konvitz (Head of Division) and in collaboration with Greg Clark (UK) and Meric Gertler (Canada) who served as outside experts on the evaluation team.

This report has been discussed and approved by the Working Party on Territorial Policy in Urban Areas, 3 July 2002; it was subsequently discussed by the Territorial Development Policy Committee, 4-5 July 2002 and published under the authority of the Secretary-General.



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ANALYTICAL FRAMEWORK

Cities and territorial policy

The Urban Renaissance reviews focus on efforts in cities to reconcile the environmental, economic and social objectives of territorial development, with particular attention paid to:

- Visions of the future that are intrinsic to strategies for the medium term to help each city achieve its potential;
- Multi-sectoral policy making, to enabling cities to realise a more policy integrative framework, and an assessment of solutions implemented in recent years;
- Urban space especially in the core areas of cities, how land is used and the nature of the problems to be overcome if optimal environmental, social and economic benefits are realised, and;
- Governance.

Sustainable urban land use, an issue complicated by the rate of change, density and the complexity of life in cities, is crucial to reducing disparities, promoting endogenous development and enhancing the quality of life. These are not separate and independent objectives, nor do they involve trade-offs, meaning that progress on one must be compromised in order to make progress on the other. Rather, they call attention to the interdependencies among the economic, social and environmental aspects of cities. The regeneration of urban cores or the central areas of cities puts these issues into sharp focus.

National and regional reviews show how important a sound basis for urban development is in an overall pattern of territorial development. Eighty per cent of the population of OECD Member countries live in cities. No region can succeed if its urban elements are weak and dysfunctional. The added value of territorial development policy at the national level depends in part on how regions and cities reach their potential. A better balance between urban and rural development is an objective of territorial development policy; the political importance of the issue of urban sprawl shows that spatial policy in general and land use in particular are critical to the success of efforts to address the impact of sectoral policy on territorial development, and to realise the benefits of an integrated strategy based on a vision of the future of places.

Urban issues are raised in national and regional reviews, but rarely in sufficient detail to examine the potential effects of urban regeneration, and the implications for policy. The national, regional and urban renaissance reviews therefore are complementary exercises. Cities are key components in a territorial development strategy. Understanding cities, discovering their strengths and weaknesses and helping them develop appropriate policy tools to compete in a global economy are an integral part of developing these policy areas.

Problems and causes

Urban policies in the 1970s and 1980s failed to keep pace with urban change, and economic growth on its own since 1992 has not been enough to alleviate all the problems found in cities. The range of urban problems includes the formation of distressed urban areas, housing and public services poorly adapted to different categories of the population, congestion, deteriorating infrastructure, mono-functional districts that are difficult to adapt to new purposes, brownfields left over from declining industries, growth on greenfields on the periphery, and institutional structures that are inadequate given the scale and complexity of modern urban areas. But even cities recognised for their liveability and attractiveness, and where social and economic problems are limited in scale, cannot take their future for granted. The Urban Renaissance is not just a phenomenon of older industrial cities that are experiencing economic restructuring; it is about how the assets and strengths of cities are used to guide development toward a more sustainable future.

There is no ideal urban form or size. In the past, rapid population growth raised questions about whether very large cities are sustainable in social and environmental terms. Questions about very large cities are still pressing in developing countries, where the number of megacities and the percentage of the total population living in cities are both rising dramatically. Rapid urban growth remains an issue in some OECD Member countries such as Turkey and Mexico. However, for the most part, Member countries have shifted their concern to the growth in the physical area covered by cities, rather than their population size.

The phenomenon of urban population deconcentration, which has most often resulted from a mix of market and policy forces, has a range of unintended consequences: in many existing cities urban infrastructures may be under-utilised, raising questions about their competitiveness and cohesion in the future; many communities on the urban periphery are often unprepared to face the consequences of increasing density and complexity, often with congestion pressures on overburdened infrastructures; and the increased environmental impact of lower densities can be measured in terms of deteriorating air quality, rising noise levels, the loss of open space, the vulnerability of natural and man-made amenities, and pressure on water supplies and water quality. If current trends continue, many of the negative effects of urban development are expected to worsen, compromising sustainability.

Due to the redistribution of people and activities throughout a city and its suburbs, questions are being asked about the wider functions of the central or core areas of cities in social and economic processes. On the one hand, centres have a unique capacity to concentrate people at high levels of density; on the other, they risk becoming mono-functional districts which are frequented only for several hours of the day. Often, centres highlight unique natural, historic and cultural assets which define a trajectory for economic development; but directing investment to support these assets can raise important strategic issues about setting priorities within the urban region as a whole. There is a theoretical discussion of city centres which extends back to work on agglomeration effects, and to sociological inquiries and studies of land prices from the early decades of the 20th century, but which has not been re-invigorated in recent years by the new economic geography. In the meantime, social commentary and urban design studies focusing on the “edge city” phenomenon and other post-industrial patterns of urban development have highlighted many of the environmental and social shortcomings of recent construction.

Urban “brownfields” or previously developed sites, often located at or near the city centre, represent a major opportunity for cities where ‘smart growth’ policies can counteract the negative impacts of urban sprawl and realise a more environmentally sound, economically viable and socially equitable urban function. The growing number of brownfield sites in urban regions is a result of shifts from industrial and manufacturing processes to service and knowledge-based economies with different technological needs, changing employment patterns and skills requirements. When old industrial activities become obsolete, the presence of derelict land has a negative impact on communities and investment alike. The ageing of post-war commercial and retail centres which inadequately respond to changing city function results in an increased number of derelict and abandoned buildings and land parcels in urban areas (sometimes central, sometimes suburban). Physical degradation, contamination or the perceived risk of it, and a lack of maintenance or modernisation all compromise reuse and depress demand for these sites.

The problems of urban regeneration and brownfields raise issues of policy coherence. The practice of permitting greenfield development whilst attempting to redress the serious environmental, economic and social problems in urban cores is contradictory; the inflexibility of policy and legislation however inhibits redevelopment. Failure to renew brownfields often affects the environmental quality of the surrounding area, and when compounded with spatial patterns of social distress, the presence of brownfields helps to explain why certain disadvantaged social categories are at much greater risk of exposure to contaminants. In the end, this can create a negative spiral of mutually reinforcing processes which eventually lowers the vitality of the city as a whole as firms and people relocate to greenfield sites, where the risks of contamination are minimal or non-existent, and the costs lower. Brownfield sites have become a persistent problem which cannot be alleviated by the normal process of modernising and expanding the built environment of cities.

Solutions and their implementation

Whether a city is new or old, or growing slowly or rapidly, matters less than whether local and national governments can develop and implement policies appropriate to the needs of cities, and to the opportunities they offer. The range of recent urban innovations is impressive, including a massive expansion of education and research opportunities, a high concentration of “new economy” firms, economic development strategies to exploit historic and cultural assets, the regeneration of brownfields, long-term plans to improve urban infrastructures, “smart growth” policies to limit greenfield development, and integrative approaches to the problems of social distress. A formidable set of tools to address critical issues is taking shape, particularly concerning town centre management; central business districts; new public spaces; realising supply chains; accessing private finance for urban infrastructure; tackling social exclusion and the effective re-use of brownfield sites. Practical measures which take a medium term strategy and are grounded in a vision of the city for the future have recognised added value. But innovation as a problem solving process is uneven throughout Member Countries; international exchange is more relevant than ever. Education and human capital can be improved at the urban level through the strategies of the “Learning City-Region” (*Cities and Regions in the New Learning Economy*, OECD, 2000). Solutions to environmental problems and efforts to improve the physical characteristics of urban space are often the first steps in a broader strategy which includes economic and social objectives.

The spatial shape and structure of cities is a theme of growing policy relevance because how urban space changes over time has an impact on how well cities function. But the agglomeration effects of cities, which relate to their spatial shape and structure, remain difficult to analyse. Whilst ‘what goes where’ remains important, the most advanced spatial planning strategies today call for greater flexibility and adaptability in the built environment, objectives which fit uncomfortably into traditional land use planning with its emphasis on functional and fixed zoning.

As countries raise the priority of sustainable development objectives, new strategies have to be considered. Current trends towards decentralisation and stakeholder participation in the democratic process add a new dimension in shaping the urban environment. The holistic approaches pursued through OECD Member countries are consistent with efforts to promote sustainable development following the 1992 Rio and 1996 Istanbul Summits, and with the implementation of Agenda 21. Integrated cross-sectoral strategies as have been advocated by OECD and others will be essential. The 1990s was the decade when the concept of sustainable development became embedded in policy objectives, particularly in the domain of urban policy. Smart Growth initiatives and brownfield programmes in the United States are being used to combat urban sprawl, improve the quality of life in urban areas and facilitate the economic growth of cities; the Vibrant City Concept and Careful Urban Renewal programmes in Germany; the Compact City concept in the Netherlands; brownfield targets and Urban Villages in the United Kingdom and urban consolidation in Australia highlight ‘individual’ responses to similar global concepts. The decades to come

provide the opportunity to measure the impact of many of the pilot projects and innovative strategies which have emerged over the last decades.

As cities move towards the new economy employment, skills and training issues become of the utmost importance and require effective strategies to ensure that the city is inclusive and socially and economically equitable. Too often the spiralling cycle of decline that emerges when traditional industrial and manufacturing bases diminish leaves large sections of the urban population locked into long-term unemployment. The resulting economic, social, and environmental deprivation, although geographically concentrated, has negative spillover effects throughout the city as a whole. Successful regeneration happens when holistic strategies which pursue economic, social and environmental goals are implemented. These concerns were recently raised at the G8 Labour Ministers Conference (Turin 10-11 November 2000) and resulted in the endorsement of comprehensive approaches to structural reforms which facilitate policies for a socially inclusive society. Introducing specific measures at the territorial level to address disparities was also supported. The communiqué following the meeting of G8 Environment Ministers (Otsu, 7-9 April 2000) stated that "Urban sustainable development will represent a major policy challenge for this century. Combating unsustainable trends in urban development including environmental pollution, urban sprawl and greenfield development through integrated policy approaches will contribute to a higher quality of life of citizens."

In the past, the problems of supplying and managing cities provoked major investments in transport facilities, agriculture, preventive health and sanitation, and energy, and inspired such major industries as fire insurance and telephony. Territorial development policies that reinforce the problem-solving capacities of cities contribute to sustainable economic development, creating jobs based on the goods and services that improve cities, reducing disparities, nurturing places where people and the economy can both flourish, and adding value by expanding the capacity for growth.

Governance

Innovations to improve cities however have been sporadic, not systematic. More than most territorial units, cities have a high latent capacity for initiative. But for all those cities which exercise that capacity, many -- perhaps most -- do not. National policies are increasingly important, not only to provide better framework conditions for local initiatives, but also and especially to take better account of the many different sectoral and macroeconomic policies and instruments which have a territorial impact. The resources to solve urban problems are not only material; they include elements of social capital, flexible and visionary institutions, and the creative and imaginative work of people in both the public and private sectors, many of which depend on a combination of national and local conditions. Leadership is vital to overcoming a fatalistic attitude that sees change in cities as largely negative, and to building public-private partnerships, and involving of associations and the civic sector, as well as that of socially responsible firms. The criteria of success are increasingly reflected in the multi-sectoral and dynamic strategies based on a vision of the kind of territory that

people want for the future, a vision which is now focused on realising sustainable development and encouraging local endogenous development. Important lessons for policy can be learned from many of the practical steps taken, often with encouragement at the national level, for urban redevelopment at the city centre.

Programmes and projects, even for the comparatively small areas of an urban core, frequently involve vertical co-ordination between different levels of government, horizontal co-ordination across jurisdictional boundaries within a single urban area, public-private partnerships, and considerable efforts at public consultation. The principles and guidelines for metropolitan governance are directly relevant to this process, and should be implemented in any city with aspirations for an urban renaissance (see *Cities for Citizens: Improving Metropolitan Governance*, OECD, 2001).

The Urban renaissance

The renaissance of cities is being realised through imaginative and innovative policies and projects with a focus on the contribution of cities to economic growth, social cohesion and the quality of life.

An "urban renaissance" city has:

- a vision for the future based on broad public consultation;
- a strategic plan to guide development, including urban regeneration at the centre and growth management on the periphery of the functional region;
- made a clear analysis of how environmental, economic and social issues are linked, and is adopting policies to address the threats to sustainable development;
- identified its territorial assets which are to be maintained and enhanced, and is committed to maintaining and developing infrastructures to make best use of territorial assets;
- identified the obstacles to implementing better policies to address congestion and pollution, the re-use of brownfield sites, the integration of distressed urban areas, the needs of an ageing population, the problems of long-term unemployed, as well as the obstacles to taking advantage of ICT, the new economy, the promotion of small and medium enterprises, etc.;
- recognised the importance of the "learning city-region" concept, and facilitates effective organisational learning to develop high levels of innovative capacity;
- identified the national policies and programmes with both a positive and negative impact on its development;

- clarified the roles and responsibilities of national and regional government, and the allocation of resources, and adopted the metropolitan governance principles;
- developed partnerships with other cities and regions, and local partnerships with civil society;
- set benchmarks to measure progress.

PART I

THE URBAN RENAISSANCE IN GLASGOW

Introduction

In most OECD economies cities are the engines of economic growth and the centres of culture, learning and other important institutions. However, economic success has not prevented the emergence of high, persistent unemployment nor the growth of wage inequality. Employment and income inequalities have their origins in profound shifts in the structure and functioning of the economy and labour market which has taken place over recent decades. To one degree or another, OECD countries are all experiencing a process of enterprise restructuring which includes some relocation of activities. In most cases, this is not an impartial process — nations, regions and cities compete with one another to attract inward investment by promoting their respective comparative advantages. Patterns of development which have promoted increased suburbanisation and urban sprawl have negatively impacted upon central cities and inner suburbs. Older core communities face concentrated poverty, attendant joblessness, crime, failing schools and health inequalities. Areas of more extreme, multiple deprivation have emerged in many OECD cities with distinct features of: low educational attainment, high unemployment, poor housing, high crime rates and numerous other socio-economic characteristics which interact to produce intergenerational cycles of decline. Distressed urban areas affect up to 10 per cent of the overall population in most OECD countries. Common factors of multiple deprivation experienced by these citizens are incongruous with competition based economic growth.

In 1994, at the OECD Australia Conference “Cities and the New Global Economy” it was noted that the standard macro-economic view of the economy tends to ignore cities, and more generally, space. OECD Deputy Secretary-General Pierre Vinde stated “many of the problems which cities confront relate to their physical and social infrastructure. Disillusioned in the 1980s by the failure of the 1950s and 1960s, national governments have often preferred to withdraw from cities altogether, passing off responsibility to regional or local governments, or substituting sectoral policies and entitlement programmes for urban policies.” OECD, has sought to ensure that urban policy as an integral element of territorial development policy remains on the international political agenda. Territorial development policy, unlike macroeconomic policy, cannot be applied uniformly. It is a highly complex policy arena which covers

all actions taken by national level governments to promote the growth of all territorial units in order to contribute to country-wide growth. Cities are important territorial units which throughout history have contributed to regional and national economies, a role which presents new challenges and opportunities and requires a holistic policy response.

That cities are crucial to regional and national development is a point which was asserted as a key policy message from the UN 2001 State of the World's City Report:

*“In today’s world, national development is linked to city development. The evidence – qualitative as well as quantitative – supports the argument that cities are key to countries’ overall social advancement, environmental sustainability and economic viability. Most significantly, urbanisation is highly correlated with national human development. Accordingly, a nation must attend to the basic needs of its urban population to ensure a constantly improving quality of life country-wide... **...A country’s global success rests on local shoulders.** For the good of all citizens, city and state must become political partners rather than competitors. If accommodation requires new political arrangements, institutional structures or constitutional arrangements, it is never too early nor too late to begin making changes.”*

Cities in the 21st century are addressing the multiple challenges of globalisation. Globalisation is a dynamic process characterised by the increasing integration of markets for goods and services and markets of production factors such as capital, labour, technology and information which has a profound impact at the territorial level. Mobile capital searches out specific qualities of territories for investment. In particular, multinational corporations compare the qualities of places to locate business functions within a global frame of reference. Where firms consider there are long-term advantages, they are willing to commit company resources to building local opportunities and improving worker skills, educational programmes and living environment for families. In a globalising economy, not only firms but also territories increasingly find themselves in competition with each other. Opening territories to a global economy has restored the idea of territories in continual incremental adjustment to external market forces, instead of the idea of territories as fixed physical structures. Local economies must constantly reinvent themselves through structural and microeconomic adjustments, and thus policies should enable each locality to respond quickly and effectively to problems in relation to the enhanced mobility of capital, management, professionals and skilled labour, and technology innovation. If a local response is either inadequate or too slow to take full advantage of endogenous resources and competencies in the face of such new challenges, it will be by-passed, leaving declining sectors, communities and cities behind. The establishment of local systems that can develop and sustain flexible economic and social responses to challenges from global changes is a new key policy area. Governments of OECD and non-OECD countries need to adjust their policies to assure that benefits from changing comparative advantages can continue to flow in all constituencies.

In 1998 OECD warned that cities would not change, “if there is no understanding of the importance of cities in national economies, in matters of social cohesion, in respect of the environmental conditions, and in effective governance. This understanding, and with it a vision of how cities in the future can enhance the quality of life of all people in OECD countries, is something that governments share with the private and civic sectors... ..the unique role and responsibility of government cannot be ignored.”¹ Cities are finding solutions to the complex issue of long-term economic restructuring and are pursuing innovative and effective economic development strategies which are of benefit throughout OECD Member countries. Analysing these changes and communicating the outcomes through an OECD review makes an important contribution to policy evolution. Policy reactions to inner city areas historically have focused on the social and physical challenges resulting from structural change. More recently, the economic dimension of the inner city or urban core has risen to prominence. This Urban Renaissance review of Glasgow builds on this and other OECD studies concerned with the design and implementation of integrative strategies, the relevance of an international comparative perspective and policy context shaped by concerns for sustainability and competitiveness, and the impact of devolution and decentralisation on urban initiatives. The added value of this work to OECD Member countries not only lies in the contribution it will make to national policy agendas, but also in the opportunity to transfer OECD policy analysis and recommendations directly to the territorial levels where their impact is most felt.

Glasgow’s renaissance

“For thirty years a determined effort has been made to transform Glasgow. The City’s post-industrial renaissance is recognised world-wide.”²

At the beginning of the 21st century Glasgow, the largest city in Scotland and one of the principal cities in the United Kingdom has entered a new era. Its economy is the most buoyant in over thirty years following several decades of significant structural change which had dramatic social, economic and environmental consequences. And yet significant challenges lie ahead as disparities remain pronounced within the city. This review takes place at a turning point for the city. Much has fallen into place and yet much remains to be done. Glasgow has a strong policy toolkit, but it must now implement some of the strategies and policies that it has established over recent years to maximum effect. Like two other cities in this Series, Belfast and Canberra, Glasgow recognises that it is at a turning point. Placing successes in an international policy context and focusing on the strategic challenges which lie ahead demonstrate a sophisticated cross-sectoral policy context implemented by experienced local professionals.

It is important to stress at the outset that Glasgow was fortuitous in many ways, because significant regeneration took place in the absence of a city-wide strategy. The ‘piecemeal’ approach was dynamic and effective, even if its results are limited in the social and environmental spheres. The city has benefited from economic stability for the last six years. As the benefits were being realised so too the key actors in the

city developed a collective desire to plan the future more strategically, determining the city's destiny in a more coherent and long-term way. Over the past four years or so, an important series of interdependent strategies have emerged which prepare Glasgow for the future. This sound legacy of actions and a sophisticated strategic context place Glasgow in a strong position. The collective actors involved in managing cities in the 21st century, be they politicians, the public sector and social partners understand the global significance of cities. Frequently local actors are in a unique position which ensures that cities recognise local, national and supra-national requirements. The knowledge and skill base of professional personnel at the local level is extraordinarily high. In Glasgow as in Belfast and Canberra the creative capacity of the public sector clearly is an integral aspect of delivering change.

Effective economic development frameworks and strategies are emerging at all territorial levels. In Glasgow, the City Council and the public economic development agency Scottish Enterprise came together in 1998 to prepare a Joint Economic Development Strategy. This has been an important step working in synergy with other strategic policy fields at city, metropolitan and executive level. The OECD study will contribute to strategic discussions on economic development as a mid-term review of the strategy is also underway. The economic, social and environmental future of the city is dependent upon an appropriate economic development strategy which holistically addresses the needs of all stakeholders. The economic development strategy has evolved almost simultaneously with two other strategic documents, a new Draft City Plan and a strategy to tackle social exclusion, Creating Tomorrow's Glasgow, which establish a holistic policy framework for the new millennium.

The River Clyde will provide the geographical context for this study. Attention is now being focused on how the River Clyde will contribute to regeneration in Glasgow as a whole. This narrow physical focus allows us to explore some of the economic, social and environmental challenges that remain and to assess the progress which has been made. Once the centre and *raison d'être* of Glasgow's 18th/19th century growth, the banks of the Clyde are the site of several projects of major long-term significance, and they draw in the disadvantaged communities of Gorbals and Govan. The River Clyde is now recognised as one of the key assets of the city and is of National importance. And the development of its banks mean that the city centre has the potential to connect the new and old economies of the city more closely, in ways that benefit disadvantaged communities and take advantage of other policy initiatives for housing, health, education and transport. Although in the past no strategic plan has responded to the specific challenges and opportunities it presents a comprehensive policy framework now exists from which an appropriate long-term strategy can emerge. It is important to recognise that this river is important regionally and nationally which presents considerable challenges at all territorial levels and across all sectors. This report seeks to contribute to realising the potential of the River Clyde through reinforcing the sophisticated local tool kit which the city has at its disposal in order to pursue the holistic redevelopment of this important territorial asset. The River Clyde offers Glasgow the opportunity to build on its global reputation as an innovative and enduring city; it is integral to the sustainable future of the city.

Some of the initiatives and projects that have taken place over the last three decades have already established Glasgow's global reputation as a city from which others can learn. This study will draw out some of the successes and through peer review help Glasgow learn new things about itself. Issues will also have to be addressed with respect to the local capacity to innovate and to overcome some of the entrenched social and economic disparities in the city. Deep-rooted poverty and deprivation parallel Glasgow's economic prosperity. Much has been done in the city to reduce disparities but the extent to which Glasgow has been affected by structural change is so immense that more remains to be done, raising the important issue of **what additional tools Glasgow needs?**

This study coincides with the 'Cities Review' project has been launched by the Scottish Executive to "review the current prospects for the economic, environmental and social development of our 5 cities; and to identify Executive policies which will improve those prospects, taking into account the interactions between the cities, their surrounding areas and the rest of Scotland." Glasgow is one of the cities under review providing the opportunity for the OECD study and the Scottish Executive review work in synergy to reinforce the importance of effective urban policy in the national and international contexts. The other cities under review are Edinburgh, Aberdeen, Dundee and Inverness. The Cities Review will establish a new urban policy context in Scotland at Executive level. This will be important for all five cities, but particularly so in Glasgow as the largest and most challenging urban centre in Scotland. The Scottish Executive is proactively attempting to develop a responsive urban policy context in Scotland, which is ultimately founded on sustainability. The emerging approach is consistent with broader OECD experience as many of the problems nations confront that are associated with social and economic change, such as suburbanisation, rising car use, the regeneration of previously developed land, and the demands of global competition are provoking a reassessment of existing urban policy goals and methods.

As articulated in the Analytical Framework, the Urban Renaissance Series looks inside cities, focusing on central geographical locations which have important economic, social and environmental implications for the city as a whole. In Glasgow, the River Clyde is crucial to a sustainable future but it is also key to the economy of the wider conurbation. The Urban Renaissance study of Glasgow will not provide a prescriptive policy framework for the future. Part I of the report establishes current trends and challenges facing the city. In Part II some of the changes which took place over the last decade are explored to understand in more detail what has been done and what remains to be done. The role of Scottish Enterprise Glasgow as the key economic development agency in the city is highlighted. Although the agency works in partnership with local government, other public agencies and the voluntary and business sectors its role in Scotland and in Glasgow is pivotal to economic development. Over the last decade it has developed a global reputation in the field of economic development -- it is a dynamic and innovative organisation from which important lessons can be drawn. In Part III the focus becomes the River Clyde, based on an overview of the social, economic and environmental challenges, the existing tool kit Glasgow has in terms of policy and analysis. Final conclusions and recommendations are presented in Part IV.

Governance

The governance of Scotland changed fundamentally when the Scotland Act became law in 1998 and a devolved Parliament was created in 1999. The Parliament has authority over matters such as education, health, local government, etc., with the powers to create its own legislation. Westminster reserves decisions which are of UK or international significance. The Scottish Parliament operates as a fully functioning Parliament in its own right. The Scottish Executive is accountable to the Scottish Parliament and has executive responsibility over devolved matters. The administrative functions formerly performed by the Secretary of State for Scotland have been transferred to the Executive. Aggregate expenditure in 1999-2000 in Scotland was estimated to be £33.8 billion (after EU adjustment)³ and total government revenue was £29.8 billion, North Sea oil provided £2.5 billion resulting in a deficit of £1.6 billion. Expenditure per head of population is estimated at £6 610 in 1999-2000. This is around 15 per cent higher than the equivalent UK figure of £5 672 per head.

“Working Together for Scotland -- a Programme for Government” outlines the political and strategic objectives of the Scottish Executive. Devolution has brought increased accountability for decision-makers and those involved with service delivery at all levels of government -- the democratic landscape has been broadened and new challenges continue to emerge. Through devolution the policy agenda has shifted firmly towards being able to respond more directly to the needs of Scottish citizens which may vary from city to city and region to region. The Scottish Executive is a highly sophisticated political entity which is addressing the needs of Scotland within the broader UK and EU contexts through a dynamic series of policies and actions supported by in depth research, analysis and monitoring. Economic development, social justice, sustainable development, lifelong learning and urban policy are amongst the key issues being tackled and benefit from high level political prioritisation.

The Scottish Executive has major implications for all levels of government and agencies involved in the delivery of services and functions. It is perceived to be a sophisticated and demanding client, many agencies and local governments are adjusting to this new environment and reflecting upon their respective roles as the process of Devolution matures. Building on policy directions established by the change of government in 1997 the Executive has provided a strategy for Scotland which is more holistic and which is determined to tackle disparities and enhance positive economic changes. Just as in Canberra with the advent of self-government over a decade ago, the Executive is emerging as a dynamic, innovative and learning government. It is drawing on a similar resource base of high value human capital in the form of its people and building on its assets. Thus, the key challenge in this new context is therefore to build up new governance relations and policy cultures which allow for more horizontal rather than hierarchical relations, with more collaboration rather than conflict between government and the society. Governance requires the capacity to draw widely upon the knowledge resources available and generate collective learning contexts in which new ways of thinking about spatial dynamics can be developed, shared and focused into strategic priorities.

Local government – Glasgow City Council

The 1996 reform of local government in Scotland resulted in the abolition of regional government and the creation of a single tier of local government. The unitary authority Glasgow City Council replaced Glasgow District Council. The city boundaries were redefined and the City government took control of functions such as education and social services which had previously been the responsibility of Strathclyde regional government. Glasgow however was not awarded the additional spending allowance, which Strathclyde had previously directed towards the city in recognition of its regional significance. Glasgow thus became more dependant upon its own tax base which is in effect insufficient to meet its needs and has resulted in spending cuts. Although the city has a large residential population Council Tax revenues are insufficient to meet spending costs despite the Tax being the highest in Scotland. Business tax on the contrary is significant but fiscal administration in Scotland means that taxes are collected locally and reallocated centrally. Reallocation by the Executive means that Glasgow contributes around £80 million annually more than is returned to it. Many citizens from the regions who draw on the city do not contribute to its fiscal base. Glasgow City Council actual budgetary expenditure for the financial year 2000/2001 was £1 926 398 000 but net expenditure stood at £961 768 000.

Devolution clearly brings with it issues for local government. This report is not remitted to make recommendations on these issues but the impact upon Glasgow cannot be ignored. Roles, responsibilities, and financing are major issues which need to be considered in a broader national context. It is relevant to consider some of the more general findings of OECD with respect to governance and the United Kingdom. In 2001, OECD revisited earlier work on the theme of intra-governmental co-ordination and raised the following points to Member countries:

- What is the role of national governments vis-à-vis regional or local bodies?
- How much decentralisation, or devolution of responsibilities, is considered necessary?
- How much involvement of private actors is desirable, or perhaps necessary? And what is the proper role of employers in this context?
- The challenge is how to guarantee most adequate services efficiently while at the same time securing equal treatment throughout the country, or society.⁴

These are questions and issues continually raised by practitioners and indeed are directly related to some of the strategic issues explored through the Urban Renaissance work. Understanding what takes place at the local level is essential to understanding the real effectiveness of national policy, such analysis is complimentary to a national review process and contributes to policy effectiveness.

The OECD UK Economic Survey of 2001 stated that:

“A key feature of the UK’s sub-central government (county and town councils and devolved countries) is their relatively small share in overall public outlays and their limited command over funding. Sub-central government’s share in total spending is among the lowest in the OECD — albeit comparable with other major unitary countries in Europe, France and Italy. Local governments’ own resources (council tax on household property and sales, fees and charges) is also low by international comparison and account for about a third of their current budget and ‘external’ finance for the remaining two thirds. The latter comprise the local share in the yield from the business rate, which is a tax on commercial property collected by the local authorities, paid into a central fund and redistributed on a simple per capita basis, and government grants...

...it would be advisable for local governments to be given more freedom to organise the expenditure programmes, for which they have been given responsibility, as they deem appropriate and to design better fees and charging structures. A related challenge is the need to reform the grant distribution system, which is complex and controversial, not least because of growing earmarked grants to promote national policy goals. Greater autonomy in borrowing policy should help encourage investment in local infrastructure development”.

These comments are particularly pertinent to Glasgow and reflect local concerns. Earlier local government reforms reduced income to the city and the current business rate structure as discussed earlier draw revenue out of the city. Glasgow is grappling with many of these points. Public finance was an important consideration in the recent OECD study into Metropolitan Governance. The main factors influencing public finance in metropolitan areas throughout OECD countries are detailed in the box below.⁵

Box 1.1. Public finances in metropolitan areas

Decentralisation has involved reallocation of responsibilities to the local level. This has increased the burden of local authorities but is not always accompanied by corresponding financial resources (unfunded mandates).

Cuts in transfers from higher levels of government have in many cases reduced the volume of finance available to municipalities in metropolitan areas. The authorities of certain countries (for example, Australia, Finland, United Kingdom, USA) have imposed on cities (in particular the largest) strict budgetary discipline. This has led to a reduction of debts and loans and a transfer of certain financing (and risks) to the private sector, and fiscal consolidation in terms of expenditure, facilitated by low inflation and quite low interest rates.

A difficult economic climate (city-wide or in specific locations) and consequent loss of local revenues. Due to globalisation of markets and its spatial impacts and the economic weight of multi-national companies, large cities, and even metropolitan areas, are increasingly vulnerable to rapid fluctuations in economic activity which affect stability of public finance should they cut back production or relocate to another country.

Growing socio-economic distress due to high levels of unemployment, particularly youth and long-term unemployment. This increases demand for social services and support and raises a range of costly societal problems (*e.g.*, crime and violence), which lead to additional expenditure (for example for increased surveillance of public space and utilities such as public transport which require additional security staff and costly video surveillance).

Increasing problems in specific “distressed areas” or cities, which require special funding for social and economic programmes to improve the integration or their inhabitants, upgrade the housing and living environment and develop employment.

Increasing differences in the financial/fiscal capacity of central city and suburban municipalities due, for example, to the loss of jobs and middle-income residents and erosion of the tax base in some central cities that service the wider urban area. Dr Pierre Beckouche (OECD-Stockholm workshop) notes that distinctions are arising between cities whose economies are based on the market economy, whether world-wide or national, and towns largely supported by public funds. Metropolitan areas are more likely to be “market” rather than “welfare” cities. Bekouche asks whether this distinction is also appropriate within metropolitan areas too. Are market-oriented sub-spaces becoming increasingly separate whilst other sub-spaces require more public support? How can this type of new disparity be controlled?

Increasing economic and social disparities found within urban space are not only complex but also cumulative. How can the institutional architecture of metropolitan areas and public finance mechanisms intervene in this process to correct it?

A higher proportion of elderly persons and a low/ non-active population ratio. The ageing of OECD populations will require substantial investments in housing, infrastructure and services to adapt the city to the needs of older people.

High cost of urban sprawl. This requires metropolitan areas to upgrade, maintain older infrastructures, construct new infrastructures (*e.g.*, wider transport networks), as well as the introduction of new technologies to improve environmental and living conditions and competitiveness. The cost of restructuring land markets to support economic restructuring, in particular reclaiming inner city brownfield sites.

When metropolitan governments have been introduced as an additional tier, the problem of how to finance staff and responsibilities (and to avoid duplication with existing levels of government). In some cases, one of the contributory factors to the amalgamation of the central municipalities and the creation of a single metropolitan authority was to avoid duplication and reduce staff (*e.g.*, Toronto).

Source: OECD, 2001a.

Population

Scotland has a population of 5.1 million which has been relatively stable since 1945. In 1999, there were 2.2 million households, equal to approximately 2.3 people per household (average household size at the beginning of the 20th century was 4.8 people per household). Today's structure represents typical changes in household formation which occurred throughout the 20th century and are in line with general western trends. In Scotland, the most significant changes took place from 1970 onwards, most notably net out-migration which was particularly pronounced during the 1980s, 1987-1988 being the worst year, when some 25 000 people left. However, during the first half of the 1990s the trend was reversed as more people moved to Scotland than left (almost 10 000 between 1993-1994). Demographic trends recognisable throughout OECD Member countries are evident, in particular that:

- Women outnumber men and have longer life expectancy.
- Birth rates are falling and there are fewer young people.
- There is a marked increase in the number of people aged 45 to retirement age, and this category is forecast to grow by an additional 19 per cent by 2016.
- People of retirement age are not forecast to increase before 2016.
- Throughout the 1990s, all cities in Scotland with the exception of Edinburgh showed a reduction in their populations because of natural decrease and out-migration.

Glasgow is the largest and most heavily populated area in Scotland, almost 3 500 people per square kilometre (almost double the density of Edinburgh) the current population stands at 606 401.⁶ Glasgow's population has been falling since 1939 with the most significant decline taking place towards the end of the century. Between 1989-1998, the city's population fell from 649 930. Natural change and out-migration, particularly the loss of families has had a major impact in the city with the typical socio-economic implications. The projected figure for 2006 is 598 221; a fall of just over 2 per cent compared with 1999. A further reduction of only 0.6 per cent is projected for the 2006-2011 period resulting in a population of 594 731. The decline in population is expected to come to an end by 2012-2013, with modest increases thereafter.

Emigration has been the main factor driving down population levels in the City. During the 1980s it averaged 7 600 per annum. However, in the 1990s the losses due to migration diminished to less than 1 700 per annum, (as a percentage of total population 0.27%). Migration to the immediate neighbouring areas tends to reflect housing preferences, but longer-distance migration is clearly related to employment

factors. Glasgow suffered a substantial loss of employment in the 1980s (a drop of 11% between 1981 and 1991) which was clearly a major factor in the high level of longer-distance net out-migration from the City at that time. Although it remains a matter of concern population loss through net out-migration appears to be moderating⁷. This can be attributed to pro-active planning and economic development policies which have influenced the housing market and sector in the city.

Significantly, Glasgow has higher than average mortality rates and declining female fertility rates. In contrast with the national trend of increasing numbers of elderly people, there has been a decline in Glasgow over the last decade as a result of net migration loss and the considerably higher mortality rates in the City. The reduction in the number of the elderly accounts for nearly three-quarters of the total fall in population in the City between 1991 and 1999. Glasgow's mortality rates are considerably higher than the Scottish average, by around 20.6 per cent. In 1999 mortality from lung cancer was particularly high (at 57% above the Scottish average) and heart disease was responsible for 21 per cent of all deaths. The health dimension of social exclusion is dealt with in more detail later in the report but clearly the dynamics of the issue raise important issues for the city that are wider than health care delivery and which impact upon the social and economic well-being of the city.

The total number of households in the city is projected to rise from 275 100 in 1999 to 280 600 in 2006 and 288 600 in 2011. This represents higher growth than experienced in the 1990s and is, in part, a reflection of the anticipated slowdown in population loss from the City. By 1999 one-person households constituted 41 per cent of all households in the City, households with children 24 per cent and other adult only households 35 per cent. It is expected that single person households will continue to be the main growth area in the City, with a 14 per cent increase between 1999 and 2011. Single person households are expected to constitute over 44 per cent of households in the City in 2011. The continued growth in small households means that average household size will continue to fall. It is expected to decline to 2.09 by 2006 and 2.02 by 2011.

Three important factors have influenced household change in the city since the 1980s: the loss of families to neighbouring areas (nearly 30%); and substantial increases in non-elderly single person households (over 100%) and in lone parent families (nearly 200%), and the reduction in the number of families of two or more adults with children. Thus, the dynamics of the population base seriously impacts upon the future economic and social well-being of the city. Redressing imbalances which perpetuate cycles of economic disparity are a cross-sectoral policy objective in the city.

The Scottish economy, a brief overview

The Scottish economy has changed dramatically over recent decades. Over the last 15 years there has been stability in the broad split of output between services and production and manufacturing, but over 35 years the shift towards services has been dramatic. Within manufacturing there has been a significant increase in the importance

of electrical and instrument engineering sectors, including electronics, which grew at an average of 15 per cent between 1994-1999. Over the last decade production sector jobs have fallen by around 20 per cent while employment in the service sector has increased by 10 per cent and in the finance sector by over 30 per cent. The numbers of people employed in Scotland has been rising since 1997, and is now at its highest in 25 years. In February 2002 some 2.375 million people were employed, 73.2 per cent of all those of working age. However, Scotland lags behind the UK as a whole, by 1.4 per cent.

Whilst unemployment in Scotland has been falling consistently over the past 15 years geographical disparities exist with respect to employment and unemployment. At the micro level employment disparities can be very pronounced. There are also considerable variations even between electoral wards within constituencies. Some ward rates, for example, indicate almost full employment, whereas others have unemployment rates many times higher than the Scottish average. There is also growing evidence of a link between high unemployment and the growth of single-parent families. Glasgow experienced almost a three-fold increase in these households between 1981 and 1991. **Lone parent families make up 30 per cent of all households with children in the City.** Fifty wards had unemployment rates twice the Scottish average in 1989 and 1999; almost half of which were in Glasgow. In Glasgow, for example, in 2000, **three in ten** of the working age population were in receipt of one or more key benefits, compared to less than **one in ten** in Aberdeenshire. Unemployment is measured both by Claimant count and by ILO definition, in Scotland the figures are 4.1 per cent and 6.8 per cent respectively. (For the UK as a whole the figures are 3.2 per cent and 5.2 per cent respectively).

Annual growth in Scotland in 2000 was estimated at 1.6 per cent compared to a UK average of 3.2 per cent. Estimates by the Scottish Executive determined the overall long-term growth rate in Scotland to be 2.1 per cent per annum, compared with a figure of 2.4 per cent for the UK for the period 1964-1998. Scottish growth was broadly based, with construction, financial services, and retail and wholesales experiencing the largest increase and transport, storage, communications the most significant decrease. The service sector in Scotland is growing and accounts for over 60 per cent of overall GDP. However, during the period 1995 to 1999 growth in the manufacturing sector exceeded that in the service sector. At the end of 1999, there were an estimated 299 200 private sector enterprises in Scotland employing 1 823 430 people. Approximately 192 000 of these enterprises were sole traders or partnerships with no employees. The majority of new enterprises in Scotland, reflecting trends throughout OECD Member countries, are small and medium sized enterprises. Of the 299 200 enterprises operating in Scotland, 293 765 (98%) had less than 50 employees. There were 2 170 large enterprises employing over 250 people (0.7 %) of the total but which represented 43 per cent of total Scottish employment.

The changing dynamics of the Scottish economy clearly demonstrate the shift from old economy to new. High growth sectors are emerging, which although they employ less people are having a significant impact on the broader economy. The major shift, as stated, has been towards the service sector but it is important to consider some of the key drivers in the new knowledge based economy. Although manufacturing has

weakened considerably in Scotland, there is broad recognition of the importance of creating a diverse economic base.

- Biotechnology is growing at 30 per cent -- double the rate of Europe as a whole. 20 new companies have been created since March 1999, bringing the sector to 382 organisations employing 18 430 people.
- Semiconductor fabrication plants employ over 5 500 people and suppliers to the industry employ 2 700 people. Scotland has a 7 per cent share of the European semiconductor production capacity and a 47 per cent share of the UK capacity.
- The electronics industry in Scotland employs 41 000 people directly, with a further 42 000 employed indirectly in the supply infrastructure.
- The optoelectronics industry is currently valued at around £600 million and employs around 5 000 people.
- The telecommunications industry is host to over 100 international and Scottish companies employing more than 12 000 people.
- The food & drink industry employs over 47 000 people in more than 1 800 businesses with combined sales of £7.3 billion and export sales of £2.4 billion, representing over 12 per cent of manufactured exports.
- Tourism employs 177,000 people (8 per cent of workforce) and contributes £2.47 billion annually to the Scottish economy.
- Scotland is the 6th largest equity management centre in Europe, managing £351 billion in funds.
- Approximately 200 call centre sites, including 18 outsourcing companies, employ about 40 000 people. There are also 15 shared service centres employing more than 1 500 people.⁸

The Scottish Enterprise Network seeks to build on these strengths as it implements the Executive's vision for economic development across Scotland. The Local Enterprise Companies, which will be discussed later, play a pivotal role in working with local government and other agencies to define local strengths and opportunities. High value added sectors are clearly impacting across Scotland. In

Glasgow, over the last five years the technological base in the city has grown considerably. For example:

- The software and computer related sector experienced exceptional growth -- the number of businesses has increased by 220 per cent, employment by 480 per cent and sales revenues have reached £420 million.
- Sixty-two technology spin-outs have been created from local universities and research institutes.
- Jobs within the city's key bioscience companies have increased by 25 per cent each year, and currently stand at over 600.
- The city has established itself as a global centre for technology development with inward investment responsible for the creation of some 2 000 software development and e-business jobs.
- The optoelectronics sector is showing annual growth of 40 per cent with some 30 companies employing 1 150.⁹

As will be discussed later, sectoral targeting in terms of economic development has yielded important results for the city and demonstrated the ability of economic development agencies to utilise existing assets in the city (a strong academic and research tradition) to change the strategic direction of the city economy. However, balancing high valued added economic growth with the overall reduction of economic and social disparities are important priorities for all tiers of government. Not unique to Scotland, indeed throughout OECD countries, a persistent percentage of the urban population remains unemployed and socially excluded, often as a result of structural unemployment despite the very different macro-economic and social policies that are pursued. Balancing the economy through an overall increase in workforce participation is a priority. The key challenges that this presents at both territorial levels primarily concerns education, training and skills.

*The regional economy*¹⁰

The regional economy has strengthened over the last decade, particularly between 1993-1998. Glasgow as the principal city at the centre of the regional conurbation has been an important factor in bringing about this change. In excess of 35 000 jobs have been created, with total employment rising by 4.1 per cent -- a higher growth rate than the rest of Scotland but lower than the UK as a whole. But:

- A large proportion of growth has been in the creation of more part-time employment opportunities, mostly in the service sector and located in Glasgow.

- There has been a continual decline of male and female full time employment in manufacturing.
- Economically motivated out migration has been a factor in the 8.8 per cent reduction in the regional population between 1981-1996.
- Eight-five point six per cent of Scotland's worst off communities live in the region and some 58.9 per cent live in Glasgow. **This has increased since 1991.**
- Almost one third of unemployed people in the region have no formal qualifications compared to 13 per cent of employed people. Exclusion is geographically concentrated, 479 385 people in Western Scotland live within designated Social Inclusion Partnership areas -- some 20.84% of the regional population.
- Due to low levels of business density, substantial public sector investment, including EU Structural Fund programmes, have been targeted on increasing business birth rate. Whilst there has been an increase this remained uncompetitive. Western Scotland has 17.2 VAT registered businesses per 1000 population compared to 22.0 in Scotland and 27.3 in the UK. Fifty-nine per cent of employment in Scotland is in SMEs. Scottish Enterprise's Business Birth Rate strategy has identified that Scotland has a narrow population of entrepreneurs, concentrated among middle aged, middle class males.
- Investment in workplace training and R&D is low: in 1996, UK companies invested 6.7 per cent of Gross Value Added in R&D compared to 1 per cent in Western Scotland. Yet, Western Scotland has significantly higher levels of technology workers that the rest of Scotland or Great Britain.
- Rapid growth has taken place in Renfrewshire and Glasgow. Western Scotland's economy supports a high level of exports, in 1997-1998 some 60 per cent of Scotland total exports. Significant employment growth between 2000-2006 is forecast in retail, distribution, hotels and catering, financial, business and other service sectors. Glasgow however has key weaknesses in its export base which accounts for only 2 per cent of manufactured exports dominated by one-off shipbuilding contracts.
- Overall the employment rate in the region is 66.1 per cent below both the Scottish average and the UK average.

Given its significance in the regional economy Glasgow is in real terms a city-region. Geographical boundaries determine that it has a population of around 600 000 people within a regional conurbation of around 2.2 million, almost half of the entire population of Scotland. Both the city itself and the region make a significant contribution to the Scottish Economy which raises challenges for all territorial levels. Travel to work patterns, detailed later, reveal that more than 50 per cent of employment

generated in the city is accessed by people living outside the city thus raising important fiscal, social and environmental issues. Glasgow is a city experiencing significant economic growth whilst managing an exaggerated scenario of socio-economic deprivation which is unsustainable for the city, region and ultimately for Scotland. Reducing disparities in Glasgow is in the interests of the region, a point which has been particularly well analysed by the Glasgow and Clyde Valley Structure Plan Joint Committee and resulted in Structure Plan policies which can facilitate greater social inclusion.

Having a city of Glasgow's assets and potential at the core of a region of this size is an advantage for Scotland. It makes Scotland comparable to other medium-sized economies in Western Europe (Finland, Stockholm, Denmark, Flanders, for example). Trends in the 21st century will be to reinforce advantages based on concentration, specialisation and diversification, all strengths of Glasgow and integral to its role as a city-region. Inherent advantages of a city-region of this size are evident in the market opportunities and demand, high value human capital and well developed local capacity in terms of civil society, institutions and government. Glasgow contributes to and benefits from these advantages but also faces the major challenge to improve human capital within the city. This means increasing workforce participation for which there is clear policy commitment at all territorial levels but for which impacting strategies must be brought forward at a faster pace. Important issues of health, housing and community development are recognised as integral to the overall process and are as much part of the solution as economic policy.

Glasgow city economy and labour market

Glasgow's economy has changed dramatically and the city economy is at its most buoyant for over 30 years. In 1996 the city produced **14.5 per cent** of Scotland's GDP, **£7.9 billion**, in **2001** that rose to **16.5 per cent -- £10.2 billion**. Between 1994-1998 the City's economy grew by 15.9 per cent compared to 10.3 per cent in Scotland and 11.4 per cent for the UK as a whole. Employment fell from 361 000 in 1981 to 308 700 in 1993 but since then it has risen to 378 000. The numbers of self-employed increased by 2 700 to around 30 000 during the same period. Average weekly earnings in 1999 were £373, higher than the Scottish average of £365 but lower than the Great Britain average of £400. Employment predictions up to 2008 forecast 29 000 additional jobs in the city predominantly in professional and computing services, 7 200 jobs; business services, 6 000 jobs; hotels and catering 4 000 jobs; education, health and social work 3 800 jobs and retail and wholesale 2 800. Manufacturing is forecast to decline by 3 100 jobs and construction by 700.

Despite an increase in overall employment levels in the city and a six-year period of economic stability Glasgow suffers from disproportionately high unemployment. Unemployment is measured by Claimant Count and the ILO standard of measurement. The latter reveals a much higher unemployment reveal, for example, some 31 000 residents were jobless in August 2001 -- an unemployment rate of 11.5%, the Claimant Count rate stood at 4.9% (The final economic briefing for 2001 prepared

by Glasgow City Council reveals an annual average of 5.9% for Claimant Count unemployment.). **Non-city residents take approximately 50 per cent of jobs in the city.** Out migration has had considerable impact. In addition, only 70 per cent of the city's working age population are economically active, compared to the Scottish rate of 78 per cent. Despite the 5.8 per cent growth in the number of jobs in Glasgow, the number of residents of the city in employment fell by 3.7 per cent between 1993-1998. Thus, the retention and creation of jobs in the city is a shared priority of all levels of government and responsible agencies.

Deprivation in the city has not been diminishing during the recent period of economic growth. Between 1979 and 1998 the number of residents claiming income support due to disability, lone parenthood and unemployment (excluding retirement pension) increased from 77 000 to 119 000, an overall increase of 54 per cent. This is approximately one third of the working age population in Glasgow. In Glasgow some 39 000 citizens are in receipt of incapacity benefit alone. Cumulatively, there are over **100 000** working age residents in the city in receipt of long-term welfare payments. Although registered unemployment has been falling Glasgow experienced extraordinary increases in lone parent and disability claims on income support. Since 1979 disability claims (excluding Invalidity and Incapacity Benefits) has increased eightfold and now accounts for 23 per cent of all Income Support claims. Claims for Incapacity Benefit are the highest in the United Kingdom at 9.9 per cent of the working age population. Benefit dependency in the city is further highlighted by City Council expenditure for 2001-2002 on Council Tax Benefit which is estimated to stand at £75 million and Housing benefit payments at £265.1 million. **How much greater could be Scotland's growth if the potential of Glasgow could be realised? The answer lies in many things, not the least of which is the breaking the cycle of deprivation which reduces opportunities for successive generations.**

Figure 1.1. **Glasgow City economic briefing: population**

Glasgow City profile

Population

Scottish population by age, 2001 and projected changes over time

Age	Scotland		Glasgow City	
	No. (000s)	%	No. (000s)	%
Total population	5,109	100%	612	100%
- Below working age	990	19%	118	19%
- Of working age	3,193	62%	392	64%
- Above working age	926	18%	102	17%
Changes in popn, 1991, 2001, & 2016	diff since '91	diff to 2016	diff since '91	diff to 2016
Total population	0%	-1%	-3%	-3%
- Below working age	-3%	-12%	-2%	-14%
- Of working age	1%	-3%	0%	2%
- Above working age	2%	18%	-15%	-10%

Economic activity - 2000-2001

	Scotland		Glasgow City	
	No. (000s)	%	No. (000s)	%
Total economic activity	2,564	78%	270	70%
- Men	1,387	83%	141	74%
- Women	1,176	73%	128	66%
Economically inactive (working age)	1,517	22%	218	30%
- % adults with degree level quals	863	27%	97	25%

Total employment - 2000-2001

	Scotland		Glasgow City	
	No. (000s)	%	No. (000s)	%
Total employment	2,399	73%	244	63%
- full time work	1,826	76%	190	78%
- part time work	572	24%	54	22%
- employees	2,159	91%	223	91%
- self employed	218	9%	17	7%

Source: Glasgow City Council, 2002.

Figure 1.2. **Glasgow City economic briefing: employee jobs by industry**

Glasgow City profile

Number and proportion of Employee jobs by industry, 2000

Industrial group	Scotland		Glasgow City	
	No. (000s)	%	No. (000s)	%
All industries	2,229	100%	366.4	100%
Agriculture, forestry & fishing	38	2%
Production and construction				
- Total	471	21%	53.1	14%
- Mining/quarrying & energy supply	36	2%	2.9	1%
- Manufacturing	302	14%	30.0	8%
- Construction	132	6%	20.2	6%
Services				
- Total	1,720	77%	313.2	85%
- Retail & wholesale, and hotels	506	23%	73.1	20%
- Transport and communications	118	5%	21.9	6%
- Finance and business	375	17%	87.8	24%
- Public and other services	696	31%	117.8	32%

Change in Employee jobs since September 1995

	Scotland		Glasgow City	
	No. (000s)	%	No. (000s)	%
All industries	144.3	7%	34.3	10%
Agriculture, forestry, fishing	14.7	..	-	..
Production and construction				
Total	-16.3	-3%	-2.2	-4%
Mining & energy	-2.7	-7%	-0.1	-3%
Manufacturing	-16.5	-5%	-4.6	-13%
Construction	2.8	2%	2.5	14%
Services				
Total	145.8	9%	36.6	13%
Retail & hotels	23.7	5%	3.3	5%
Transport & communications	2.4	2%	-1.0	-4%
Finance and business	52.3	16%	16.9	24%
Public & other services	42.6	7%	4.8	4%

Source: Glasgow City Council, 2002.

Figure 1.3. **Glasgow City economic briefing: unemployment**

Glasgow City profile

Unemployment

Claimant count unemployment, January 2002

	Scotland		Glasgow City	
	Total	Annual change	Total	Annual change
Rate	4.1%	-0.4%	5.9%	-0.9%
rate 5 years ago	8.0%	-3.9%	12.5%	-6.6%
rate 10 years ago	8.2%	-4.1%	16.3%	-10.4%
Total (000s)	113.6	-5%	18.5	-10%
men	88.7	-5%	15.0	-10%
women	24.9	-5%	3.5	-12%
Age (% of all unemployed)				
18-24	26%	0.7%	26%	2.3%
25-49	57%	-0.6%	61%	-1.8%
50+	17%	-0.1%	12%	-0.5%
Duration of unemployment (% total)				
6 months or more	29%	-4.5%	34%	-8.2%
1 year or more	14%	-3.9%	17%	-6.3%

Corporate sector

Scottish employment by size of enterprise, November 1999

Size of enterprise	Scotland		Glasgow City	
	No. (000s)	%	No. (000s)	%
Total employment	1,642	100%	247	100%
Small	627	38%	72	29%
Medium	235	14%	33	13%
Large	781	48%	142	57%

Scottish enterprises by size, November 1999

Size of enterprise	Scotland		Glasgow City	
	Number	%	Number	%
All enterprises	149,150	100%	15,980	100%
Small	143,720	96%	14,190	89%
Medium	3,270	2%	780	5%
Large	2,170	1%	1,010	6%

Source: Glasgow City Council, 2002.

The economy is now dominated by the service sector, which accounts for 79 per cent of Glasgow GDP and 84 per cent of its employment base (compared to 68% in 1981). Between 1991-2001 services rose by 33 per cent and output by this sector is predicted to grow a further 37 per cent by 2011. Glasgow ranks second to Birmingham as the largest regional centre for services in the UK. Scottish Enterprise Glasgow and Glasgow City Council attribute some of these change, in part, to increases in the number of home based blue chip companies which located in Glasgow in the early 1990s. Overseas investment began in the mid-1990s and in the late 1990s expansion by existing companies. Between 1992 and 2000 some 102 inward investment expansions created 20 000 jobs (predominantly in finance, utilities and telecoms). In 1999-2000, some 30 company inward investments-expansions created 4 500 jobs. Services have become more important in terms of employment, and increasingly also in total output. The Glasgow scenario is typical of trends throughout OECD Member countries. Between 1985 and 1997, around two-thirds of GDP growth in the OECD business sector resulted from growth in the services sector. Most employment growth has been in services. The growing share of services in the economies of OECD countries is a familiar phenomenon of post-war economic growth. In terms of growth, their contribution is increasing.

As the service sector grows in the city demand for office space continues. Although the value of completed office and business developments fell from £46 million in 1998-1999 to £25 million in 1999-2000, the value of developments under construction rose from £54 million to £86 million. Over 50 per cent of office floorspace is located in the city centre, some 1.34 million sq.m. City-wide take up of office space increased by 38 per cent between 1997-1998. A global human resource company recently noted that Glasgow is considered to be the most important retail centre outside of the West End in London. Retail activity continues to be stimulated by developments such as Buchanan Galleries, Braehead Park, St. Enoch Centre, Princes Square and Parkhead Forge.

Glasgow is ranked 4th out of all UK cities outside of London for new firm formation. The number of firms in computer based activities increased by 87 per cent between 1995-1999 from 270 to 505. Call centres are important to the Glasgow economy, just as they are proving to be across Europe and are expected to increase in the city over the next 8 years. Forecasts by the City Council in the Spring 2001 Economic Monitor indicate that continued growth in this area would mean an additional 16 000 jobs by 2003. In 1999-2000 call centres and business services accounted for 43 per cent of the city's total office take-up, with banking and finance accounting for a further 25 per cent. The city employs some 30 000 people in financial services sector directly, more than in Edinburgh and ranks tenth in Europe. Overall the finance/banking/insurance and business services sector now employs some 91 600 people. High value added knowledge based industries are growing in the city reflecting national and regional trends. The Bioscience sector, for example, grew by 25 per cent during this period.

The strategic weakness in the city in manufacturing is identified across the board as an important issue. However, Glasgow continues to be an important

manufacturing centre in the United Kingdom (3rd after London and Birmingham). Export figures released by the Scottish Council for Development and Industry show that Glasgow's manufacturing exports totalled £374.6 million in 1998-1999, an increase of 12.7 per cent on the previous year. Manufacturing, although declining accounts for 9.5 per cent of employment and generates 13 per cent of Glasgow's GDP. The shift out of manufacturing during the 1980s and early 1990s led to a contraction of 1.7 per cent in the city's economy compared with growth in Scotland of 11 per cent and in the UK 5.1 per cent.

Glasgow-Edinburgh

The strategic relationship between the two principal cities of Scotland is very important: Edinburgh, as the capital city, home of the Parliament and an important economic force in Scotland, and Glasgow as the largest city, similarly an important economic entity in the country but with very different needs and challenges. Much local analysis exists on this issue covering a complex array of policy issues. The Scottish Executive Cities Review should contribute to a clearer understanding of the roles, relationships and challenges facing all five of Scotland principal cities. A substantive ERSC study, *Edinburgh and Glasgow Contrasts in Competitiveness and Cohesion*¹¹ notes that:

“In Glasgow the priority is to accelerate the overall rate of growth, given the accumulation of problems from years of decline. More substantial public sector support may be required to bolster the property and labour markets to enable them to anticipate and respond more actively and effectively and to kick-start a growth momentum. New economic development should be targeted towards core urban areas, where possible, since they face the greatest challenges of unemployment and physical dereliction. Policies should also seek to promote most directly to meeting local needs in terms of their skill requirements and occupational structures.

As a larger, more institutionally -- fragmented and socially -- segregated city, Glasgow also requires more effort to be devoted to organisational co-operation at the scale of the city-region. Local development strategies that involve competition between neighbouring areas can do more damage than in Edinburgh. Indiscriminate growth promotion within each local authority or LEC area can create an oversupply in land and property markets, which weakens the effectiveness of development policy and undermines the markets themselves.”

This analysis provides important guidance for all levels of government and public agencies. Local actors in the city of Glasgow should be able to yield the benefits from research such as this which clearly establishes inherent differences between the cities and should enable the Scottish Executive to develop urban policy which can be effective and applicable. Glasgow's needs are different from those of Edinburgh and other cities in Scotland and more open political recognition of this may be necessary if

Glasgow is to maintain its momentum of change. Each of Scotland's cities has an integral role to play in overall national development. It is important, in a country the size of Scotland that the cities actually work in synergy with each other. Glasgow and Edinburgh are proving to be highly effective 'competitive places' in their own right, however, over the long-term the two cities are in competition with each other on certain issues such as location and level of international service of any new airport. An agenda for direct collaboration between the two cities for long-term projects should be developed. Developing such an agenda will ultimately strengthen both cities, reduce 'tensions' and contribute more realistically to the national economic and social agenda. The framework conditions to facilitate this are in essence in place in that:

- The Scottish Executive is pursuing a political agenda which seeks to balance social and economic needs.
- The Cities Review initiated by the Scottish Executive will contribute to a national urban perspective and a strategy to ensure that individual cities and the Executive can work in synergy for the overall benefits of Scotland, creating win-win scenarios at both territorial levels.
- A national economic development agency, the Scottish Enterprise Network with a broad strategic perspective for the overall economic development of Scotland charged with co-ordinating a Network of local economic development companies delivering and implementing change.
- Strong local governments and assertive civic leaders.
- Economic growth can be founded on complimentary activities.
- Geographical proximity is an advantage.

Housing, land use and transport: factors in a space based, multi-sectoral approach

Sustainable land management, combines technologies, policies and activities aimed at integrating socio-economic principles, with environmental concerns so as simultaneously to: maintain and enhance production; decrease risks to production; protect the potential of natural resources and prevent the degradation of soil and water quality; be economically viable; be socially acceptable. As countries increasingly embrace sustainable development, new strategies for delivery have to be considered. Integrated cross-sectoral strategies as have been advocated by OECD and others will be essential. The 1990s has been the decade when the concept of sustainable development became embedded in urban policy. The decades to come opportunity to measure the impact of many of the pilot projects and innovative strategies which have emerged over the last decade or so.

The concepts of sustainable development call attention to the inter-relationships among social, economic and environmental conditions which are more apparent at the urban than at the national scale. Because urban development involves investments that have a useful life-cycle measured in years or decades, the

quality of life that people will enjoy in the future will be shaped in part by commitments made now. So whilst urban policy is remedial insofar as it tries to cope with problems that already exist it is forward-looking because it tries to guide development as it occurs, to provide better cities for the future. As such the goals of sustainable development will be more easily achieved through effective policies for urban development.

Throughout OECD countries efforts are being made to ensure a more sustainable pattern of urban development. Smart growth and the brownfields programme in the United States are being used to combat urban sprawl, improve the quality of life in urban areas and facilitate the economic growth of cities; the Vibrant City Concept and Careful Urban Renewal programmes in Germany; the Compact City concept in the Netherlands; brownfield target and Urban Villages in the United Kingdom and urban consolidation in Australia all highlight 'individual' responses to similar global concepts. All are having a positive impact and importantly all are benefiting from international exchange contributing to the development of best practice, and as Hall noted in *Sociable Cities* when discussing the challenge of sustainable growth, "...the central challenge, for the first twenty years or so of the coming century and probably beyond that, is to deal with an unprecedented growth of new households" (pp. 111). Where and how people will live and work will therefore remain at the forefront of urban policy. The examples referred to above indicate that countries are 'moving in the right direction' but it is clear that stronger action needs to be taken in order to seriously address the decline of urban centres and continuation the of urban sprawl. Hall also raises some crucial determinants which are applicable elsewhere, highlighting:

- that cities are unlikely to receive additional financial resources;
- that the revival of urban living will require a broad strategy of renewal -- social, economic and educational just as much as physical;
- that the majority of households will continue to prefer suburban or semi-rural areas;
- severe fiscal restraints on the use of the car will not be introduced;
- people will continue to favour car travel; and
- there will be local resistance to excessive intensification (p.120).

Policies will have to address these factors. Housing, land use and transport crucial considerations in cities and Glasgow is no exception. Important changes in the housing sector in the city will have massive economic and social implications. Shifts in housing tenure demonstrated through significant increases in private dwellings and the potential transfer of some 80 000 social housing units from local authority control offer the opportunity to create a greater socio-economic balance in the city, improve living conditions and contribute to greater workforce participation levels of Glaswegians. These changes have important implications for the future of the city, they are integral to economic and social improvement.

Housing ministries of the European Union member states met in Kuopio in 1999 to discuss sustainable urban development applicable to their respective countries. It was pointed out that the definition of sustainability should be enlarged in the future to include social aspects of housing and urban development. It was suggested that efforts towards “better” cities should reflect concerns about the historical perspective of the sustainability of urban phenomena. This calls for a vision that integrates economic, social, environmental, cultural and architectural aspects of the organisation of urban life [DOCUP (1999)].¹² In this context, socially sustainable development was explicitly put forward to enhance social cohesion. Major characteristics of urban development can thus introduce a link between socially sustainable development and social cohesion.¹³

An integrated transport system is essential for any city to function well. Older cities such as Glasgow face similar transport challenges, existing infrastructure requires maintenance and upgrading which is costly but also needs to be adaptable and responsive to a changing urban environment. The Scottish Executive promotes an integrated approach to transport which seeks to compliment its broader commitment to sustainable development. Glasgow similarly must respond to this broader agenda and faces the complex task of implementing an effective integrated transport strategy. The city has a strong public transport base and very low car ownership a strategy for the future must build on these points.

To make urban areas more sustainable, more can be done to strengthen the synergies between spatial and environmental policies. The holistic approaches pursued through OECD Member countries are consistent with efforts to promote sustainable development following the 1992 Rio and 1996 Istanbul Summits, and with the implementation of Agenda 21. Overarching the process, particularly with respect to brownfield redevelopment is the need for coherent policy integration at all levels of government to facilitate flexible and innovative strategies. Vacant and derelict sites are an immense problem in the city and the wider metropolitan region despite several decades of proactive intervention. Urban brownfields can be accommodated in city or metropolitan-wide strategies for economic developments. Policymakers shaping the future of regeneration initiatives to include brownfield sites try to adopt a cross-sectoral approach, which clearly establishes relationships between economic, social and environmental factors. Brownfield redevelopment and the reuse or conversion of existing building stock maximises the potential of urban centres, relieving pressure for suburban development and new (increasingly costly) infrastructure.

Spatial planning at the territorial level

Spatial planning is one of the principal statutory mechanisms used at sub national territorial levels to guide territorial development. Traditionally, spatial development strategy was articulated in master or development plans. The emphasis in such plans turned to the promotion of projects and to a focus on land use but in a situation where spatial dynamics were not well taken into account. How far sectoral requirements were integrated into a coherent strategy depended on the power of the

planning instruments. Spatial planning often ended up being “strategy-less”, imposing a rigid pattern of zoned land uses. The new agenda of spatial development is broad. Competitive positioning in a new global economic geography shapes strategic pre-occupations, particularly as regards major infrastructure investments and locations for new concentrations of business activities as well as the expansion of firms. It also highlights the importance of the cultural assets of a place to attract the skilled workers of the new knowledge industries and tourists. The need for environmental sustainability highlights both new conservation priorities and new ways of thinking about the flows of people, goods and waste products. The need for social cohesion leads to concerns for the quality and accessibility of particular resources, amenities and opportunities in the city and region.

Land use planning policies are in reality often much like other sectors, albeit operating in a compartmentalised field, and dealing with the regulation of land use according to specified criteria. Other sectors with important territorial or spatial impacts, including transport, agriculture, economic development and environmental protection, even health and education sectors, are rarely well co-ordinated. Land use planning systems typically reach out to other sectors and initiatives in seeking co-ordination but with only limited success. The spatial planning approach can provide an umbrella of territorial development policy to which all sectors contribute and subscribe, and thus share ownership of its aims. It can assist in achieving more sustainable territorial development, not through integrating all policy which would be an impossible task, but by explicitly considering the linkages among the many and varied physical, economic and social policy sectoral and instruments. The connections among different modes of intervention can be considered and forms of integration and co-ordination promoted such that there is consistent application of sustainability principles. Such an approach would also assist in creating partnerships with investors and users of land who play a critical role in creating more sustainable outcomes.

Spatial development strategies must go beyond merely indicating where major material investments should go and what criteria should govern land-use regulations. In other words, they have to be more than merely an aggregation of considerations and policy principles collected together in a plan or document. This suggests that their key task now is to identify the critical relations among many agents which are likely to shape the future economic, social, political and environmental qualities of territory. Thus, spatial development strategies exert influence by framing ways of thinking about and valuing the qualities of a place and of translating plans into reality. This work in turn helps to mobilise the many actors inventing the futures of places by shaping their understanding and guiding their investments towards more sustainable outcomes. The key to the new strategic territorial development planning approach is to have a persuasive and mobilising capability rather than command and control power by facilitating multi-level participation. Likewise, it sets up demands for new ways of integrating ideas beyond simple conceptions of urban morphology and

traditional sectoral ways of dividing up projects. In its comprehensive analysis of spatial planning for the 21st century OECD commented that:

“The challenge therefore lies in developing policies which can help cities respond to the dynamic and unpredictable nature of social, economic and technological change. As a result, plans need to be open to revision at shorter intervals, and to take account of a wider range of variables. Given this context of uncertainty, planning needs to create options for the future (consistent with the principle of reversibility in planning), so that people can better adapt their cities tomorrow, as new needs, new problems and new opportunities arise. (In general, mixed land-use patterns, a choice of transport modes, cityscapes that are safe and intelligible, and building designs that can be adapted to different needs, are all aspects of the built environment that favour renewability and adaptability.) In the final analysis, adaptability is more a characteristic of cities than of suburbs, and this could increasingly be the case as cities become “information-rich” in a knowledge-based economy. But it is one which can be increased or diminished over time. What is needed is not a new planning system or changes in the formal regulations, but a more flexible and forward-looking spatial planning and urban policy which is better adapted to changes taking place in the economy.” (p. 91)

The statutory metropolitan policy context for Glasgow is established through the Glasgow and Clyde Valley Joint Structure Plan, 2000.¹⁴ Local government reorganisation 1996 maintained the statutory ‘regional’ planning function and in the Strathclyde area eight administrative authorities co-operate to produce a Joint Structure Plan. The Draft City Plan (2001) is the statutory planning instrument for the city of Glasgow. Each of these instruments emerge as traditional approaches to planning and plan-making are changing and each of the plans responds to this context. The Scottish Executive is currently re-appraising the planning system in Scotland, which may have implications for existing statutory plans at their review stage but is unlikely to change the general policy principles being pursued by the Joint Structure Plan and the City Plan, if anything the two recent plans are probably in advance of the current system.

Glasgow and Clyde Valley Structure Plan 2000

To guide the development of the metropolitan area for the next twenty years a Joint Structure Plan has been prepared by a Committee on behalf of 8 local authorities: East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Lanarkshire, Renfrewshire, South Lanarkshire, and West Dunbartonshire. Once formally adopted, the new Glasgow and Clyde Valley Structure Plan will replace the existing 1995 Strathclyde Structure Plan. The document sets out a broad planning framework for the conurbation and provides a context for the City Plan by reaffirming Glasgow’s position at the heart of the conurbation. The Final Written Statement was approved by the Structure Plan Joint Committee in May 2000 and by the Unitary Authorities thereafter. The document has since been submitted to Scottish Ministers who will undertake a final

consultation exercise and consider any objections before approving the Plan. The overall goal of the Plan is to promote the balanced and sustainable development of the area by:

- setting the land use framework for sustainable development;
- encouraging economic, social and environmental regeneration; and
- maintaining and enhancing the quality of the natural heritage and built environment.

Aim 1: to increase economic competitiveness by identifying a framework for development opportunities which will meet the needs of new and expanding businesses, develop an inclusive economy and improve the attractiveness of the area for investment.

Aim 2: to promote greater social inclusion and integration by improving the quality of life and identity of local communities in terms of jobs, housing, services and environmental conditions, particularly for the most disadvantaged in society.

Aim 3: to sustain and enhance the natural and built environment particularly by the re-use of urban land and buildings and the sustainable use of natural resources.

All three are to be underpinned by:

Aim 4: to integrate land uses and transportation by promoting improved access to and between work, home leisure and shops, in particular by public transport, and an increase in the proportion of goods moved by rail.

The Plan identifies the context of the Metropolitan Development Strategy, Strategic Development Locations and the Green Belt have been identified as the key elements in its successful delivery. Additionally the promotion of National Flagship Initiatives (which cover a large number of the Strategic Development Locations) are central through the promotion of joint commitments by the key public sector agencies and private sector. From a Structure Plan position the Joint Committee have embarked on the development of a series of Common Perspectives. The development of the Common Perspectives is seen as means of engaging the key strategic partners of the Structure Plan in discussion with regard to specific topic areas whilst setting a context for an expression of the linkages between the Plan and the individual remits of the key partners. The key partners and the Joint Committee have an individual responsibility to implement various strategies for the Metropolitan area by demonstrating the consistency of policy objectives and by providing a general context for continuing collaboration and monitoring of progress. The Plan recognises the growing separation between employment and housing which has emerged and seeks to redress this through curbing out-migration, increasing access to opportunity and increasing the rate of brownfield renewal.

The Plan represents a new era in strategic planning; it is a dynamic forward-looking approach which is soundly underpinned by sustainable development principles. Sound analysis has produced a balanced approach which promotes the triple bottom line. Sustainable development can only be achieved if the challenges implied by this concept are clearly stated. The Plan establishes a long-term vision for the metropolitan area which effectively integrates social, economic and environmental policy objectives. The interdependency of economic development, land use planning, transport and environmental management to realise social cohesion and economic growth are well articulated. A holistic policy context has evolved at the strategic level which demonstrates the broader trend away from sectoral policy approaches towards a more cross-cutting territorial approach on which sustainability is dependant. The Plan is a sound demonstration of intra-governmental co-operation and co-ordination thus establishing appropriate framework conditions to realise its goals.

The Plan has made particular progress in establishing a framework which effectively addresses the social dimension of sustainability. The recent OECD contribution on sustainable development (OECD, 2001)¹⁵ emphasises the link between the economic, social and environmental objectives that societies may pursue. In this report, it is argued that sustainable development is a multidimensional concept “linking the economic, social and environmental objectives of societies in a balanced way”. Furthermore, it is explicitly stated that “social considerations are [also] important for the pursuit of sustainable development in OECD countries” while recognising that conflicts with short-term developments may arise in this process. The OECD Growth Project (OECD, 2001)¹⁶ also contains analysis relevant to an assessment of whether social policies are sustainable. The Glasgow and Clyde Valley Joint Structure Plan has successfully integrated the three core strands of sustainable development in its metropolitan strategy.

A recent evaluation of Urban Regeneration and Strategic Planning in Scotland by Keith Hayton at the University of Strathclyde is useful in understanding the context of the Plan with respect to urban regeneration -- the subject essentially at the heart of this Series. Hayton makes the important and often ignored link between the spatial and the social in order to address disparities through public policy. The paper analyses the role of Strategic Planning in Scotland in terms of urban regeneration and combating social exclusion. Of all the Plans studied the GCVSP was considered to contain the most explicit references to regeneration and is considered to be the most effective Structure Plan in Scotland to address issues of social exclusion. The GCVSP “leads the way with its holistic strategy that makes linkages between regeneration and land use patterns.” The Study noted that the Plan does not use regeneration as a general concept but as something that is site specific.

Table 1.1. **GCV Structure Plan Analysis of Regional Position**

Criteria	Strengths	Weaknesses	Threats	Opportunities
European Geographical Position	Separation from Europe's congested urban core and a key centre on Europe's Atlantic Arc, separate Scottish administration.	Peripheral to Europe's Core markets, weak external transport links, particularly rail.	1999 Review of EDRF. European Spatial Development Policies. Globalisation of the world economy.	New linkages to national networks and development opportunities, City Centre, Airport, Rail, Freight, Ports, M74 and M80. The development of IT networks reducing the impacts of a peripheral location.
Economic Competitiveness	City Centre, New Towns, Enterprise Zones, Airport, Universities, Infrastructure and accessibility, educated workforce, good environments.	Structure of economy, dependency on EDRF, skills shortfall.	Dependency upon few industrial sectors <i>e.g.</i> , electronics and food.	Potential economic growth sectors - Clyde growth corridor, build on the inward investment track record, services and rich natural heritage resources, unemployed workforce.
Social Cohesion	Clear framework of communities and urban centres.	High Levels of deprivation and long-term unemployed and persistent economic out-migration. Vulnerable rural areas.	Increased social polarisation and sub-urbanisation.	Improved accessibility to deprived areas. Urban renewal to upgrade environmental quality and provide development in disadvantaged areas.
Spatial Integration	Extensive rail network, external motorway links, radial road networks;	Road congestion. dependency on inner M8 circumferential routes. Missing links in the road and rail network.	High growth in car usage and declining resources for and use public transport. Rate of job turnover.	Better managed road and rail network, prioritising and managing use of road space; local job balance, new transport links.
Land-use and Pressures	10 year land bank for housing and industrial development.	9% of urban land is vacant or derelict.	Cost of decontamination, new environmental demands out of centre and Green Belt speculation.	Existing and potential Urban Renewal Opportunities. Priorities for creating an effective land supply.
Natural and cultural assets	International quality (especially Loch Lomond), 91 Conservation Areas (especially Glasgow City Centre and New Lanark).	Degraded environment of urban areas. 10% of Green Belt poorly managed or under-used.	Reductions in finance leading to restrictions on resources for management and maintenance.	Build on success of Glasgow 1999 bid. Surplus land to create new landscapes, natural recreation opportunities. Underdeveloped heritage resources. New integrated destinations.

Source: Glasgow and Clyde Valley Structure Plan Joint Committee, 2000a.

The Plan has made a comprehensive assessment of the strengths, weaknesses, threats and opportunities facing the metropolitan region which are detailed in the following table. The assessment is appropriate and establishes a sound point of reference for metropolitan and local policy.

Glasgow City Council Draft City Plan, 2001

As the statutory planning body for the city Glasgow City Council has recently produced a Draft City Plan. The City Plan, the first in forty years is one the important markers of a new approach emerging in the city. It is a comprehensive forward-looking strategy which benefits from a synergetic policy framework. The new Finalised Draft City Plan was approved in January 2001. It provides an integrated long-term planning framework for Glasgow and sets a detailed development agenda. The European Spatial Development Policy (ESDP) and the Structure Plan have had significant influence to create a City Plan underpinned by sustainable development principles.

The Glasgow City Plan reinforces the strategic planning framework established by the Glasgow and Clyde Valley Structure Plan, as is typical in the UK. The City Plan establishes the context for the next twenty years. Over the last twenty years Glasgow has developed 44 local area plans, the City Plan will replace these plans to provide a city-wide strategy for the future. The City Plan was prepared within the context of three other key strategic documents: Planning for Development 1997; Creating Tomorrow's Glasgow -- The Glasgow Alliance Strategy 1999 and Glasgow's Renewed Prosperity -- a Joint Economic Development Strategy 1999.

The new City Plan is an important step forward. Not only does it clarify a cumbersome system of numerous local and neighbourhood plans but it also clearly establishes a city-wide perspective which will determine the future. From a professional and technical perspective this has enabled the city to develop a plan appropriate for the twenty-first century. The Plan is considered to be a strong and decisive. The City Council is aware that the next three years will be a very testing time for the plan, a short review period of about four years will enable policies to be reviewed and strategies revised. The Plan deals in detail with issues such as urban regeneration, city centre development and the management of key territorial assets. The City Plan is focused on sustainable development and has developed policies aimed at diminishing threats to sustainable development, however, the Plan is in its infancy and policies are yet to be fully tested.

In the past, it would be true to say that there has been the recognisable separation in thinking between the social, economic and environmental policy strands of sustainable development. However, progress has been made and quite clearly a more holistic approach is emerging. This kind of integration is evident within the key aims of the Glasgow City Plan; the main question is whether or not the policies and strategies arising from this will be sufficient to achieve this. Similarly, the Structure Plan has adopted the objective of advancing social inclusion by making more jobs accessible by public transport -- a key target in a city where rates of car ownership are low, particularly within its most disadvantaged neighbourhoods. Both the city and the metropolitan region will be closely monitored over the years to come to ensure that the plans deliver their stated aims.

Table 1.2. **Key aims of the Glasgow City Plan**

Theme	Aim	Strategy
People	To achieve population growth, help retain families in the City and deliver a choice of residential development opportunities to meet the demands of all sectors of the housing market.	The delivery of the brownfield housing programme, the promotion of "New Neighbourhoods" and selective "greenfield" land release for family housing.
Jobs	To build Glasgow's distinctive qualities to develop a dynamic, internationally competitive economy that creates wealth and provides quality sustainable work opportunities for all the residents of the city.	The maintenance of a supply of quality land for industrial and business development, supported by Single User Amenity Sites, the Strategic Business and Industrial Sites and Business Development for Local Area Programmes.
Infrastructure	To continue to develop the city's infrastructure to meet the currents and future needs of residents, visitors and investors.	The reduction in the need to travel, particularly by car by relating land use more directly to transport and the improvement of links between residential and employment areas. In terms of retailing the strategy involves sustaining and enhancing the city's retail hierarchy.
Environment	To encourage high standards of urban design that will contribute to urban sustainability and economic regeneration; To protect or enhance building and areas of special quality and promote Glasgow's built heritage; To improve the quality of, and access to, the City's green spaces; and To realise the development potential of 800 hectares of vacant and derelict land by 2005.	The protection of those things of lasting value in the built and natural environment and the application of the highest standards of design quality throughout the whole of Glasgow. The strategy also involves removing the impact of blight by realising the development potential of vacant and derelict land.
City Centre	To maintain the City Centre as one of the most successful, dynamic, safe and accessible business, tourism and cultural centres in the UK and Europe.	The maintenance and development of the City Centre as the strategic focus for Glasgow and the Clyde Valley, the promotion of the City Centre as a competitive location via flagship retail and commercial development and the enhancement of the rich fabric of its physical environment.
The River	To bring about substantial change in the nature and perception of the river, identify new functions for the river and its banks that will result in widespread sustainable regeneration and allow it to regain its place at the heart of the city.	The reconnection of the city with the River through improved, infrastructure, transport and design.
Area Focus	To target planning action to stimulate and sustain regeneration activity to support Social Inclusion Partnership areas.	A commitment to prepare in consultation with local interests "Local Development Strategies", that will deliver detailed planning solutions to mobilise the public and private sectors.

Source: Glasgow City Council, 2000e.

Housing: the catalyst for regeneration?

The national context

Almost two-thirds of dwellings in Scotland have been constructed since 1945. Between 1919-1939, Scottish Councils built approximately 203 000 dwellings, more than double the number built by the private sector. Immediately following World War II massive slum clearance took place and local councils, new town development corporations and the Scottish Special Housing Association undertook large-scale building programmes which continued up until the 1960s, resulting in the construction of over 650 000 homes, over five times the number of dwellings constructed by the private sector. Consequently, a large amount of housing in Scotland was in public ownership. Since 1981, this has changed; central governmental legislation brought about massive increases in home ownership throughout the United Kingdom. (Compared to other countries, the United Kingdom has very high levels of home ownership). This shift in tenure has affected construction patterns: by the end of the 1990s total new build was approximately 22 000 dwellings per annum of which 17 000-18 500 were constructed by the private sector for owner-occupation. Housing associations constructed between 3 000-3 500 mainly for social renting and the public sector built approximately 750 new dwellings for rent.

The housing stock in Scotland reflects the trends of house building of the 20th century. Unlike the rest of the United Kingdom Scotland however has a significant number of flats which account for some two-fifths of the housing stock. The tenement is a traditional form of housing in Scotland, more than a third were built before 1919 (as were a quarter of detached houses). Between 1919-1945, flats tended to be four in a block, and between 1945-1982 in high-rise buildings. Since 1982, a significant number of detached houses have been built. Again, trends seen elsewhere are apparent in terms of location, with significant amounts of housing being constructed on greenfield sites as urban areas expanded. House prices in Scotland are generally lower than in the rest of the United Kingdom.

Scottish Homes, a national agency, has played an important role in housing provision in Scotland but its focus was in essence single sector, as part of a more holistic approach being adopted by the Scottish Executive has become Communities Scotland.¹⁷ It will have a wider focus than housing which will allow the Executive to support more holistic community regeneration. Investment in new and improved housing is the primary means by which Communities Scotland currently promotes regeneration – this will continue but the Agency will also monitor and manage the Social Inclusion Partnership programme (discussed in Part II) and certain associated activities. Over time the focus will widen to include the promotion of the social economy, support for capacity building and an extension of the various schemes currently promoted by the wider role activities undertaken by housing associations. As a statutory agency Communities Scotland will engage with local authorities and other agencies across Scotland to promote holistic regeneration. The Agency will facilitate greater intra-governmental co-operation and reinforce a strong culture of partnership and

participation. In a strategic sense these changes are important presenting opportunities and challenges which will inevitably realise contribute to broad-based efforts to promote regeneration. Symbiotic working with other agencies will be essential to ensure a sustainable long-term.

In July 2000, the Scottish Executive set out plans for a new Housing Bill, which will result in the transfer of approximately 560 000 public sector dwellings from management by local authorities to community based landlords through the Housing Partnership initiative. The Bill seeks develop a framework for housing in Scotland which is sustainable and based on the principle of community ownership. The move is part of the broader Social Justice envelope developed by the Scottish Executive which is enhancing opportunities for civil society participation and equity as a means of reducing socio-economic disparities. Over the next three years over £40 million will be made available to help local authorities meet new requirements. Further monies have been allocated to improve tenants rights, respond to homelessness and to encourage tenant participation. The Scottish Executive is planning to increase spending on housing in Scotland 2000-2001 to 2002-2003 by 18 per cent.

The housing stock transfer offers considerable advantages for local authorities and tenants alike. However, it must be borne in mind that Britain's two thousand existing housing associations are facing increasing financial problems as they become the main providers of social housing, providing 3.2 million people in 1.45 million homes. The House of Commons Public Accounts Committee recently expressed concern over increases in rent arrears, the growing number of hard to let properties and the overall financial management and monitoring. The demand for social housing will continue and in cities such as Glasgow this will present challenges. The improvements to the housing stock will raise living standards and will facilitate a more needs based inclusive system of housing provision which will provide stakeholders with potentially more equitable housing opportunities. It would seem however, that some of the precautionary warnings coming from the Commons Committee have already been 'built into' the legislative framework developed by the Executive.

Glasgow

The 1980s were a period of significant shifts in tenure in the City. The biggest change was the growth in the owner-occupied sector fed not only by new house building, but also by the sale of social rented housing to sitting tenants. These two factors combined to increase owner-occupation in the City from about 25 per cent in 1981 to 35 per cent in 1991. The owner-occupied sector continued to grow in the 1990s, and by 2000 had reached the point where it almost matched the social rented sector (46% and 47% of total stock respectively). The owner-occupied sector will increase from 46 per cent to 53 per cent of total stock between 2000 and 2006. Eighty per cent of owner-occupied completions in Glasgow during the 1990s were on brownfield sites. The dynamics of the housing sector in Glasgow reveal some stark differences between the city and the rest of Scotland and with the rest of the United Kingdom. Property types in Glasgow also differ: 72 per cent are flats/maisonettes (the

highest in Scotland), 3 per cent are detached houses and 13 per cent are semi-detached (the lowest in Scotland) and some 12 per cent of the stock are terraced houses (4th lowest in Scotland). The breakdown of tenure in the city is: 32.4 per cent Glasgow City Council; 1.6 per cent Scottish Homes; 13.1 per cent Housing Associations; 46.3 per cent Owner Occupied; and 6.5 per cent Private Rented.¹⁸

The extraordinarily high number of socially rented properties reflects the key socio-economic challenge facing the city -- that poverty is spatially concentrated at above average levels. In 1989, Glasgow City Council's rented stock was 148 250 houses it now stands at 92 216. Although in recent decades, efforts have been made to improve the housing stock throughout Scotland, 22 000 dwellings in Glasgow were below the tolerable standard of living conditions in 1999, (7.66% of the total stock, twice the Scottish average). Of the 288 462 dwellings registered in the city some 100 220 are in receipt of housing benefit (State aid to supplement living costs), an extraordinarily high ratio, revealing yet again the complex range of issues facing the city.

The Executive's plan to transfer the housing stock in Glasgow affects over 80 000 properties. The high percentage of social housing in the city and as part of that the significant local authority housing stock places extraordinary demands on Glasgow City Council. The money available for housing capital investment in Glasgow has been declining for over a decade. During the years 1989-1990 to 1999-2000 total annual public investment in Glasgow's housing fell from £333 million to £135 million. Thus, the current housing stock represents huge local authority debt and spending requirements. Although housing debt in the city has been falling in recent years, at September 2000 prices it fell from £1.46 billion in 1987-1988 to £0.90 billion in 2000, a fall of around 42 per cent. The reasons for this are that outstanding debt on housing demolished by the Council and on housing acquired by the Council and subsequently demolished by housing associations has been transferred from the Housing Revenue Account to the General Account, and that Government has instructed Councils to devote 75 per cent of capital receipts from right to buy sales and a proportion of other capital receipts to debt redemption. However, although the Councils debt is falling, because the actual stock has been shrinking over time, debt per unit rose to £10 000 per unit in 1995-1996 and now stands at around £9 500. Investment in social housing has also diminished by both Glasgow City Council and Scottish Homes. Glasgow City Council's investment fell from £133 million to £60 million over the decade. Investment by Scottish Homes up to 1996-1997 stood at around £120 million per year and then declined to £70 million in 1997-1998, it is projected to be around £69 million in 2000-2001. This reduced expenditure has massive implications and is counterproductive to meeting the policy aims of all levels of government. All agencies and providers of housing recognise that a radical overhaul of the housing system is necessary.

The council stock transfer is intended to raise investment in the council stock. If the Council transfers its stock to another registered Social Landlord, future investment will not be affected by restrictions on public sector borrowing. The stock transfer, approved by a ballot of tenants will result in investment of £1.2 billion at

current prices over a ten-year period to carry out full improvement and modernisation of all stock with a long-term future as well as environmental upgrading. In the absence of this funding it would take the City Council thirty years to carry out the same work. Day to day management following a transfer will be through Local Housing Organisations through which tenants will control the operation of the housing service.

Focus on potential

The housing transfer will play a crucial role in the future regeneration of the city. Urban regeneration, as an all embracing concept can transform communities providing jobs, housing and services. The commitment to upgrade existing homes, demolish significant numbers of out-dated stock and carry out an extensive building programme will make an enormous contribution to the Glaswegian economy and to the lives of Glaswegians. Construction work is valued at over £3.2 billion. Over 3 000 jobs are anticipated as a result of the transfer as 13 000 new homes are constructed over the next decade, 11 000 homes are to be demolished and tens of thousands upgraded. Capital investment over the next ten years is estimated at £39.8 million and £60.7 million respectively.¹⁹ The transfer is a chance for the city to reinvent itself again.

Housing renovation, in combination with commercial property development, could make Glasgow as impressive a building site as Berlin was between 1992-2002. Glasgow City Council and Scottish Enterprise Glasgow, together with other training and employment agencies are acutely aware of the employment potential for Glaswegians which will result from this opportunity. Ensuring that local people have the skills to meet the demands of the next decade has become a priority and rise to the challenge will require innovative and assertive efforts.

Vacant and derelict land -- an asset

The growing number of brownfield sites in urban regions is inextricably linked to the often dramatic and rapid shift from heavy industrial processes to service and knowledge-based economies with different technological needs and changing employment patterns. When old industrial activities become obsolete, the presence of derelict land has a negative impact on communities and investors alike, thus inhibiting the capacity of cities to cope with economic transition. Physical degradation, contamination or the perceived risk of it, and a lack of maintenance or modernisation all compromise reuse and depress demand for these sites. Failure to renew brownfields often affects the environmental quality of the surrounding area, and when compounded with spatial patterns of social distress, the presence of brownfields helps to explain why certain disadvantaged social categories are at much greater risk of exposure to contaminants. In the end, this can create a negative spiral of mutually reinforcing processes which eventually lowers the vitality of the city as a whole as firms and people relocate to greenfield sites, where the risks of contamination are minimal or non-existent, and the costs lower. Brownfield sites have therefore become a persistent

problem which cannot be alleviated by the normal process of modernising the built environment of cities. In 1998 OECD carried out an international comparative study to analyse responses to brownfield issues through Member countries. The following general policy principles were articulated:

- **Well-developed regional and city level strategies** that are capable of addressing the economic and land use issues surrounding brownfield sites.
- **Flexibility and innovation:** processes which are responsive and allow for change will encourage greater investment levels, which is after all, the key to achieving more brownfield redevelopment.
- **Establishing appropriate funding mechanisms:** stimulating further private sector investment through a judicious mix of market based mechanisms is necessary. The role of the public sector as facilitator in terms of funding and initiative is significant. Future policy needs to consider the ongoing costs to the public purse and how best to stimulate the private sector to take more responsibility for brownfield land.
- **Partnerships:** the development of proactive partnership approaches between public and private sectors and between levels of government, alongside the active involvement of civil society representatives have been a central feature of successful redevelopment programmes.
- **Communicating the benefits of brownfield redevelopment:** reducing misconceptions and fears will enable greater flexibility of land use and ultimately greater economic freedom. Encouraging effective public participation will further integrate these sites into existing communities. Communicating and sharing experiences across international borders will facilitate ‘best practice’ and allow Member countries to address a common issue with greater coherence and understanding. Involving communities who live alongside industrial and manufacturing sites, and are most directly affected by dereliction begins at the environmental stage of clean up.
- **Assertive action and strong leadership at all levels of government** compiling accurate, consistent and up-to-date information on the number, location and condition of contaminated sites within the national framework is crucial. A realistic understanding of the scale of the problem of brownfield sites is a vital first step in the development of a coherent policy. The majority of OECD Member countries lack national level inventories.
- **More coherent national and sub-national legislative frameworks** for urban, economic and environmental sustainability are necessary which include evaluating processes and outcomes is a crucial aspect of brownfield redevelopment, indicators and benchmark criteria are essential.

Glasgow in fact measures up well against these recommendations as the following examples reveal. The issue of vacant and derelict land in Glasgow is integral to the regeneration of the city. Urban degradation has been an important issue in the city for decades. In 2000, there were **1 486 hectares of vacant and derelict land** in Glasgow, approximately **9 per cent** of the City's total area. Despite ongoing regeneration efforts in the city, there has been little change in these levels over the past decade. The City Plan states that despite concerted efforts of joint reclamation there is still a long-term problem. **Over 50 per cent of the city's vacant and derelict land has been in this condition since 1985 or before.** Therefore, despite significant efforts and prioritisation of the issue much remains to be done. This has to be recognised more for the fact that Glasgow is burdened with an unusually high number of brownfield sites which are inter-related with other factors of structural change, thus making the overall task of regeneration more complex.

Table 1.3. **Designated land-use in Glasgow**

Description	Area (Ha)	%
Civic, hospitals and tertiary education	276	1.56
Commercial	204	1.15
Green belt	3 438	19.39
Green space	2 397	13.52
Industry & business	1 752	9.88
Mixed development	182	1.03
Principal office area	69	0.39
Retail office mix	32	0.18
Residential	8 168	46.07
Stadia	43	0.24
Surface water and water courses	201	1.13
Town centre	229	1.29
Transport infrastructure	707	3.99
TOTAL	17 730	100.00

Source: Glasgow City Council, 2001a.

Brownfield sites will continue to play an important role in meeting the housing needs of the future. Over the next two decades an estimated 16 000 new homes will be required. However, the 2000 Estimated Land Supply reveals that land with a capacity for 7 000 as a result of site constraints, economic viability or land assembly. In other words, the typical constraints associated with the redevelopment of brownfield sites and which Glasgow has been highly effective at addressing but progress is hindered by the scale of the problem in the city. Planning and economic development in the city is focused on the issue and is effective but more central resources may be required to make more progress.

Regional planning policy developed by 8 local authorities working together builds on a strong tradition of regional planning in Scotland. This in turn reinforces Glasgow's attempts to develop strong and effective policies which build on a

long-standing tradition of brownfield redevelopment. Addressing past failures has also been an important part of policy evolution. Glasgow and its wider conurbation has been vulnerable to economic shocks and the decision making process has at times conflicted with overall policy goals. Between 1985 and 1996 greenfield sites were exploited in the wider metropolitan area to attract investment and secure jobs in the area. This did not contribute to the reduction in derelict land in the city of Glasgow. Policy has since been strengthened to prevent this in the future, but the structural problems were of such a scale in the region that this outcome is not unusual. Greenfield land release is necessary over the next decade in the wider metropolitan conurbation to meet owner occupation needs. The Glasgow City Plan and the Joint Structure Plan are mutually reinforcing strategic documents which will control this process. The strong political emphasis in each plan on sustainable development and the commitment to brownfield redevelopment works in synergy with the Scottish Executives commitment to sustainable development in its true holistic sense. An economically and socially balanced Glasgow is a sustainable city and brownfield sites will play a crucial role in realising that aim.

The overall target is to reduce vacant and derelict land by 800 hectares over a 5-year period. This represents more than half of the vacant and derelict land in the City. Half of the 800-hectare target will be delivered through the Land Renewal Programme and half through other activities. Priority will be given to long-term sites that have been vacant or derelict since 1985. However, it is widely recognised that mobilising the private sector to respond effectively to the brownfield problem in the city remains an issue, as was found to be the case throughout OECD Member countries. In an attempt to overcome this barrier a 'Property Development Review Group' has been established to further concentrate efforts to reduce the amount of brownfield land in the city. The role of this new multi-disciplinary taskforce is to identify and realise major residential development opportunities, accelerate programmes for the treatment and productive use of vacant and derelict land and deliver a range of credible industrial and business development sites.

From a metropolitan perspective, urban renewal in the Glasgow and Clyde Valley area is promoted through the Regional Development Strategy and the Structure Plan. Housing and industry and business policies support the regeneration by the promotion of the re-use of brownfield land so as to limit the need for greenfield land release, reinforced by a strong green belt policy. National Planning Policy Guidance and supporting Planning Advice Notes has established the need to give priority to urban regeneration. Within the Glasgow and Clyde Valley area this has, since the early 1980s, resulted in 70 per cent of all new housing developed on recycled urban sites. The housing land supply is collated annually (by the individual authorities and the Structure Plan Joint Committee) and the comparison of the supply and demand is undertaken generally on a biannual basis. The Glasgow and Clyde Valley Joint Structure Plan 2000 recognises the linkages between economic growth, social change and environmental sustainability.

The City Plan complements the Structure Plan and seeks to maintain a minimum ten-year supply of serviceable available and marketable land for industrial and business development. Assisted by a highly developed transport and infrastructure network, this has ensured that over the last six years 70 per cent of land developed for industry/business was located adjacent or close to strategic road network.

Regional and city policy has been highly effective at realising the redevelopment of brownfields sites over several decades. However, because of the unusually high number of sites the issue remains a priority of the Executive, the Joint Structure Plan Committee and responsible bodies in the City. The City Plan recognises that developing brownfield sites is dependant upon public sector funding through a variety of mechanisms, such as: Scottish Homes Grant for Rental and Owner Occupation (GRO); Housing Association Grant -- Low Cost Home Ownership (HAG-LCHO) programmes and Scottish Enterprise Glasgow's Brownfield Sites for Housing Initiative (BSHI).

In Glasgow a variety of policies and strategies have been developed over the last decade to redress negative trends of changing demographics and out-migration. Housing provision, which meets the needs of all city residents, has been targeted as a means of counteracting current trends. This means facilitating more middle-market owner occupied housing on brownfield sites and improving accommodation standards in the public and private rented sector, for example. Ten greenfield locations in Glasgow, with a capacity of 1 760 houses, have been selected by the City Council to help meet this requirement. It is anticipated that 1 300 of the 1 760 houses could be developed for the upper end of the housing market. Policies are evidently proving to be effective. Recent research by Glasgow City Council reveals that housing for owner-occupation is now the largest development sector. Dwelling completions, dwellings under construction and dwellings granted planning permission involved developments to the value of £639 million in 1998-1999, rising to £771 million in 1999-2000 are important indicators of change. The value of completions rose from £119 million in 1998-1999 to £139 million in 1999-2000. This reflects the recent growth in owner-occupied completions 2 130 houses in 1999-2000, of which **86 per cent were on brownfield land**. To increase the effectiveness of delivery and to overcome barriers which are deterring the development of some 7 000 homes (identified in the 2000 Strategy for Land Supply), the City Council will establish joint venture projects, assemble land, use compulsory purchase, allow flexible application of policy, discount Council owned sites with development constraints and dispose of severely constrained Council owned sites at nil value. This approach will reinforce already highly effective policies and strategies. Such as:

The Brownfield Sites for Housing Initiative, involving SEG, Glasgow City Council, Scottish Homes and the Scottish House Builders Association has been ongoing for 5 years. It has a ring-fenced, annual budget of **£3 million** allocated by the Scottish Executive. To date some 35 sites have been remediated covering 50 hectares with capacity for 2 080 houses. Building is either complete or underway on all of these sites while remediation work has started on a further 16 covering 42 hectares with capacity for 1 292 houses. A further 11 sites are about to start, awaiting approval or are under

evaluation. This initiative is a co-operative venture between Glasgow City Council -- local government, Scottish Homes -- national government, Scottish Enterprise Glasgow and the Scottish Housebuilders Association representing the private sector. This initiative is highly effective in promoting government aims to see significant amounts of new housing on brownfields sites. The programme is an example of effective public private partnership which has benefited from the appropriate use of financial instruments to bring about change. The Programme also contributes to improving the housing stock in city and providing more private sector housing. Introducing higher quality private sector accommodation is perceived to be crucial to creating a more balanced city. Throughout OECD Member countries attracting the middle classes back to our cities is a desired outcomes of renovation programmes from which wider community benefits are known to emerge. The fact that over 80 per cent of new housing built on brownfield sites is one of the most impressive city-wide figures throughout OECD Member countries, it actually exceeds the UK government average for England by some 20 per cent, not withstanding the extraordinarily constrained geography of the city's administrative area.

The Strategic Business and Industrial Sites Programme is a joint partnership initiative between Glasgow City Council and Scottish Enterprise Glasgow (SEG). The programme was established in 1996, to provide fully serviced industrial-business sites and, in partnership with the private sector, good quality, well located industrial/business floorspace. The first phase focuses on 7 prime business locations totalling 172 hectares (Cambuslang Investment Park, Robroyston Business Park, West of Scotland Science Park, Glasgow Business Park, Pacific Quay, Cardonald Park and College Business Park). Seventy-five per cent of land on these sites has now been taken up, committed or reserved, with these developments accommodating nearly 2 400 jobs. Remaining land, however, is only sufficient to satisfy demand for the next 2 to 3 years. A second phase of sites has been identified comprising Gallowgate (College Business Park-Shuttle Street), Robroyston (South), Dawsholm, Queenslie, Dalmarnock and Cardowan. The development capacity of Phase 2 is around 350 000 sq. metres and these sites are capable of accommodating around 10 000-15 000 jobs. In 1999-2000 the programme has attracted more than £77 million from private sector partners.

Table 1.4. **Strategic sites progress, 1996-1999**

Site	Land Prepared for Development Ha	Land Taken for Development Ha	Premises Developed or Committed	Private Sector Investment	Jobs Created or Safeguarded
Cambuslang Investment Park	34.64	34.64	74 743	31 160 000	1 135
Cardonald Park	9.31	8.29	21 180	21 785 500	735
Glasgow Business Park	32.00	9.58	12 599	16 806 000	104
Pacific Quay	17.65	11.91	4 643	6 500 000	0
Robroyston Business Park	27.12	27.12	0	0	0
West of Scotland Science Park	6.03	4.03	10 960	22 400 000	407
TOTAL	126.75	95.57	130 125	98 651 500	2 381

Source: Scottish Enterprise Glasgow, 2001d.

The Land Renewal Programme (a GCC/SEG initiative) aims to reduce blight and improve the marketability of areas with concentrations of vacant and derelict land. Activities range from site investigation and preparation works to urban forestry and decontamination. This programme provides training and job opportunities in areas of need. In its first year (1999-2000), SEG committed £950 000 and Glasgow City Council contributed £300 000 through landfill tax credits. Over the next five years Scottish Enterprise Glasgow has developed a strategy to reclaim 200 hectares of land, overall SEG is prepared to commit £6 million to this strategy.

Despite considerable success with respect to the redevelopment of brownfield sites in the city local agencies recognise that current programmes must have greater impact if economic growth is to continue. The future may be dependent upon a clearer intra-governmental strategy to generate better outcomes.

Transport: can it be more sustainable?

Infrastructure investment has an important impact on the growth, productivity, competitiveness, and the regeneration of cities. The issues facing countries fall into two categories -- over capacitated and exhausted or unable to keep up with the speed of development (e.g., OECD 1998 and 1999). Most metropolitan areas are facing serious transport problems, existing capacity, the effects of pollution and the obsolescence of existing stock being the most significant. These factors clearly have a multi-sectoral impact and will require cohesive action and integrated policy approaches if sustainable effective solutions are to be realised.

The OECD report, *The Developing of Urban Transport Infrastructures: Reconciling the Economic, Social and Environmental Dimensions* (1998), provides valuable analysis. The report stated that the interdependent constraints are widely accepted -- social, financial, environmental, technical, legal and political. Commenting that:

“As a vital element and driving force of economic globalisation, urban transport is directly affected by its dictates: flexibility, optimal performance, deregulation, keen competition forcing operators to rationalise risk-taking, and the emphasis on financial rationales. But as a basic function of urban life, social cohesion, territorial development and labour-market organisation, urban transport cannot ignore the social environment: pricing, choice of routes, social demands, negotiations with residents, management targets are all based on a mix of economic and social criteria, their thrust constantly changing with the culture, the times, and the situation on the ground. Finally, as a major source of pollution and health hazards, and a consumer of time and energy, urban transport is directly concerned by the search for forms of sustainable development; new goals are being built into transport options, not without controversy as to the “right balance” between economic efficiency and environmental control: social acceptability, the arbiter in this debate, is becoming an important factor in government decision-making.”

The report concluded that:

“New forms of collective decision-making and urban governance, new ways of defining the public interest and generating development externalities are emerging and the urban transport sector is fully involved... Such challenges cannot leave the public authorities unmoved. While the trend towards deregulation favours private investment and the State is seeking to pull out financially, or at least restrict its budgets, government is also determined, in most countries, not to give up its responsibilities, for the initiative cannot be left to the private sector alone. If local and national elected representatives were to abandon their roles, they would be taking a major political risk.... It is quite possible for a public/private partnership to be no more than a financial package, with no added value for society. This is the prominent trend today: private operators agree to incorporate social and environmental concerns into their decisions, without any real challenge to their major policy options. This increases the risks, to judge by the growing number of projects held up by opposition from associations or by the courts... As government players shift position, private urban transport enterprises are also redefining their strategies and roles to enhance performance and stabilise relations with their partners in the public sector, for the most part local authorities.”

The UK Transport White Paper, *A New Deal for Transport: Better for Everyone* (published in July 1998), sets out the current government's transport plans and strategies. It outlines the government's plans to provide a transport system that is safe, efficient, clean and fair and which can tackle the downward spiral of disadvantage in deprived areas, where difficulties in getting jobs combine with other social and economic problems. Scotland's national transport strategy is set out in the Scottish Transport White Paper, *Travel Choices for Scotland*, (Cm 4010), published in July 1998. Key themes that run through this paper are integration, sustainability, and social inclusion. In order for these themes to be addressed, the following would need to be achieved: *integration and ease of transfer between different modes of transport; response to the ever rising levels of traffic, not through merely providing more roads; the problems of traffic related local air pollution need to be addressed; and development and maintenance of a transport network that counters social exclusion by allowing accessibility for everyone, as far as possible, to existing facilities.*

The Scottish Office's National Planning Policy Guideline (NPPG) 17: Transport and Planning, published April 1999, also states that the Government transport policies seek to achieve better integration, sustainability and social inclusion. Key of sustainability, integration and social exclusion provide the overarching policy context at all territorial levels. Complimentary to this at the regional level, the Strathclyde Public Transport Strategy and the Glasgow and Clyde Valley Structure Plan, 2000 concentrate on the same themes with more direct strategies for implementation.

The Glasgow and the Clyde Valley Joint Structure Plan 2000 establishes a common strategy for the long-term planning and development of Glasgow and the

Clyde Valley. At the city level, the Draft Glasgow City Plan, 2001 states Glasgow City Council's aim for infrastructure as being to continue to develop the City's infrastructure to meet the current and future needs of residents, visitors and investors and the Local Transport Strategy (2001-2004) which articulates the following vision:

“to provide a sustainable transport strategy for Glasgow that will enhance the economic, environmental and social success of the city to give people a choice of travel mode; a place where people can walk safely and freely and with pedestrian areas developed to their full potential; a city where travel information is readily available and which is accessible to business, shoppers, residents and tourists. Picture a city where the adults of tomorrow incorporate cycling and walking into their daily activities and aspirations to live in a clean, safe, pollution free environment far outreach their aspiration to own a car.”

The range of mutually supporting policies and strategies thus establish a framework which will be dependent upon effective implementation. The Glasgow Conurbation has an extensive public transport system with a large bus network, the largest suburban rail network in the UK outside London and an underground. Public transport is very important in the city. The bus network in the conurbation carries 55 per cent of all public transport passengers and following recent changes passenger use increased by 4 per cent in 1999-2000 counteracting a declining annual rate of 1.8 per cent between 1986-1996. The underground, is however close to capacity despite improvements in 1992 which allowed for a 20 per cent increase in use. The system carried 14.7 million passengers in 1999-2000.

Car use in the city is increasing particularly with respect to car borne commuting at an annual rate of 2 per cent. Car ownership in Glasgow is however, very low, some 67 per cent of households are without a car compared to 46 per cent in Edinburgh, 52 per cent in Dundee, 40 per cent in Aberdeen and against a Scottish average of 43 per cent. As such, the strategic legislative and policy framework from the Executive down seeks to promote integrated transport options which firmly support public transport. Transport has an important role to play in reducing social disparities to ensure that communities are connected to economic and social opportunities through the city. The national road traffic forecasts (1997) indicate that the growth in car ownership is expected to continue with a 17 per cent increase by household for urban areas for the period 1996-2016. The national forecast for the same period by head of population is 30 per cent.

Travel to work patterns reveal that higher proportions of jobs in the city are taken by non-residents. Factors such as out-migration, a lower than average economically active resident population, 70 per cent (compared to a Scottish average of 78%), a lower skills base and lower than average educational attainment levels all impact. Recent research locally reveals that Glasgow is experiencing a loss of existing employment to surrounding areas. Current policy is targeting redressing this problem and a strong commitment to creating more jobs for Glaswegian is pursued through

planning and economic development. In 1981, 63 per cent of the workforce lived in Glasgow, in 2001 only 45 per cent of those employed in the city actually reside there.

Transport is integral to sustaining economic development in the city and the conurbation. Figures from Glasgow City Council indicate that over the last 6 years, 70 per cent of land developed for industry-business has easy access to the strategic road network. The completion of the M74 which is about to take place will be important to further the economic development aims of the Joint Structure Plan Committee (the Clyde Gateway Initiative) and the City Plan. The completion of the road will improve access to the area responsible for generating over 60 per cent of Scotland's manufactured exports and to land and buildings with the potential to generate over 40 000 jobs.

The lack of a rail link to Glasgow Airport is considered to be a serious deficiency by both Glasgow City Council and Scottish Enterprise Glasgow. A direct rail link is thought necessary to extend and consolidate the Airport's Scottish catchment, especially against competition from Edinburgh and Manchester. Three options are being considered in detail by SPT, all based on heavy rail. Two would provide a heavy rail extension into the airport and one a people mover connection from Paisley Gilmour Street station on the Ayr Line (all in Renfrewshire). A joint Department of the Environment, Transport and the Regions (DETR) access study is currently underway which will include consideration of this link. The guiding perspective of Scottish Enterprise Glasgow is that a rail link to the airport would ensure that Glaswegians have access to all appropriate services.

Cities are dependent upon an increasing stock of infrastructure to respond to growth, urbanisation and increased mobility but also to become or remain competitive. In a city such as Glasgow where the infrastructure stock is older, transport problems focus on the need for investment in infrastructure, modernisation and renewal. Capacity, pollution and the obsolescence of existing infrastructure all compound the challenges of developing effective urban transport strategies. Detailed analysis at the regional and local levels demonstrates a clear understanding of the issues facing the Glasgow and the wider conurbation. The policy context should deliver an integrated system but it is clearly dependent upon effective implementation. The OECD ECMT (2001) guidelines provide a useful framework in this context if used in synergy with other research and local policy tools.

The River Clyde will be discussed in Part III but evidently transport is integral to the overall approach taken. Glasgow City Council, with the aid of executive funding has commenced a study to address the land use and transportation issues along the Clyde corridor, with the ultimate aim to produce a detailed and robust strategy. An effective integrated transport strategy for the Clyde corridor is essential to realising the potential of this important area. The main barriers to integrating an effective strategy are likely to be funding and time related rather than the inability to develop an effective strategy to ensure economic, social and environmental synergy.

Conclusions

Glasgow is a forward-looking confident city with a long history of innovation and regeneration on which it can draw. This innovative approach to the regeneration of the city has implications for the future. Glasgow during the 1990s benefited from large-scale and event based regeneration and development opportunities. City-wide and area based public agencies were created to respond to the economic, social and physical challenges caused by economic restructuring. The social and economic impact of the loss of 100 000 manual jobs in the city during the 1980s cannot be underestimated. The Glasgow Development Agency (now Scottish Enterprise Glasgow), the Gorbals and Govan Initiatives and numerous other partnership organisations focused on the cross-sectoral regeneration of the city in synergy with local government. Sound and methodical public sector intervention has been the foundation for Glasgow's recovery, which has stimulated strong private sector initiative to take Glasgow to the next stage.

Glasgow is clearly experiencing a renaissance. The city is focused on the future and looking to build on the last decade and in Part II some of the mechanisms, which have made this change possible, will be discussed. The Glasgow of today is in a sense a new Glasgow facing a new future. It has benefited from strong and effective marketing. However, Glasgow is a twin-track city: disparities are significant. All stakeholders in the city seek to address issues such as:

- 45 per cent of children in the city live in poverty.
- 27 per cent of the population have no formal qualifications.
- Spatially concentrated high unemployment.
- High benefit dependency rates some 39 000 people in receipt of incapacity benefit.
- Significant amounts of vacant and derelict land.

These are not new issues for Glasgow, which has been grappling with serious social and economic disparities throughout its history, as have many post-industrial cities. A long history of area based and neighbourhood renewal activity has been well documented. The changes of the last decade have similarly made an important contribution as a well-applied holistic economic development agenda has been pursued. Glasgow has changed, but there is more to be done:

“ultimately, improving cities means applying the things cities do well -- innovation, acculturation, and specialisation -- to the solution of urban problems. The problem is not that cities have problems -- a city without problems would have no people living in it -- but that the problem-solving strategies have broken down. There is not so much a shortage of investment as there is a shortage of imagination and an excess of caution. Cities are not only the place where innovation occurs; the process of innovation can be applied to the solution of urban problems.”²⁰

The forthcoming decades will demand public sector intervention which will be dependent on holistic cross-sectoral policy and long-term commitment. The Urban Renaissance study is an opportunity to focus on some of the key policy lessons relevant throughout OECD Member countries.

PART II

DELIVERING CHANGE

A series of well documented policy interventions at the national and local levels have provided a sound strategic context in which the social, economic and physical development of Glasgow has taken place. Targeted intervention over several decades has delivered visible outcomes. Local government together with the public agencies responsible for economic development led the way for the regeneration of Glasgow through investment and innovation. The pace was controlled by the national economic context, which resulted in extreme structural problems in the city. In 1975 *The Economist*²¹ drew attention to Census Indicators of Urban Deprivation which highlighted that Glasgow and the Clydeside conurbation had the most severe micro-level deprivation in Great Britain, some 95 per cent of the worst 1 per cent of areas in Britain which suffered multiple deprivation. The challenge was set that the Scottish Development Agency (established in 1975) to break away from traditional British regional policy intervention approaches which had been used since the 1930s and stimulate a strategy for growth and structural change. The Scottish Development Agency operated until 1990 when it became Scottish Enterprise as part of the policy shift towards promoting increased competition and enterprise and breaking with traditional post-war regional policy based on a form of spatial Keynesianism (Martin and Tyler).²²

This chapter considers some of the mechanisms and strategies which are leading Glasgow's renaissance. Economic development interventions have of course led the way, but within a broader national and local policy agenda which has progressively sought to address social disadvantage and physical degradation. Glasgow is a complex city, with enormous competitive advantage, which has been very successful at identifying its territorial assets and nurturing its growth capacity. Innovative approaches have developed to tackle multiple deprivation and a strong tradition of area based regeneration has emerged. As the city regains its economic significance a renewed commitment to reducing disparities and ensuring that all citizens benefit from economic growth is evident. There are always those who argue that efforts at social regeneration may come at the expense of economic development; the reverse is however more likely, that successful regeneration will contribute to growth. The Scottish Executive has affirmed its commitment to a Scotland Where Everyone Matters; Glasgow has similarly made that commitment to its citizens -- raising the living standards for all Glaswegians.

Delivering economic development

The goal of urban economic development is to improve ‘the standard of living and well being of the population’²³ and realising this goal is dependant upon effective strategies which synergise a complex range of interrelated factors such as human capital, local institutions, government support, timing and proximity to other cities. A strong international repertoire of local economic development models has evolved since the 1960s. Effective local economic development is a holistic process which is interdependent on cross-sectoral application at all levels of government. The Urban Renaissance study of Glasgow takes place as local economic development has entered what the World Bank defines as the ‘third wave’. Territorial development policy as articulated in the OECD is broadly consistent with this approach, combining both top-down national policies and bottom-up local strategies.

Up to the early 1980s economic development was characterised by the attraction of: mobile manufacturing investment, external investment especially foreign direct investment and hard infrastructure investments. It was realised through massive grants; subsidised loans usually aimed at inward investing manufacturers; tax breaks; subsidised hard infrastructure investment; and expensive low road industrial recruitment. From the 1980s the focus moved towards: the retention and growing of existing local business and inward investment targeted at sectors. This was realised through direct payments to individual businesses; business incubators/workspace; advice and training for small and medium firms; technical support; and hard and soft infrastructure. The ‘third wave’ from the late 1990s led to a shift in focus from individual direct firm financial transfers to making the entire business environment more conducive to business. More emphasis is now placed on: soft infrastructure; public-private partnerships; networking and leveraging private sector investment for public good and highly targeted inward investment attraction to add to the competitive advantage of local areas. Cities are: developing holistic strategies aimed at growing local firms; providing competitive local investment conditions; supporting and encouraging networking and collaboration; encouraging the development of business clusters; encouraging workforce development and education; closely targeting inward investment to support cluster growth; and supporting quality of life improvements. Each of these have been characteristic of the approach taken by the Scottish Development Agency and the Scottish Enterprise Network.

The Scottish Enterprise Network

Scottish Enterprise is the principal agency for the delivery of economic development in Scotland in partnership with other statutory bodies. The Enterprise and New Towns (Scotland) Act 1990 established Scottish Enterprise and Highlands and Islands Enterprise and dissolved the Scottish Development Agency and The Highlands and Islands Development Board. The key tasks of the new bodies lie in:

- furthering the development of Scotland's economy and providing, maintaining and safeguarding employment;
- enhancing skills and capacities relevant to employment in Scotland and promoting entrepreneurship;
- promoting Scotland's industrial efficiency and international competitiveness; and
- improving of the environment of Scotland.

The legislation introduced an emphasis on training and entrepreneurship through economic development. Public bodies were required to work in partnership to deliver closely monitored outcomes. Financial assistance was provided for industrial development, assist in the development of community or co-operative enterprises; provide or adapt appropriate sites for industry; regenerate the environment and rehabilitate derelict land. Scottish Enterprise was granted powers with respect to land acquisition, financing and loans, provision of buildings and equipment, management and development, etc. The Scottish Enterprise Network consists of Scottish Enterprise and 12 Local Enterprise Companies working in partnership with the private and public sectors. Internationally the Network also has a well-integrated research arm which directly supports its activities. The Network is widely acknowledged as being one of the most competent economic development agencies. Key priorities in 2002 maintain the same basic principles, which were established in 1990, to:

- help new businesses get underway;
- support and develop existing businesses;
- help people gain the knowledge and skills they will need for tomorrow's jobs; and
- help Scottish businesses develop a strong presence in the global economy -- building on Scotland's reputation as a great place to live, work and do business.

Annual reviews allow the Network to rebalance priorities and respond more directly to occurring needs. The current strategic emphasis focuses on innovation, competitiveness, inclusion and learning and enterprise. Each of the Local Development Companies works to the strategic goals and locally determined priorities.

Scottish Enterprise is funded by the Scottish Executive and is therefore directly accountable to it. From the perspective of the Executive, economic policy must contribute to the continuing prosperity of the regions of Scotland and to the reduction of social deprivation and improved health. This approach reinforces the 1999 Programme for Government and a strong Social Justice agenda. The Scottish Executive policy document "The Way Forward: Framework for Economic Development in Scotland", (2000) establishes the overall direction for the future. It notes that it is ***"arguable that there has been a failure to link economic policy to spatial or planning policies, and separately to connect Scotland, city-region and neighbourhood frameworks of change. It is important to consider how these connections are made."***²⁴. This recognition at the strategic policy level is important as it helps establish a new context for economic development, planning and urban regeneration in Scotland. The Framework details priorities for action for the short, medium and long-terms through a detailed analysis of the strengths and weaknesses of the Scottish economy in its UK, EU and broader international context. This is not uncommon, or unique to Scotland, effectively linking economic and spatial policy has been an issue throughout OECD Member countries. A more holistic approach, practitioners, researchers and policy makers alike agree, yields better results, but there are many barriers to overcome, not least ensuring recognition and acceptance across all levels of government.

In Scotland, the changes in governance are breaking down barriers through the creation of a revitalised policy context which responds directly to the Scottish context. Linking the economic to the spatial and the social is a fundamental goal of the OECD Urban Renaissance Series. The priorities for action of the Framework for Economic Development for Scotland, whilst generic and typical of sound economic development goals, are important. The Executive has sought to prioritise goals for the future based on the realities of the Scottish economy and the needs of the population. A people centred approach in the *Framework for Economic Development in Scotland* identified:

- The strengthening of the basic education system, to better to equip children for the demands of the global economy -- especially through promoting the skills required for lifelong learning and the use of ICT.
- Ensuring that we have the appropriate transportation and electronic infrastructure: focusing on the access, speed and cost of communications and defining more sharply the contribution of the Executive.

The Executive has issued its strategy for the Network through “A Smart, Successful Scotland, Ambitions for the Enterprise Network” (2001). A Smart, Successful Scotland, creating, learning and connecting faster is the basis for sustained productivity growth, competitiveness and prosperity. The role of the Enterprise Networks is to be key partners in delivering the vision. This translates in to three organising themes:

- Growing businesses through entrepreneurial dynamism, e-business, research and innovation and sectoral targeting.
- Learning and skills focusing on the labour market, young people, the unemployment gap and training demand.
- Global connections focusing on digital connections, global markets, attractive location and people choosing Scotland.

The Scottish Enterprise Network realises these goals through a series of innovative strategies and funding mechanisms. Generally programmes are implemented in partnership with other agencies to deliver what could be described, as a needs-based economic development.

Whilst the Executive is seeking to ensure that policy takes on a more holistic approach it is important to note that “Smart Successful Scotland” in contrast with “The Way Forward”, has no spatial reference and no specific reference to regeneration. These omissions could present significant challenges for the Local Enterprise Companies which are spatially based and responding to economic, social and environmental needs which are spatially focused. The Scottish Enterprise Network is thus at risk of having too narrow a focus on economic development at a time when a more holistic agenda is emerging elsewhere in the Executive and at a time when some of the more deep-rooted social disparities evident in Scotland need to be addressed.

Developing the economy

The economic growth and prosperity of cities are crucial factors to their well-being. At a time when countries are adopting more mixed-use strategies to regenerate cities and inhibit outward growth, the impact of such strategies on the competitiveness of cities has to be considered. Inward investment must be complemented by efforts to promote endogenous development; local entrepreneurship and mixed employment strategies will reduce the sharp divides and contrasts apparent in many cities. It will be important for cities to maximise their individual potential whilst simultaneously benefiting from closer integration with other cities throughout the world. The Scottish Enterprise Network has pursued a variety of strategies to promote diverse economic growth through Scotland. Obviously managing the major sectoral shift which has taken place has been an important aspect of the approach. The Network has assisted in the development of the service sector nation-wide as well developing an innovative range of policies and strategies to nurture the knowledge economy. The Network has developed a range of policy instruments and programmes which have responded to the broad ranging

challenges of the Scottish economy. In Part I, the problem of vacant and derelict land was discussed. The Network has successfully contributed to the redevelopment of significant amounts of brownfield land to meet housing need and equally important to reinforce the manufacturing and industrial economic base through the Strategic Sites programme. This Chapter will not review all of the programmes developed by the Network but will focus on particularly successful examples which relate to current concerns throughout OECD countries.

In Part I the growth engines of the Scottish and Glasgow economies were discussed. Similarly, reference was made to the challenges facing economic development agencies and their partners as they strive to deliver the dual agenda of promoting growth and reducing disparities. The Network and Local Development Companies have thus developed a range of innovative tools to tackle the broad range of needs. The shift towards the knowledge based economy in Scotland generally demands that Scottish Enterprise targets growing sectors and opportunities. This is pursued in synergy with programmes targeted at low and unskilled workers. The economic shift which has taken place in Scotland is typical of changes taking place in most OECD countries. As was touched upon in Part I, particular strengths of the new economy in Scotland are demonstrated through the following examples:

- Biotechnology is growing at 30 per cent -- double the rate of Europe as a whole. 20 new companies have been created since March 1999, bringing the cluster to up to 382 organisations employing 18 430 people.
- Semiconductor fabrication plants employ over 5 500 people, and suppliers to the industry employ 2 700 people. Scotland has a 7 per cent share of the European semiconductor production capacity and a 47 per cent share of the UK capacity.
- The electronics industry in Scotland employs 41 000 people directly, with a further 42 000 employed indirectly in the supply infrastructure.
- The optoelectronics industry is currently valued at around £600 million and employs around 5 000 people.
- The telecommunications industry is host to over 100 international and Scottish companies employing more than 12 000 people.

The number of knowledge workers rose by 5.5 million in OECD countries between 1992 and 1999. In most OECD countries knowledge and management workers combined accounted for over 50 per cent of jobs totals and in the European Union accounted of one in five jobs during the second part of the 1990s. Labour shortages at both ends of the labour market are evident in many OECD countries at present. ICT sector employment in 1997²⁵ survey is estimated to have been 12.8 million persons. The United States was the country with the largest employment (4.5 million) and contributed about 35 per cent of the overall OECD ICT sector employment, Japan contributed a further 16 per cent, and the United Kingdom contributed 9 per cent and Germany 8 per cent. In total, the G7 countries make up a combined 82 per cent of the overall ICT sector employment. Australia, Austria, Belgium, the Czech Republic,

Hungary, the Netherlands, Sweden and Switzerland all have employment of between 1 per cent and 2 per cent of the total.

For the countries for which data are available, total value added in 1997 was estimated to be US\$1 191 billion. The United States contributed about US\$582 billion (49%) of the total value of value added in OECD Member countries. Japan contributed 13 per cent of value added across all Member countries. Germany and the United Kingdom were the next largest countries, both contributing 7-8 per cent to the total for all OECD countries. The G7 countries contributed 87 per cent of the value added across all OECD Member countries. Korea is the largest of the non-G7 countries, contributing 5 per cent of the OECD total. Australia, the Netherlands and Sweden contributed between 1 per cent and 2 per cent of the total. In total, value added represents nearly 45 per cent of the total value of production of the ICT sector in those countries for which data is available. The median value was slightly lower at 39 per cent. For EU countries, the proportion of value added in production is a little lower, at 38 per cent. Norway had the highest proportion of its production going to value added, recording a share of 51 per cent. The United States, Korea, the Netherlands and France also recorded shares of more than 45 per cent.

In total, nearly 10 per cent of value added in the ICT sector is spent on R&D. However the proportions vary widely and the median value is approximately 6 per cent. Japan and Finland have the highest proportions of their ICT value added spent on R&D, 17.2 per cent and 15.7 per cent respectively. Sweden (12.1%) and the United States (10.3%) also have very high ratios of R&D to value added in the ICT sector. Portugal, the Czech Republic and Hungary all have very small ratios of less than 1 per cent of their ICT value added spent on R&D. G7 countries such as the United Kingdom and Italy also have very low ratios of R&D to value added in the ICT sector -- less than 4%. In 1996, UK companies invested 6.7 per cent of Gross Value Added in R&D compared to 1 per cent in Western Scotland. Yet, Western Scotland has significantly higher levels of technology workers than the rest of Scotland or Great Britain. The Scottish Enterprise Network and local universities invest in R&D but clearly overall potential is inhibited by insufficient national commitment. Official statistics in 1998 reveal that cumulative business, government and higher education expenditure on R&D accounted for 1.4 per cent of GDP in Scotland compared to 1.8 per cent for the UK as a whole. Clearly, such low levels of investment need to be addressed if the broader political and economic goals are to be realised.

A recent OECD study (2001) found that compared with other regions, metropolitan areas have been making better use of ICT for growth of the local economy. Metropolitan areas are able to mobilise more affluent capital, human resources, innovation spirit and cultural heritages, all of which are thought of as assets essential not only for ICT development itself but for ICT driven economic development. Metropolitan areas are far ahead of other regions in deploying new ICT infrastructure and applications that are key tools to add value for the new economies. Being well aware of cost-effectiveness concerns, many ICT service providers are inclined to prioritise lucrative customers in bigger cities, not those in smaller cities or remote regions. Now that agglomeration benefits are highly valued by knowledge-based

economies, many ICT businesses start in or migrate to metropolitan areas where horizontal and vertical co-operation with other ICT firms or other related industries can be easily sought. Clustering in a concentrated downtown area of big cities makes it easier to keep face-to-face contact and prompt exchanges of information. Firms are able to catch up with up-to-date market trends and advanced technologies, which are not to be obtained simply through digital networking. ICT seems to reinforce the socio-economic position of metropolitan areas. This has certainly proven to be the case in Glasgow and its wider metropolitan area.

Some of the innovative programmes developed by the Scottish Enterprise Network are detailed in below. They demonstrate not only the broad ranging challenges facing economic development agencies but the local capacity to innovate and respond to global issues. The majority of OECD countries are facing economic transition to new economy, places not only compete with each other but they learn from each other. Many of the initiatives develop by Scottish Enterprise address policy issues at the forefront of many national agendas.

Realising the goals: Initiatives from the Scottish Enterprise Network

Growing Businesses: This strategic Network theme will utilise £175.1 million during 2001-2002 to realise set targets. The following initiatives are examples of how the Scottish Enterprise Network facilitates business growth.

Business Growth Fund (BGF) provides loans to businesses that can demonstrate commercial viability and growth potential but which have a gap in their funding. BGF is targeted at small start-ups and growing companies, providing loans between £20k-£100k, with no more than 0 per cent of a company's financing requirements being met by BGF. The programme is now in its third year and has funded 88 businesses to value of almost £7 million. A further 35 loans are expected to be approved over the next year. The programme is to be reviewed in 2002.

Get Into Enterprise provides a comprehensive and experiential insight into running a business. It has been developed to help more individuals who suffer exclusion to develop their core and business skills and build confidence and self-esteem. The Network works in Social Exclusion Partnership areas in collaboration with partners such as Education Business Partnerships and specialist and social economy organisations. Over 200 organisations across Scotland dealing with inclusion clients have received training from the Network to help stimulate a culture of entrepreneurship.

E-solutions Programme of support of workshops, seminars, one to one consultancy and web-based support and project management. Over the next year 460 companies will be taken through a process of developing e-commerce aims and plans. The aim is for companies to make appropriate use of technology and develop individual and organisational learning.

The **Proof of Concept Fund** is a 6-year £29 million programme targeted at turning research that supports cluster development priorities at the pre-development conceptual stage, into successful commercial ventures. The Fund is open to Universities, Research Institutes and NHS Trusts. To date 44 projects have been supported receiving funding of almost £7 million, over the current financial year a further 30 new projects will receive funding.

RSE/Scottish Enterprise Fellowships supported by the Network Cluster Teams provide financial support, business training and expert advice to turn innovative ideas into real products. Targeted areas are optoelectronics, biotechnology, oil & gas, digital media, communication technologies and microelectronics clusters.

The **Food Learning Network** brings together industry, learning providers, the enterprise networks and key training organisations to build the skill base needed support the food industry. In partnership with other organisation the Network is developing practical mechanisms to align skills and demand.

Global Connections: A budget of £92.6 million will be used throughout 2001-2002 to meet this strategic theme.

Digital Inclusion Champions, in partnership with the Scottish Executive eight champions will have a major role to play in ensuring that communities most at risk of exclusion have the opportunity, skills and confidence to take advantage of increased on-line service provision. Through the LECs, the champions will be the key to ensuring a joined up approach to excluded users, building upon and adding value to the services offered by national, regional and local programmes.

Four Scottish Technology and Research Centres have opened in the United States with the aim to increase foreign direct investment into Scotland.

Learning and Skills: £163.7 million will be spent in 2001-2001 to meet this priority. The strategic theme is supported through partnering national programmes such as Modern Apprenticeships, New Deal, Skillseekers and the numerous local initiatives, which now form the broad Scottish Tool Kit in support of training and labour market intervention.

In addition Scottish Enterprise will allocate £33.5 million to research and development during the current financial year.

International mobility

The Scottish Enterprise Network has prioritised international recruitment as a means of addressing the human resource needs of high-value added sectors. The Alba Centre in Edinburgh and Lothian is leading a project to increase Scotland access to internationally mobile engineering human resources. It is estimated that

optoelectronics, microelectronics and communication industries will require 5000 new employees over the next three years and that 50 per cent will need to be found from outside Scotland. The new initiative aims to create a candidate pool of 1 250 potential employees. Skill shortages internationally require demand that cities, regions and central governments facilitate greater international migration. International mobility of researchers, scientists, and highly skilled workers is not a new phenomenon but, concurrent with globalisation, the upskilling of overall employment and increasing demand for scientific and technological skills in innovative firms and sectors, it has emerged as a major policy issue on the agenda of OECD countries. International mobility favours contact between researchers of different backgrounds, which is a key source of new findings. As researchers tend to move to regions that offer better conditions for scientific and technical work (*e.g.*, more interesting projects, better wages), international mobility tends to accelerate rates of technological change. The benefits of mobility are therefore generally positive, but their distribution across countries can be problematic.

New economy activity has raised demand for a variety of workers, in France, for example, the Labour Ministry (2000) found labour shortages in hotels and restaurants, ICT and construction, and the same has been true in Australia. The US Department of Labour forecasts that from 2006, about 138 000 new highly skilled ICT workers will be needed every year. The European Commission has estimated that the shortage of ICT specialists in Western Europe could reach the equivalent of 1.7 million jobs in 2003.²⁶ The Scottish Enterprise Network clearly recognises the issues facing its growth sectors and appears to be pursuing an effective range of programmes to remain globally competitive.

Although difficult to measure, the migration of highly skilled workers in science and technology appears to be small in comparison to overall migration, although it is increasing with regard to both permanent and temporary flows. Much of the migration, which originates principally from Asia, is directed towards large countries such as the United States, Canada, and to a lesser extent some European OECD countries. Still, the migration of human resources in science and technology, whether students, researchers and entrepreneurs, can have a disproportionate impact on a country's research capacities and its potential for innovation and economic performance, in at least three ways:

- Foreign scientists and researchers enhance the circulation of knowledge, especially tacit know-how, and contribute to the stock of scientific potential in the receiving country. This has been especially true in the United States, for example, where in 1997 some 26 per cent of PhD recipients in science and engineering were foreign-born.
- Highly skilled immigrants, and immigrants in general, are a source of entrepreneurship. Immigrants from China and India created around 30 per cent of Silicon Valley start-ups in 1995-1998.
- Access to talent from abroad may reduce wage pressures in sectors where high skills are at a premium and contribute to the firm's research and

business development. In several OECD countries, including the United States, Germany and the United Kingdom, foreign skilled workers are being courted in order to meet temporary shortages of talent in specific fields, notably in information technology.

It is clear that factors for human resources in science and technology relate more to opportunities for higher education and research in receiving countries compared to those available in sending countries and to improved conditions for entrepreneurship. Public research institutions, which contribute more to business innovation today than in the past, increasingly rely on attracting and recruiting top students and researchers from a global talent pool. Indeed, evidence shows that much of the international migration of scientists and engineers is localised around knowledge-intensive clusters or centres of excellence. New programmes to repatriate scientists and engineers from abroad have helped some countries increase return migration and retain talented workers, although additional efforts may be needed.

Clusters

The use of cluster approaches is recognised as a useful way of co-ordinating and tailoring local policies for entrepreneurship around the needs of existing or emerging clusters, when there are genuine local cluster strengths. In developing cluster actions, policymakers need to react to globalisation processes, including increased international competition, the need to respond to increased foreign direct investment in clusters, the need to innovate and the need to respond to cluster decline where it occurs. Scottish Enterprise was one of the first economic development agencies to consider the potential of the clusters approach, with research undertaken in 1993 to identify Scotland's clusters and to assess which could benefit from specifically targeted support. Clusters were identified as priorities for action where they had significant prospects for the future, significant Scottish capability or potential to build on, a willingness or demand from public and private sector partners to get involved and where Scottish Enterprise could add something as an economic development agency. The Scottish Enterprise clusters approach was recently considered by the OECD LEED programme to be a good model for other areas. The approach taken by the Network began with an effort to understand the needs and specificities of particular clusters and to develop an appropriate strategy through collaboration with local players. A range of policy tools are then used to address these needs, concentrating on where public policy can make a difference. Critically, Scottish Enterprise has not sought to create entirely new clusters of firms. Instead it has worked with clusters which demonstrate strong existing capacity, a willingness from industry players to work together and with the public sector and where there is the potential for policy to make a difference. Scotland has several existing and emerging enterprise clusters, characterised by strong linkages and networks between firms, the presence of specialised supporting institutions and infrastructure and well-developed sector labour markets. Scottish Enterprise is involved in activities to support these clusters and to ensure that they remain sustainable, self-reinforcing systems that foster innovation, new firm formation and economic growth.

Box 2.1. The Scottish clusters approach

The clusters that have been the subject of initiatives to date are biotechnology, food and drink, semiconductors, oil and gas, optoelectronics, creative industries, tourism and forest industries. The activities undertaken have involved:

- Identifying the organisations and relationships that make up the cluster.
- Assessing the future trends within these industries.
- Creating deeper and broader links between organisations and stakeholders in the cluster.
- Filling 'strategic gaps' in the cluster to help development.
- Focusing on developing the skills and infrastructure that are needed by all organisations in the cluster to help it grow.

For each cluster, an action planning exercise has been undertaken with the industry to identify what actions to deliver over a four to five year period. This planning process underpins the creation of partnerships, networks and links and helps generate industry buy-in. In the case of the creative industries cluster, for example, members of the industry itself acted as the consultancy team for the action plan and undertook a large part of the benchmarking and scenario planning for the industry.

The first action plans were approved in summer 1999 and differ significantly according to the clusters involved. For example:

- In biotechnology the main efforts have been on commercialising the academic research base. Grants have been provided for commercialisation, university spin-outs, international marketing campaigns, a training consortium developed between colleges and a Biotech Scotland website.
- In food and drink, the emphasis has been on increasing the value added from raw materials produced in Scotland. This has been encouraged through provision of market intelligence to the sector, supporting structures for sales collaboration and shared logistics by small producers, supporting marketing seminars and 'Meet the Buyer' events and putting in place a cross-industry training programme. An industry website has also been created.
- In semiconductors, the objective has been to move Scotland's manufacturing up the value-chain and add more research and development activities. Project Alba has been launched, creating a new campus for Scottish semiconductor design, research and development with participation from local universities and companies and three centres of excellence have been created in local universities. Funding has been supplied to assist certain key product development activities, vocational courses developed for the sector, inward investment marketing initiatives redesigned and the international profile of the sector raised through the media.

Source: OECD, 2001b.

Various policy instruments are used to develop the clusters, including policies for inward investment, skills development, commercialisation, finance, trade development and start-ups. Which of these are needed and how they are applied depends on the cluster. Significant research and consultation is therefore put into determining how each cluster functions and identifying problems to overcome or opportunities to exploit. This work is not undertaken by the public sector alone, but rather is developed in partnership with all the industry stakeholders. In this way real industry concerns can be identified and private sector initiatives can be triggered as well as public interventions. Each of the Local Enterprise Companies promotes the cluster approach, developing local strength.

Responsibility for economic development in Glasgow is primarily shared between Glasgow City Council and Scottish Enterprise Glasgow complimented by various area-based initiatives and organisations. A partnership approach over the last decade has yielded considerable results.

Scottish Enterprise Glasgow

Scottish Enterprise Glasgow is the principal agent for economic development within an alliance of organisations in Glasgow. In 2000, Glasgow Development Agency became Scottish Enterprise Glasgow. GDA was established in April 1991 as a Local Enterprise Company (LEC) under the Enterprise and New Towns (Scotland) Act 1990 to deliver three main functions: the promotion of economic development; the effective management of Government Training Programmes; and the development, redevelopment and improvement of the environment. As a Local Enterprise Company SEG's remit is under contract to SE. It is also committed to the delivery of the Glasgow Alliance City-Wide Strategy (Creating Tomorrow's Glasgow) and Glasgow's Renewed prosperity -- A Joint Economic Strategy for Glasgow (1999) established in partnership with Glasgow City Council. SEG has identified the following priorities:

- to generate sustainable economic growth;
- to create jobs;
- to tackle social exclusion;
- to develop a competitive workforce;
- to improve Glasgow's competitiveness, nationally and internationally.

A variety of programmes and initiatives are supported through which these locally defined priorities are realised. The table below indicates priority targets for 2000-2001 as they relate to the defined priorities of the Network as a whole.

Scottish Enterprise allocated a budget of £50.6 million to SE Glasgow which will be increased by additional funding of £6.92 million from a variety of other sources (predominantly EU Structural Funds) for this period. Of the total £57.48 million some £51.58 million will be spent on projects pursued through the four strategic themes to fulfil the above priorities:

- | | |
|---|----------------------|
| – Inclusive Economy | £19.35 million (37%) |
| – Competitive Place | £13.24 million (26%) |
| – Learning & Enterprise | £11.15 million (22%) |
| – Innovative, Far-Sighted Organisations | £07.84 million (15%) |

Table 2.1. **SE Glasgow's priority targets for 2000-2001**

Innovative and far sighted organisations	
Projects designed to turn business into research	30
Number of organisations taking up e-commerce trading	253
Number of high growth start ups	22
Number of organisations achieving Investors in People recognition	96
Projects aimed at assisting new and existing exporters	194
Number of new exporters	36
Projects aimed at supporting research and development	125
Number of organisations supported to achieve ISO 14001 and EMAS standards	1
Positive attitudes to learning and enterprise	
Number of people entering Skill-seekers or Modern Apprenticeships (level 2+) for the first time	3 200
Number of Modern Apprenticeships in training	2 400
Number of business start ups supported	700
Competitive Place	
Amount of land to be sold	12.14
Hectares brownfield land to be prepared	54
Property to be provided for mobile business (sq.m)	4 507
Inclusive Economy	
Number of people starting Training for Work	3 250
Number of people entering Skill-seekers (up to and including level 1) for the first time	650
Number of people starting work through the Social Inclusion Partnership Employment Initiative	816

Source: Scottish Enterprise Glasgow, 2000a.

Since 1991, when it stood at £59.8 million the annual budget has been steadily decreasing whilst the challenges and obligations have remained constant. Scottish Enterprise Glasgow and its predecessor, Glasgow Development Agency played important roles in the city responding to significant economic, social and environmental challenges. Working in partnership with other key agencies important strategies have evolved which have established Glasgow's renaissance. It is clear that without this effective partnership approach that the regeneration of the city would not have taken place with such vigour. In Part I, the important role that the organisation has played in establishing an effective response to the serious issue of vacant and derelict land faced by the city was discussed. Together with Glasgow City Council the individual programmes are innovative and effective. However, the scale of the problem is so significant that the issue for the next decade clearly has to focus on the additional tools that the city agencies need to advance further on this issue. Glasgow has an exceptional amount of vacant and derelict land and clearly needs the capacity to increase the pace of rehabilitation.

Scottish Enterprise Glasgow has over time, experienced reduced funding. Over the last decade its remit has varied but programmes have proven to be adaptable. SEG has a highly established track record which supports a wide variety of activities in the city. The institutional know-how and capabilities are a very real asset to the city. The challenge for the Network and the Executive lies in what more can be done to

enable the local enterprise company to realise greater outcomes. The following sections highlight some of the elements for synergy.

Glasgow's renewed prosperity -- a joint economic strategy for Glasgow (1999)

“The SE Glasgow and Glasgow City Council (GCC) Joint Review of the City seeks to build on Glasgow's distinctive qualities to develop a dynamic, prosperous, internationally competitive economy that creates wealth and provides quality, sustainable work opportunities for all its residents (Glasgow's Joint Economic Prosperity 1999). This will be achieved through five main goals: *Generate Sustainable Economic Growth; Create Jobs; Tackle Social Exclusion; Develop a Competitive Workforce; and Improve Glasgow's Competitiveness nationally and internationally.*

The Strategy hierarchy is governed by Glasgow Alliance Plan Creating Tomorrow's Glasgow, which is unique to Glasgow and is sponsored by the Scottish Executive through the Development Department. The Alliance Strategy seeks to be the overarching framework which draws other strategies together. Glasgow has operated in the past without a strategic sense. The Scottish Development Agency, predecessor to Scottish Enterprise focused on the city centre, but it did so in the vacuum of a city-wide perspective. Economic development, land use planning and urban design all impacted upon the evolution of the city but not in a holistic sense. In the late 1990s, a consensus emerged that Glasgow needed a strategic plan.

The Joint Economic Strategy is the document that is most relevant to Scottish Enterprise. As well as establishing target and goals the JES actually sets out what has been taken for granted for the past twenty years. The strategy so far has had a concentrating effect. It is important to note that in the past, there was no overall assessment as to whether various strategies were positively impacting upon the city. The JES articulates what is wanted, the various organisations have their respective and reinforcing strategies. Mutually supporting themes and visions have become a prerequisite in thinking.

The Key Issues Facing Glasgow from the Joint Economic Strategy are:

Sustaining Economic Growth: Glasgow has a higher than average proportion of students for its size compared to similar European cities. The city's universities and higher education institutions provide key assets for the city in leading edge research teams in disciplines such as biotechnology and optoelectronics. Growth in important high value activities such as software, design and the creative industries has been promising. How should Glasgow exploit those areas where it has the potential to be amongst the world's best? Glasgow has been making strong progress in some labour intensive industries with close customer connections such as retail, telephone-based business and tourism. How should Glasgow continue to build on these successes?

Creating Jobs: Job opportunities have recently begun to increase but if Glasgow is to make real inroads into the legacy of deindustrialisation this growth must be sustained and at higher rates. How should the strategy encourage faster job growth? Whilst job opportunities are forecast to grow in services, prospects for manufacturing are less encouraging. How should the strategy address these different prospects?

Tackling social exclusion: Recent growth in jobs has been matched by a growth in the share of jobs taken by those living outside the city. Improving opportunities for Glasgow residents within the city must also be matched by measures which will increase Glaswegians' access to these jobs. How should the strategy overcome social exclusion?

Developing a Competitive Workforce: Glasgow's workforce is much less likely to be well qualified than the average in Scotland or the surrounding region. If the consequences of the 'knowledge economy' are correctly assessed, the Glasgow workforce faces more of a challenge in securing good jobs. There is a strong view that perceptions amongst Glaswegians have yet to catch up with the city's economy. Poor perceptions amongst men and boys of the service sector is a particular issue. How should the strategy encourage and support Glaswegians in raising educational attainment and developing their skills?

The Strategy is an example of innovative realistic policymaking. It is integrative, holistic and founded on partnership. It has emerged as relevant institutions are at a mature stage in their respective know-how and effect. The Strategy builds on the general national policy context and priorities of the Scottish Executive. The document creates a strategic framework which builds on Glasgow's competitive advantage whilst seeking to address its structural challenges.

The European Union

The regeneration process taking place in Glasgow is in accordance with the new paradigm which emerged at the Lisbon Summit in 2000. At the Summit Heads of State confirmed the commitment of EU Member States to a new economic and social agenda. A new strategic goal was also agreed for the EU to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion. The Lisbon conclusions established a context for change – requiring modernisation of the European Social Model and placing social inclusion high on the political agenda throughout Member States. The Summit also drew attention to the role of business in realising a meaningful social agenda. The overarching political framework evolving from the Scottish Executive reinforces the local framework conditions developed in the city in the late 1990s. The Lisbon conclusions, in effect, establish the supranational commitment to established local and national strategic goals. The modernisation of the European Social Model seeks to ensure *“that the mutual re-enforcement of economic and social policy will effectively be maximised in the changing environment. In this sense, the new Agenda will play a fundamental role for both economic and social*

reforms as part of a positive strategy, which combines dynamism, innovation and competitiveness with more and better jobs and social cohesion.”²⁷ In essence, this approach has been evident in the city and underpins broader economic development goals.

The European Union has a significant impact in Scotland in terms of funding allocations and the broader supra-national policy context. Legislative and policy frameworks at all territorial levels in Scotland implement EU legislation and guidance thoroughly and effectively. Structural Funds were worth over **£1 billion** for 1994-1999 across Scotland. Glasgow is within the remit of the West of Scotland Objective 2 Programme. EDRF funding assists economically disadvantaged regions within the EU to achieve economic performance comparable to the EU average. European Social Fund funding co-finance projects for human resource development as an integral part of EU economic and social policy. Similarly, the Urban II Community Initiative further reinforces an integrated approach to tackle social, environmental and economic and has a positive impact in Scotland.

The Western Scotland Objective 2 Programme region incorporates full eligibility areas and transition areas. Some 1 227 943 people live in areas which are fully eligible, and 1 072 057 people live in transitional areas. Glasgow falls within the urban strand of the region and is an eligible area for assistance. Using 1996 population figures of a population of 616 430 some 383 330 people are affected. Of a landmass of 176.4 sq.km some 114.9 sq.km are covered. In October 2001, £13.7 million of new European Grants were awarded to 65 economic development projects across Western Scotland. In Western Scotland the Objective 2 Programme provides assistance to support public sector initiatives that contribute to the economic regeneration of the economy, concentrating on:

- Investment funds and business development schemes, which develop the competitiveness and innovative capacity of the region’s SMEs.
- Large scale site development, business and learning facilities and tourism developments which develop the region as a competitive location.
- Business and learning facilities, environmental improvement, capacity building and community employment initiatives which increase the economic and social cohesion of the region.
- Learning opportunities which reengage individuals in the labour market, contribute to developing an inclusive society and which increase the economic and social cohesion of the region.
- Training and learning initiatives targeted on the skills needs of growth sectors, supporting adaptability and entrepreneurship and developing the competitive and innovative capacity of the SMEs of the region.

Programmes have been changed and refined over time to create a more balanced approach. Over the period 1988-1999 there has been a shift in emphasis on types of activities and expenditure supported by the Structural Funds. Earlier

programmes focused on supporting hard infrastructure (capital expenditure) such as transport improvements, industrial sites and premises, environmental improvements and tourism developments. This has shifted towards a more balanced approach with greater emphasis on soft infrastructure (revenue expenditure) for business support, community economic development, capacity building and training. Evaluations have endorsed the Programmes and highlighted aspects, which require further consideration in the next phase. The programme for 2000-2006 has been designed to support a range of actions to increase economic and social cohesion in the region. The identified priorities are: *to develop the competitiveness and innovative capacity of the region's SMEs; to develop the region as a competitive location; to increase the economic and social cohesion of the region; and technical Assistance.* In addition horizontal themes of equal opportunities, sustainable development and information society will overarch priorities and individual measures. In the new programme of Structural Funds, Glasgow no longer receives blanket coverage, but some 61 per cent of the city will remain Objective 2. Post 2006 poses considerable challenges for cities such as Glasgow which have relied on Structural Funds to support a broad spectrum of regeneration activity. No doubt lobbying will continue to maintain some levels of aid but alternatives will need to be considered which will be reliant upon more creative financial resourcing.

Table 2.2. **EU Structural Funds investment in Glasgow, 1994-1999 (in £)**

	Glasgow 1994-96	Western Scotland 1994-96	Glasgow 1997-99	Western Scotland 1997-99
CED	12 008 786.81	13 256 696.07	12 269 627.02	20 510 000
R&D and Innovation	6 013 501.20	9 978 876.04	11 317 780.02	15 407 000
SME support	16 992 015.39	58 712 436.28	10 657 498.15	39 975 000
Strategic Spatial Development	17 555 902.55	46 673 161.55	39 010 390.18	63 614 000
Tourism and Cultural Industries	22 779 399.37	14 418 065.87	8 124 647.64	30 689 000
ESF	19 498 211.00	49 639 716.00	22 879 240.00	51 822 026
Total	94 847 816.32	192 678 951.81	104 259 193.01	222 017 026

Source: Strathclyde European Partnership Ltd., 2001.

Table 2.3. **1994-1996 Western Scotland Objective 2 Programme -- key quantifiable outputs and impacts**

Output/impact	Total achievement
Total number of new additional jobs	13 767
Total number of net additional jobs safeguarded	3 593
Total number of SMEs assisted	11 653
Total number of Business start ups	1 403
Total number of employed trainees	23 202
Total number of unemployed trainees	22 444
Square metres of new and improved business space	162 500
Hectares of industrial land improved or accessed	475

Source: Strathclyde European Partnership Ltd., 2001.

Table 2.4. 1997-1999 Objective 2 Programme forecast v. target gross direct new jobs and safeguarded jobs

Priority	Target	Forecast
SMEs and Local Services	23 207	14 114
Applied Research, Technological Development and Innovation	2 776	868
Strategic Spatial Development	23 205	23 104
Tourism and Cultural Industries	5 900	5 018
Community Economic Development	12 288	3 778
Total	67 376	46 882

Source: Strathclyde European Partnership Ltd., 2001.

Table 2.5. SE Glasgow projects Securing EU Structural Fund support, 1999-2000

EDRF	£	ESF	£
Strathclyde Investment Fund	300 000	Objective 2	
Business Start Up Programme Band 1	339 000	Out of School Childcare	55 215
Business Start Up Programme Band 2	432 750	Glasgow Works	1 228 190
Tourism Business partnership	276 000	Objective 3	
Graduates Into Business II	238 066	Glasgow Works	1 731 693
Export Breakthrough Programme	215 000	Glasgow Works - Network	71 014
Targeting Technology	466 128	Social economy growth	88 365
Regional Innovation Strategy	22 275	Glasgow Access	50 500
Cambuslang investment Park Phase II	4 678 468	Objective 4	
Merchant City Atrium	780 000	Skills for the IT age	30 150
Glasgow Film and TV Initiative	335 000	Mentoring for Workforce	50 750
Out of School Childcare Initiative	397 682	Job Rotation	176 913
New Jobs for Glasgow	199 418		
TOTAL EDRF FUNDING	8 679 787	TOTAL ESF FUNDING	3 482 790

Source: Scottish Enterprise Glasgow, 1999c.

Universities and the city economy

Universities are an important asset to the city of Glasgow and have been since the 15th century. The University of Glasgow revealed in 1999 that research related income is approaching £70 million and that it brings in some £300 million annually into the city. The positive contribution that universities make or have the potential to make to urban economies is widely recognised. The Joint Economic Development Strategy highlights universities as an economic development priority integral to sustainable economic prosperity in the city. Similarly, the Scottish Enterprise Network and the Local Enterprise Companies have a decade of experience of working with universities and research institutions to meet broader economic development aims. The growth of high valued added industries discussed in Part I and some of the programmes referred to in this section highlight the partnership approach which has developed in Glasgow.

As part of an integrative approach to economic development Scottish Enterprise has applied a focused and targeted approach to facilitating university spin-offs in the city. This has been concurrent with developments at the national Network level to promote high value added knowledge based industries building on existing capacity and strengths. The West of Scotland Science Park, developed in 1993, is managed by Scottish Enterprise Glasgow and is one of the key vehicles in the city to promote the development of technology oriented companies drawing on the strengths of the three research intensive universities in the city. The Science Park provides the physical base for Glasgow's innovation and university spin-off strategy. The site was identified by Scottish Enterprise Glasgow as one of its Strategic Sites and has proven to be very effective.

Following the severe effects of the 1991 recession an audit of the City was carried out in 1992 by Scottish Enterprise identifying 5 areas for action: the benefits of technology, management appreciation, the commercial skills of universities, company-university partnerships and investment in technical skills. The audit recognised that the support required to respond to these challenges focused on investment finance, accessing suitable properties and business advice. The strategic policy framework evolved over time through the 1995 SE Commercialisation Enquiry; the 1999 Knowledge Economy Task Force; the 1999 Science Strategy Review Group; the 2000 Connecting Scotland Action Plan; and the 2001 Smart Successful Scotland.

A partnership approach to innovation has emerged over the last decade. It is important to recognise that for an economic development agency developing an innovation strategy based on recognised strengths and opportunities is medium to long-term and expensive. It is important to note that outcomes realised in Glasgow have been done so with 40 per cent EU funding. The focus of research and innovation development in Glasgow is on the economic development potential of research and not the funding of research. The City strategy promoted the commercialisation of R&D in universities through new measures to support the growth of the sector and provisions of premises. Target areas for the city were software, optoelectronics, advanced instrumentation and biotechnology, areas which are now growth engines in the national economy and have been targeted by SEN through the cluster policy promoted by the Network. These fields were developed in Glasgow because of the existing strength of the universities in these areas.

Scottish Enterprise Glasgow created two specialist technology management companies to support the businesses being created. Targeting Technology Ltd. was created in 1993 and is now the recognised advisory body in the metropolitan area for: new enterprises commercialising new technologies and the promotion of the national objectives of the Scottish Enterprise Birthrate and Commercialisation strategies. TTL focuses on the four priority high-tech sectors and on the small and medium sized companies in these sectors. Services to Software also created in 1993 under the European STRIDE programme is jointly owned by SEG and the three local universities. It provides advice and support to new ventures and small and medium sized companies within the local software sector.

The results have been impressive, between 1995-2000, 60 spin-out companies have been created. The Glasgow software sector has shown a dramatic rate of growth, 275 per cent rise in new company formation between 1995 and 1997. Bioscience jobs are growing at a rate of 25 per cent per annum. The optoelectronic sector has increased from eight companies in 1995 to 30 companies in 2000. Proof of Concept Fund and Synergy Fund. A recent TTL/STS annual survey of firms highlights annual sales of £75 000 per employee, compared to the UK average is £50 000. There has been a 36 per cent increase in jobs and some £31 m invested in R&D. The model developed by Scottish Enterprise Glasgow has been replicated throughout the Scottish Enterprise Network, emphasis in the area is consistent with public-research based spin-off evolution in other OECD countries.

Public research based spin-offs are small technology-based firms whose intellectual capital originates in a university or a public research organisation (PRO). Public spin-offs encompass: *i*) firms whose founding members include a student, faculty or staff person; *ii*) firms which licence key technologies from the parent institution; and *iii*) firms housed in a PRO incubator facility or which are directly established by the parent public research institution. Since the 1980s, the number of spin-offs from the public sector has risen steadily. The phenomenon is most evident in North America and Europe. According to the Association of University Technology Managers, the top US and Canadian research institutions see on average about two new start-ups per year. European countries are also reporting more public sector spin-off activity. German data indicate the most impressive growth but relative to the United States, European institutions are generally still lagging behind. In smaller countries like Belgium and Finland, prominent research institutions generate about one spin-off every two years on average. The generation of spin-offs is highly skewed toward "top institutions" in these fields information technologies, biotechnology and biomedical technology, and electronics.

In many countries, additional efforts are needed to create a basic infrastructure supporting spin-offs, such as ensuring that public institutions have easy access to professional intellectual asset management and networking services. Central governments can provide incentives for the formation of technology licensing and transfer offices within PROs, especially by allowing these to retain title to their innovations. They may also need to grant PROs the authority to negotiate exclusive licensing agreements in those cases in which exclusivity is necessary to spur firm creation. The high cost associated with intellectual asset management can be partly alleviated by reducing patent filing or maintenance costs for PROs. Governments should first and foremost continue to improve the environment for entrepreneurship -- through such actions as devising policies for greater researcher mobility, access to risk capital and better IP awareness. An economy with support services for new firms and strong networking among institutions will be better prepared to welcome public spin-offs.

- Spin-offs serve as a direct channel for bringing publicly funded know-how and technology to the market. When successful, spin-offs create revenues for the parent institution through licences or sales of

equity positions, and generate tax revenues through service or product sales. Spin-off companies also create employment, especially for high-skilled personnel in science and technology, although the greatest gains are probably in ancillary firms such as suppliers and customers. Public spin-offs represent a very small sub-population of new firms, even corporate spin-offs are far more numerous.

- Spin-offs have very high survival rates compared to new firms on average. However, they also tend to have low growth rates and remain very small companies in their first decade. Many public sector spin-offs retain close ties to their parent and support themselves through contract research or consulting, thus acting as mediators between public research and its possible commercial application. The entry of such flexible, innovative firms can give rise to novel economic sectors or play a role in the development of high-technology clusters.

Building on the success of the West of Scotland Science Park, Scottish Enterprise Glasgow has been the driving force behind the new City Science project. The five-year project will be located in the open ground between George Street, High Street, Ingram Street and Albion Street in the heart of the city. The development will also establish new links between the city centre, the Merchant City, the campus of the University of Strathclyde and Glasgow's East End, on land which has been derelict for years. The new "Science and Technology Quarter", will contain 550 000 sq. ft of new business space, 400 000 sq. ft of which will be devoted to Research and Development. The £60 million proposal will create at least 3 000 new jobs and reinforce existing strengths in science and technology development in the city. A masterplan has been prepared which also includes local housing, shops, a cafe, and restaurant, a hotel and a gym.

Evidence shows that the ability to harness the potential of science, technology and innovation to improve growth performance has been diverse among OECD countries. Innovation is not always based directly on research and development; it often involves organisational as well as technological change and requires sizeable complementary investments in related areas (*e.g.*, worker training, manufacturing, and marketing). Nevertheless, higher levels of research and development intensity are correlated with higher levels of economic performance. R&D appears to be growing in importance, as economies become more knowledge-based and fast-growing new industries become more science-based. OECD work in areas such as the management of innovation and science systems, public funding of research and development, industry-science relationships and the development of high-tech spin-offs, shows that the countries that have fared best are those that have successfully adapted their science and technology systems to evolving patterns of innovation, enhanced interactions between the private and public sector, and improved framework conditions for innovation. Industry has an important role to play, too, in adapting its own practices related to R&D investment and sourcing, knowledge management and industry/science linkages. It has to be noted however that in Glasgow the universities spend £62 million on research, double that spent by the private sector.

Scottish Enterprise Glasgow is also promoting two potentially important projects in the city. It is currently in discussion with the three universities in the city to develop an Institute of Science and Technology. The Glasgow Harbour site on the north bank of the Clyde is considered to be the appropriate location, which is logical. The Institute would reinforce SEGs approach to the promotion of innovation and interaction with universities that has emerged over the last decade and result in more university spin-offs which is good for Glasgow as a whole. Consideration is also being given to creating a Centre for Sustainable Technologies, similarly such a proposal builds on existing strengths but could also help establish Glasgow as an international centre of excellence with respect to sustainable development. The Centre could be the catalyst for developing Glasgow as a sustainable model for the 21st century. Locating the Centre on a brownfield site adjacent to the River Clyde at a time when Glasgow is seeking to pursue a more holistic approach, particularly with respect to the Clyde which has measurable social, economic and environmental outcomes could be a real opportunity for the city. In Nordhorn, Germany, for example, between 1985 and 1995 a 15 ha former textile manufacturing area was redeveloped into a mixed-use area, primarily focusing upon residential provision. Originally the area sustained 12 000 jobs; now unemployment at 11 per cent is slightly below the national average but overall employment figures are lower. The developers sought to reclaim the land for an unrestricted future use. The area was transformed from industrial brownfield into mixed community, housing 600 people at present and supporting 700 jobs. Private investment to date is more than tenfold the sum of the costs of reclamation and redevelopment. Because the prospect of replacing jobs was not feasible, adoption of a holistic strategy of mixed development has allowed the area to reinvent itself and it is now an important base for remediation and clean-up services.

The development of knowledge based economies²⁸ has implications beyond typical knowledge intensive services and is leading to the transformation of more traditional sectors. Fast growing sectors such as computer software and biotechnology whose value depends much on the knowledge embodied in patents and staff is important to investors and is directly linked to the global market. The challenge however lies in ensuring that this growth and development is integral to city growth and development and greater synergy is facilitated.

In the US colleges and universities are becoming more interactive with their localities. For example, purchasing and hiring policies are being used to have positive impacts on local commerce by Virginia Commonwealth University and the University of Illinois which both have 'buy and hire local' programmes aimed at community residents and businesses. Penn University made purchases to the value of \$35 million in its West Philadelphia neighbourhood in 1999 and MIT's Cambridge First policy results in annual revenues of \$30-\$50 million for local businesses in Cambridge. Such programmes demonstrate commitment and confidence in cities and neighbourhoods. Other examples exist where universities have used endowment assets to contribute to regeneration programmes. Trinity College Hartford committed more than \$6 million to a project which leveraged more than \$200 million of public, private and foundation funding for three new schools, neighbourhood recreational facilities, home ownership opportunities and retail expansion in the city.²⁹ Furthermore, more than half of

Trinity students became involved in the broader regeneration effort. These are important examples which demonstrate the changing role of universities in urban economies. Just as the private sector and civil society are redefining their roles and discussions focus on issues of corporate social responsibility and democratic participation universities and colleges need to redefine their position in the urban environment and their obligations to their localities.

Tourism

Tourism is an important aspect of the Scottish economy at all territorial levels. Tourism employs 177 000 people nationally (8% of workforce) and contributes £2.47 billion annually to the Scottish economy. In Glasgow, it has been targeted in terms of economic development over the last 10-15 years and all territorial levels identify tourism as an important element of economic prosperity in the city. Tourism was identified as a potential growth engine for the city in a report by McKinsey in the early 1980s. From that time dedicated efforts were made to develop tourism, recreation, culture and conference facilities in the city. The industry now sustains 21 000 jobs and yields annual visitor spend in excess of £450 million for the city. Between 1991-1998 UK visitors increased by 88 per cent and the city is now the third most popular UK City for short breaks.

Tourism was built on several important events beginning in 1988 with the UK National Garden Festival, a river based regeneration initiative. The Festival was an important event for the city. At a cost of £20 million to the public purse the event drew in some four million visitors to the city and marked the beginning of a new approach to urban regeneration in Glasgow. Earlier in 1983 was also the year of the opening of the Burrell Collection, a local and national cultural asset. Cultural events became an integral part of the regeneration process as was seen elsewhere in Europe throughout the decade.

In 1990, Glasgow was a European City of Culture, an event which captured the imagination of politicians and regeneration agencies alike. Creating a Glasgow where people could live, work and play became a priority. Nine million admissions were recorded, over a half million from outside the city, adding £80 million to the local economy. New landmark buildings such as the Glasgow Royal Concerts Hall, a £28.5 million investment by Glasgow City Council, had a considerable impact. In 1996 the Glasgow Festival of Visual Arts generated £25 million of visitor expenditure with a net economic benefit of £5.5 million for the city economy. In 1999 Glasgow was City of Architecture and Design, which generated £20 million and resulted in the creation of 500 jobs.

In the mid 1990s, Glasgow developed an assertive tourism strategy. Conferences have been an important aspect of the approach, the Scottish Exhibition Conference Centre marked an important step forward in developing this sector as well as being an important urban regeneration project along the River Clyde. Hotel occupancy, for example, is 85 per cent and generates £230 million annually in overall

economic expenditure. Hotel construction has been significant in recent years. Although completions were relatively low between 1998 and 2000, the value of developments under construction rose from £18 million in 1998-1999 to £35 million in 1999-2000. Similarly, developments granted planning permission rose from £14.1 million in 1998-1999 to £62 million in 1999-2000. Economic development agencies are perceived to be integral to continuing to develop tourism. The 2000-2005 strategy for tourism seeks to attract more visitors, increase the quality of tourism related jobs and to continue to promote the city. The Scottish Tourism industry, like that of the UK in general has been severely affected by the cumulative impacts of foot and mouth disease and the events of 11 September, 2001. Overall, the British Tourist anticipates losing £2.5 billion of revenue as a result of events in 2001.

The skills gap has been identified as an issue for the future. Tourism industries throughout OECD Member countries generate significant numbers of jobs. The OECD Tourism Committee notes that tourism is facing rapid changes in demand and international competition in a context of advancing technologies. The management and development of human resource strategies has received broader international consideration. However, the understanding of labour markets in the tourism sector remains inadequate. The effects of new practices introduced by governments and the tourism industry have not been widely assessed.

Glasgow City centre as a catalyst for economic prosperity

City centres “highlight unique natural, historic and cultural assets which define a trajectory for economic development; but directing investment to support these assets can raise important strategic issues about setting priorities within the urban region as a whole. Social integration and cohesion deserve a discussion on their own. Suffice it to say that the relative lack of quantitative indicators often leaves us with arguments based on social justice. There is however evidence that cities where disparities are narrowing also enjoy higher incomes for all categories of the population. The factors that enable this to happen have not been explored as they should, but clearly there is something to be said in favour of the quality of design as a variable, a positive externality sometimes generated by private investment, and sometimes by public investment, but rarely by the one without the other. Most parts of a city cannot be a microcosm, a miniature cross section of urban society as a whole. Centres play a vital role in social interaction among groups and individuals.”³⁰

The city centre has played an important role in Glasgow's recent renaissance. From the 1980s political forces and targeted economic development prioritised its regeneration. Glasgow City centre is the historic, cultural and economic heart of the city and the region and it remains a strategic priority. In the late 1980s Glasgow City Council and the Scottish Development Agency recognised the need for new strategic economic and physical directions for the longer-term prosperity of the city. A report was commissioned and prepared by McKinsey, entitled *The Potential of Glasgow City Centre*. This report helped determine priorities for the city with respect to economic development and the important role that city centre play in economic prosperity. The

report noted that the City could avoid a possible *“spiral of decline by building a new and stronger economic role, based on a revitalised city centre, strong in services and fuelled by the talent and energy of its people.”* Detailed analysis of Glasgow’s strengths, weaknesses and opportunities resulted in a more focused economic development and urban design perspective for the city and its centre. Whilst the emphasis was very much on the commercial urban core the changes which it stimulated throughout the 1990s are visible today. Glasgow City Centre is an economically, socially and environmentally vibrant. Space based assets are integral to establishing competitive advantage. Porter argues that location in the modern global economy is a crucial factor and in order for cities to be competitive they must draw on local advantages -- Glasgow city centre is one of its key assets.

In 2001 the changes which have taken place as a result of the prioritisation of the centre are clearly visible. Glasgow City centre is the strategic focus for economic activity for the city and the wider conurbation. It functions as a major location for: a wide range of business and administrative services; significant public services; retail activity; higher and further education; transport; arts, culture and leisure; tourism; and international conferences. Development in the city centre has been significant. For the year 1999-2000 the City Council estimates that private sector development in the city valued at more than **£1 billion** was either completed or underway. Outstanding planning consents in the hotel sector alone are valued at £73 million. Office consents are valued at £263 million -- equivalent to 6 years completions; industrial developments at £131 million -- 5 years completions; leisure developments at £165 million -- 3 years completions and housing at £254 million -- 2 years completions. The Glasgow Economic Monitor for spring 2001 highlights that the total value of completed developments rose from £385 million in 1998-1999 to £557 million in 1999-2000.

Glasgow, is the second most important retail centre outside of London in the UK and development of this sector has made a significant impact over recent years. The Buchanan Galleries development is one of the most important retail sector schemes in the city centre. The value of retail sector developments under construction was £543 million in 1999-2000. Over the same period the value of developments granted planning permission increased from £266 million to £329 million, indicating a continuing interest and involvement in the regeneration of the City by developers and businesses. In addition, developments with outstanding planning permission granted prior to April 1999 had a value of £619 million. This pattern is in line with city centre investment by the retail sector throughout the United Kingdom and is in part attributed to the 1993 PPG6, which restricted out of town retail development and introduced the sequential test for new developments. The retail core provides employment to around 13 000 people.

A strong business and finance base has developed in the city centre which is now broadening out to connect to other important urban spaces. The office core-Broomielaw area is an important example and includes important major developments by Scottish Enterprise and British Telecom, establishing a pattern on interconnected spaces. The Glasgow International Financial Services District will respond to growing demand in the city as sector develops. BT invested some

£50 million in their relocation to Atlantic Quay and will invest a further £50 million over the next five years in high speed broad band cable infrastructure to meet the needs of the financial sector. The Merchant City area has benefited from a dynamic approach to regeneration which has resulted in a vibrant urban core comprising hotels, bars, offices, residential and cultural facilities. The Campus and Cathedral Precinct area have benefited from major public investment creating civic space, cultural facilities and residential accommodation for Strathclyde University.

Enhancing the public realm has been a crucial aspect of the overall city centre regeneration. A joint Glasgow City Council and Scottish Enterprise initiative has invested £25 million in the public realm. Promotion of the city centre is enhanced through the City Centre Partnership which is a very successful example of public-private sector co-operation. These efforts should be augmented by setting up a Business Improvement District pilot for the city, using additional covenanted revenues to pay for a major acceleration in city centre re-investment based on existing visions.

The spatial prioritisation of the city centre has proved to be highly effective. The targeted approach united economic development, urban planning and urban design to re-establish the city centre as the cultural, economic and social heart of the city. Adjacent areas are now reaping the rewards of this approach as the physical linkages with the river frontage are established. New areas of the built environment are interconnecting to maintain the momentum of change. This presents many challenges well co-ordinated efforts.

Urban development opportunities

Over the next ten years when current developments around the city, city centre renewal, waterfront developments (detailed in Part III), housing renewal as a result of the housing stock transfer and school upgrades are viewed collectively Glasgow will in fact become the largest construction site in Europe. It will be the Berlin of the next decade and with that comes an incredible opportunity for the city to actually make development matter and realise optimal outcomes for Glaswegians, in terms of employment opportunities and overall liveability. Glasgow, is on the verge of becoming an example of innovation and sustainability as it uses the spatial context to greater social and economic benefit. This next phase is an opportunity for the city to reinvent itself again and become more sustainable. Over the next decade the city can use forthcoming development opportunities to reduce unemployment and create a more diversified economy.

The construction industry therefore, will play a crucial role in delivering physical and economic change in the city but also in connecting to increased social inclusion. There is broad recognition and indeed expectation that current opportunities will contribute to the broader social and economic development agenda in the city to generate more employment for Glaswegians. The Scottish Executive has commissioned research into the issues facing the construction industry across Scotland and the potential impact its needs will have on skills, training and employment. It is estimated

that by 2005 some 27 000 people will be needed to meet construction demand. This forecast presents a significant challenge to both public and private sectors to find the appropriate labour supply. This is interpreted by many as the opportunity to integrate excluded people into the workforce. Research by the Executive concluded that:

- Increased construction investment in Scotland over the next 5 to 6 years will lead to widespread skill shortages, particularly in the manual trades.
- Changes in the industry's processes have led to an increased demand for more specialist trades, but the training infrastructure is not adapting quickly and fully enough to the new demands.
- The negative image of the industry is a barrier for many potential entrants.
- Women and ethnic minorities are seriously under-represented in construction.
- The industry tends to recruit only to a limited extent from more excluded groups and regeneration areas, particularly for entry into apprenticeships.
- In purchasing construction services the public sector needs to seek 'best value' through partnering, rather than going for lowest price contracting, to promote the development of the skills base and the recruitment of more people from excluded groups.
- Addressing these issues requires comprehensive and co-ordinated activities at the national, sub-regional and local levels if the skill needs of the industry are to be met and the potential of excluded groups to help supply the labour needs of the construction industry is to be realised.

Thus, for Glasgow how it meets these challenges is a major issue.

Tackling social exclusion

Increasing concern throughout OECD countries over the perceived weakness in social cohesion and as such social exclusion is now to the fore of the political agenda. Its recent rise as a concept can be linked to contemporary widespread changes such as the emergence of what are described today as "knowledge economies" and "learning societies." Higher skills are expected for jobs that are themselves changing rapidly. This is due in large part to the influences of the new information and communication technologies (ICTs) and to globalisation. Whole occupational and industrial sectors have been rendered obsolete with global restructuring, or transferred to other regions of the world, often with devastating impact on local economic and social infrastructures. Low-skilled and poorly educated adults are at substantial risk of long-term unemployment or of finding only jobs with low pay. Social exclusion has become geographically concentrated with people living in certain parts of major cities becoming isolated from the structure of opportunities provided by institutions and markets. Governments are now seeking policy responses which reduce dependence and

alienation. The approach for the future requires coherent synergy between spatial and social policy. OECD carries out substantive analysis in these two areas as Member governments seek to tackle similar problems of varying scales. The analysis prepared for the recent meeting of OECD Social Policy Ministers in June 1998 summarised the range of concerns under the heading “policies against exclusion” as follows:

“The ‘socially excluded’; ‘the outsiders’; ‘the underclass’; ‘benefit dependency’; ‘the new poor’: under a variety of labels, there is concern in many OECD countries that there is a section of the community that faces extraordinary barriers to full participation in the labour market and society. The results are well known: benefit dependency leads, sooner or later, to financial deprivation. Access to public services may be denied because of lack of address or employment record. Households are no longer in control of their own destiny. Health status may be damaged by poor diet and living conditions. Upon reaching retirement, lack of contributions to employment-based public pension schemes leads to continued reliance on minimum benefits. Children grow up without examples of the normal status of work in society, increasing the risk that disadvantage is transmitted across generations. In some countries, deprived areas or even regions become detached from the modern economy, becoming unable to take advantage of any improvements in the macroeconomic environment” (see OECD, 1999, p. 100).

Box 2.2. 1998 Ministerial communiqué on social and health policies

Ministers agreed:

- that structural reform of social and health care systems should achieve greater equity and efficiency of social protection systems;
- to promote employment-oriented social policies to combat poverty, inequality and exclusion;
- to ensure the best possible start for children by promoting early childhood development and family-friendly policies which would help families balance work and caring responsibilities, and by improving employment opportunities for those parents without work;
- to promote a healthier population by focusing on more prevention and the broader factors contributing to health improvements and by tackling persistent inequalities in health status;
- that an “active ageing” strategy should encourage and enable people to lead productive lives in society and the economy as they age;
- that necessary reforms of retirement pension systems should not be delayed, so that they provide adequate income support while ensuring their long-term sustainability;
- to co-ordinate the roles of health and social care systems so they provide appropriate and integrated care for those with long-term needs;
- to promote an appropriate balance in rights, responsibilities and opportunities between government, at its various levels, and individuals, families, social partners and communities; and
- to support the elaboration of effective instruments for monitoring and evaluating programme out-comes, and to develop internationally comparable social indicators.

Source: OECD, 1998a.

In line with other OECD countries the UK government³¹ states that overcoming social exclusion lies at the heart of its political programme. The promotion of this is seen as the responsibility of all levels of government in partnership with the voluntary sector, social partners and communities. The policy goals pursued by the UK government are:

- preventing social exclusion happening in the first place – by reducing the numbers who go through experiences that put them at risk or targeting action to compensate for the impact of these experiences;
- reintegrating those who become excluded back into society, by providing clear ways back for those who have, for example, lost their job or their housing, and missed out on learning; and
- getting the basics right -- delivering basic minimum standards to everyone -- in health, education, in-work income, incomes in retirement, employment and tackling crime.

The major problems confronting the UK are identified as:

- high levels of child poverty: one in three children living in households with income below 60 per cent of the national median, and the highest teenage pregnancies in the EU;
- high levels of worklessness: the proportion of working age people in workless households doubled between 1979 and the mid 1990s;
- high levels of pensioner poverty: and greater inequality between pensioners;
- deprived communities: with higher unemployment and mortality rates, lower educational attainment and greater concentrations of vulnerable people than elsewhere;
- excluded groups: people who are vulnerable to particularly acute forms of exclusion requiring tailored and targeted interventions; and
- disadvantage and discrimination suffered by people from minority ethnic communities, who are likely to live in deprived areas, to be poor and to have difficulty finding work.

Each of these problem areas are particularly evident in Scotland and nowhere are they more visible than in the city of Glasgow. In line with UK central government policy the Scottish Executive has developed a long-term strategy for tackling poverty and injustice and promoting equality of opportunity is set out in Social Justice -- A Scotland Where Everyone Matters (November 1999). The Strategy has ten long-term targets which are underpinned by 29 short-term milestones. Annual reporting monitors progress. In Scotland the Social Exclusion Network was established in 1998 and it launched the Social Inclusion Strategy for Scotland in 1999. In 1989-1999, more than one in five individuals in Scotland lived in a household with an income 60 per cent or more below the median income for Great Britain. In 1999, the Scottish Executive launched the Social Justice Initiative and the Policy Framework for Social Inclusion.

The Scottish Executive 2000 identifies five key principles: *integration; prevention; understanding; inclusiveness and empowerment*. The essence for social justice "*is to ensure that everyone has the opportunity to participate to the maximum of his or her potential*." The Social Inclusion Strategy lays out targets and milestones on devolved matters including 10 long-term targets for 2010 and 29 short-term milestones. The Scottish Social Inclusion Network helps government develop the strategy and the different sectors co-ordinate individual strategies. The Executive has allocated a budget of £667.5 million to Social Justice for the financial year 2000-2001. ***Social Inclusion Partnerships*** were set up to encourage joint working on social inclusion in the most deprived communities. The three main principles of the SIPs are:

- the need to prevent further exclusion from happening;
- the need to co-ordinate approaches to tackling exclusion, including focusing on the sustainability of initiatives; and
- the need to look at innovative approaches to regeneration.

SIPs are the new name for Priority Partnership Areas designated and Regeneration Programmes, 21 in total. A further 23 SIPs have been designated since 1999. Funding comes from the Scottish Executive and is allocated in three year blocks but is part of a more complex array of partnership funding mechanisms, in 1999-2000 total allocation was £53 699 000, in 2000-2001 £56 251 000 and in 2001-2002 expected to be £45 805 000.³²

Social Inclusion Partnerships build partnership principles which have been embedded in Scottish urban policy since the 1980s when the Scottish Office sought to introduce a new approach to urban regeneration mirroring changes taking place in other parts of the United Kingdom (considered in closer detail in the 1998 OECD study, *Integrating Distressed Urban Areas*). The 1988 New Life for Urban Scotland programme based on four area pilots marked the change. A Scottish Office Review of the programme in 1993 led to a new approach based on partnership involving local stakeholders in ways which considered the physical, social and economic dimensions of regeneration. A bottom up approach was promoted based on local area based delivery which articulated the importance of factors such as education, health and community infrastructure in delivering change. In 1996 the Programme for Partnerships placed an emphasis in city and district wide partnerships to respond to the challenges of the most deprived 10 per cent of districts in Scotland. This was an innovative approach which enabled funding decisions for individual projects to be made at the local level. It did not however change the way that projects were funded and still demand a complex array of multi-agency funding packages which are characteristic of regeneration initiatives. The Partnership Programme evolved over time into the SIP programme. The Scottish Executive reinforced the need to focus on promoting inclusion and preventing social exclusion. A holistic approach which "worked across the board; worked in partnership; took a long-term approach and developed joined-up solutions to joined up problems" would be pursued.³³

Implementing the Social Justice agenda has led the Scottish Executive to carry out extensive analysis and evaluation of the SIP programmes and support

numerous research programmes to deliver better outcomes. A recent National Evaluation of Former Regeneration Programmes (RPs) which became SIPs carried out by Cambridge Economic Associates Ltd. on behalf of the Scottish Executive. A full evaluation of nine RPs raised a key issue which is relevant to all policy-makers throughout OECD countries and requires further attention: “whether the needs of deprived neighbourhoods should be entrusted to mainstream departments and agencies in the future, and related to this, whether or not some area based initiative is also required to ensure effective delivery of services into deprived neighbourhoods.” This is an issue which requires further consideration in the context of Glasgow. In Glasgow there are ten area based SIPs and three thematic SIPs which are overseen by the Glasgow Alliance.

Engaging the private sector

In the words of Kasarda *et al.*, “*both business leaders and policymakers must embrace the view that inequality is bad for business and that taking proactive steps to eliminate geographical and socio-economic disparities in cities is a form of enlightened self-interest.*” There are signs of a growing consensus among private sector actors about the need for integrated action. The Scottish Executive together with agencies tackling social inclusion recognise that private sector contribution is essential to tackle effectively problems of social exclusion. However, there are difficult issues about the role of the private sector in the inclusion process and how best to secure and retain their engagement. To tackle the issue of increasing private sector involvement the Executive commissioned a substantive study, “The Role of the Private Sector in Social Inclusion Partnerships.”³⁴ This study examined the issue together with case study material on private sector interventions to promote inclusion. Some of the main recommendations from the study are that:

- Given the importance of private sector services for area regeneration, there should be more joint venturing between private and community based organisations, for example banks and credit unions.
- More specialist labour market intermediaries are required, combining the employer focussed expertise of recruitment agencies and the client centred knowledge and trust relationships of local employment and training initiatives.
- The private sector should be encouraged to take more of a lead role in developing and delivering social inclusion interventions. The private sector is in the best position to bring other private sector players to the table.
- Scottish Enterprise, through its local enterprise companies, should also be asked to facilitate at the level of local economies or sub regions, co-ordinating a wide range of private sector contributions. Scottish Enterprise should be asked to lead a national task force to facilitate the creation of a small number of high impact private sector contributions to social inclusion.

The recommendations actually provide a useful framework of what are generic principles to encouraging more private sector participation in combating social exclusion and reassert the important role that Scottish Enterprise continues to play. The OECD LEED Programme Roundtable Conference 'Partners for Progress -- Towards a New Approach to Corporate Social Responsibility', concluded that companies in the 21st century have some clear expectations to fulfil:

- demonstrate their commitment to society's values and their contribution to social, environmental, and economic goals through actions;
- protect society from the negative impacts of company operations and its products and services;
- share the benefits of company activities with key stakeholders as well as shareholders;
- contribute to the regeneration of local communities;
- work in partnership with government and the third sector for sustainable development;
- demonstrate that the company can make more money by doing the right thing, and if necessary, reinventing its business strategy, thus reassuring stakeholders that the new behaviour will outlast good intentions.

Scottish Business in the Community recognises that companies, whatever their size, should be actively involved with the communities in which they operate and promotes greater involvement of the business community in the economic and social development of Scotland. SBC sees its role as making connections between businesses and communities giving advice and resources to deliver sustainable community development. A series of programmes are supported to facilitate greater community involvement by businesses. Partners in Leadership brings together business leaders and head teachers to exchange knowledge and experience with the overall goal to raise standards in schools. The Business Support Groups bring together companies which are interested in becoming actively engaged with their communities to help tackle social needs and promote area regeneration across Scotland. The focus is on three key areas: education and training, employment and community issues. In Glasgow, for example, SBC ran a Jobs Fair in the East End, 35 companies participated, some 450 people attended out of which 50 people secured employment. The challenge for all partners in Glasgow obviously relates to the 'scaling up' of such initiatives to have greater impact. However, building on existing foundations will increase existing opportunities.

Businesses are beginning to recognise that community investment is an integral aspect to developing competitive advantage. Research by the Initiative for a Competitive Inner City reveals that there are substantial untapped assets in the inner cities of America. Inner city residents have preferences that are common to all consumers in desiring quality goods and services, competitive prices, branded goods and quality customer services. ICIC estimate that inner city consumers constitute \$85 billion in annual retail buying power. Thus, a city's competitive advantage is interlinked to community investment which creates employment

opportunities and generates wealth in inner city areas -- in Glasgow, this requires a pro-active private sector response to match the strong and effective public sector.

Health and social exclusion

Despite tangible improvements in the average health status of the population throughout OECD countries there is evidence for some countries that those who are socially and economically disadvantaged have a widening disparity of health status compared with the rest of the population. In order to address these challenges adequately, structural reform of social and health care systems should aim to achieve greater equity and efficiency of social protection systems, thus enhancing economic development. Social expenditures can be an investment in the future when they enhance the growth potential of the economy as well as ensure that individuals and families are provided with suitable assistance to maximise their potential and contribute fully to society. However, health disparities cannot be solved by health and social expenditure alone. Evidence suggests that throughout OECD countries recognition that a multi-sectoral approach is necessary. Delivery of that approach takes place at the territorial level and is dependant upon overcoming multiple deprivation factors of low educational attainment, high unemployment, poor housing, high crime rates and numerous other socio-economic characteristics which interact to produce cycles of decline, all of which compound health disparities in urban areas.

The most recent OECD *Economic Survey of the United Kingdom* noted the large number of sick and disabled people. The rate of growth of the number of people on incapacity benefits decreased during the 1990s but remains more rapid than in most OECD countries and the number of recipients is high, despite poor take up rates. In Glasgow there is an exceptionally high number of citizens in receipt of disability and invalidity benefits. The exaggerated nature of this scenario raises significant challenges for government (all levels); public agencies and the voluntary sector. UK, Scottish and Glasgow governments seek to address this issue through a variety of programmes, initiatives and funding mechanisms. However, it is a perverse disparity which will remain an issue for the city for several decades.

The supra-national framework reinforces national and local efforts to address the issue by establishing a strong moral and political commitment by governments to take action in this area. A major outcome of the UN Decade of Disabled Persons 1983-1992, the *UN Standard rules on the equalisation of opportunities for persons with disabilities* were adopted in 1993.³⁵ In 2000, an EU Council Directive establishing a *general framework for equal treatment in employment and occupation* (referring not only to disability) was issued. This Directive, aiming to combat discrimination, has to be adopted by all EU Member States by the end of 2003. In Glasgow's case the supra-national context reinforces local efforts by ensuring the issue remains on the national political agenda. Local governments, government agencies and the voluntary sector face the ongoing challenges of health, at the local level it impacts upon social, economic and environmental policy in a significant way.

Geographical health disparities commonplace through OECD countries, are particularly pronounced in Glasgow. The current UK government has for the first time acknowledged the link between poverty and health inequalities and seeks to reduce disparities through both health policy and its wider powers. Health policy rather than simply health spending is being used to better effect. Health authorities are required to draw up and implement health improvement programmes which will tackle local issues. Other policy areas seek to tackle child poverty through increases in child benefit, low income through the minimum wage, family wealth through tax credits and improved access to work and training are promoted through the New Deal. A cross-sectoral approach is acknowledged as the key to delivering change. The Glasgow Healthy City Partnership was established in 1988 and is affiliated to the World Health Organisation's European Healthy Cities project. The Partnership works in synergy with other organisations to reduce health inequalities in the city and promote more sustainable urban regeneration. The approach taken in the city will yield results over the long-term as poverty reduction; unemployment and social exclusion are tackled. The Kings Fund³⁶ has noted that whilst since 1997, 1.2 million children have been lifted out of poverty 16.2 per cent of UK children still live in poverty, the second highest rate in Europe. The Fund comments that many targets have concentrated on counting death rates for major illnesses rather than improving the health of the most disadvantaged throughout their lives. Public health expenditure targets health care rather than health improvement and many projects are small scale and short-term and cannot be sustained when funding runs out. The holistic regeneration of distressed urban areas is integral to tackling health issues in a city.

Health outcomes are one of the main areas where deprivation entails additional, unnecessary expenditures. OECD analysis suggests that this is an area where there are few data resources for identifying intra-urban disparities and where socio-economic determinants are poorly integrated into models of health outcomes by public agencies. An extraordinarily complex mix of locational, environmental, cultural and socio-economic factors determines health outcomes. The ways in which behaviours, attitudes, lifestyles, etc. are transmitted from one individual to another and from one generation to another play an important role in perpetuating particular health outcomes. Given that most determinants lie outside the health service sector, this is an area where neighbourhood and housing effects have a clear impact on individual health outcomes and by extension on public policy and expenditure.

Poor health and high mortality and morbidity rates have been an issue in Glasgow for the last one hundred and fifty years. Compared with other European Cities, Glasgow's mortality and morbidity is more closely associated with its Eastern than Western European Counterparts. It belongs to a group of cities in which downward trends in mortality and morbidity are slower than the national average and therefore they begin to lag behind. Glasgow has second world levels of mortality and morbidity which is related to the fact that many of its citizens have second world levels of income and standards of living. In the most deprived electoral wards in the city male life expectancy is 61 years of age.

Glasgow's health problems are considered to:

*"...manifest themselves in an apparently continuing cycle of Glaswegian ill health on a very large scale. These problems are largely maintained in two ways. Firstly, the fruits of progress in Glasgow have not been equally shared across the city's communities. Good quality jobs in the city and good quality facilities are not always accessible to our least well-off communities. Ironically, they appear to be much more readily accessed by the better-off communities from the suburbs outside the Glasgow city boundaries. In Glasgow, literally and figuratively, the better-off communities in terms of jobs and income have better health status. The less well-off are subject to the predations of a virus of social exclusion. The reinforcing partnerships of unemployment, poverty (poverty not just of income but also of opportunity and expectation), and lack of hope combine to bring about all the ill health outcomes with which we are so depressingly familiar. What we need to do is find more and better ways of levering up the means for Glasgow's less well-off communities -- of whom we have a lot -- to achieve the levels of health already experienced by the better-off."*³⁷

Effective social policy and health care are an integral part of economic development, enhancing the growth potential of economies and facilitating economic adjustment. The incidence and extent of poverty among the elderly have fallen over time as pension systems have matured. Unemployment, sickness, and disability do not automatically lead to severe social and financial hardship as a result of the measures now in place which provide income security and increased opportunities to participate in society. The unemployed and other persons at risk of unemployment are helped to obtain new jobs through active labour market programmes. Income and services support helps with the extra costs and responsibilities facing families raising children. Much longer life expectancy and increased disability-free life expectancy have been achieved as a result of improvements in medical treatments and expansion of health-care coverage. Strategies that promote transport, housing and employment opportunities will have a positive impact on health, without necessarily increasing health sector expenditure.

Tackling social exclusion lies at the heart of economic and social policy in Glasgow. The current economic prosperity has not eradicated poverty and all agencies in the city focus on overcoming the twin-track scenario which has emerged. The efforts of recent years have no doubt kept the situation from getting worse, but the challenge lies in the fact that the syndrome of unemployment, low skills, poor health and low levels of community vitality are perpetuated from one generation to another. The energies required to manage the continued growth of the city are also harnessed to address the challenges of deprivation. Some of the means of tackling exclusion are outlined below. *What additional measures would be of value to the agencies involved and what policy messages should be conveyed to national government?*

The Glasgow Alliance

The overarching body charged with the task of addressing social exclusion in the city is a partnership of Scottish Enterprise Glasgow, Glasgow City Council, Greater Glasgow Health Board and Scottish Homes and various other public and private sector organisations. In 1993, the Glasgow Regeneration Alliance was created and was in effect four major public sector organisations coming together. By 1996-1997 it was considered to have lost direction the shared view within the city was that it was not working, all agencies involved were committed to partnership but recognised that reform was necessary. It became clear that there was a need to engage with private and voluntary sectors more. In 1998 Glasgow Alliance emerged, its role was not to run projects but to co-ordinate, with the overall aim of delivering a value added cross sectoral integrated approach. Tighter control has resulted in clearer strategies. The Alliance seeks to ensure that Glasgow is a competitive city, attracting and retaining jobs, people and opportunities. Its priorities include: *providing greater access to jobs for Glasgow people; making Glasgow more attractive for development; improving housing choice in the city especially for families; and tackling the city's poor health and improving people's quality of life.* Creating Tomorrow's Glasgow is the revised strategy for the Glasgow Alliance for 2001-2005. The new Strategy builds on the original 1999 by articulating five outcome based strategic themes as shown in the following table.

The delivery of the city-wide strategy takes place at the local level. Glasgow Alliance was responsible for the Priority Partnership Areas which became Social Inclusion Partnerships in 1999. The tables below indicate general spending levels of each SIP for 2000-2001 and expenditure by each area based SIP by theme from the Glasgow Alliance city strategy. Scottish Enterprise Glasgow, as part of the Glasgow Alliance, has invested almost £11 m in these areas over the past year. Funding has been made through initiatives such as Brownfield Sites, Strategic Sites, Training for Work, Skillseekers, TEGs, Business Start-up and Company Development Programmes, as well as through the network of Local Development Companies.

A partnership approach to tackling social exclusion has been inherent within the city for many years and has resulted in a holistic approach to social and economic regeneration which is widely respected within the United Kingdom and internationally. Some of the programmes which are pursued to create employment opportunities in the city are outlined below. Also highlighted is the main programme adopted by UK central government. In efforts to meet its broader policy agenda the Scottish Executive carried out a substantial enquiry into the effectiveness of current partnerships in throughout Scotland. All actors involved in partnerships were included in the process as both the national and local levels sought to determine whether there are in essence too many partnerships to be truly effective and to create a rational and effective approach which delivers optimum outcomes. Such an approach is important on a number of levels. Firstly, it demonstrates a sound approach by government to deliver its policy agenda, new initiatives and approaches only have meaning if they correct ineffective and unnecessary actions. It demonstrates a more forward-looking approach which is less driven by short-term outcomes. Delivering the Social Justice agenda and promoting sustainable economic growth will require long-term

commitment. Secondly, the variety of actors responsible for implementing national policy to the community often have a clear understanding of what works and what does not. They will know when too many delivery mechanisms are in place and experience the real consequences of budget restrictions which result from a crowded market place. Refining processes is a necessary part of organisational learning and in Glasgow the various agencies who deliver the economic and social agenda demonstrate particularly sophisticated.

Table 2.6. **Glasgow Alliance strategic themes**

Theme	Objective	Outcomes
A Working Glasgow	To create a working Glasgow which provides quality, sustainable work opportunities for all residents of the city.	<ul style="list-style-type: none"> – Increase the number of jobs in the city by 30 000 by 2005. – Reduce the differential in labour market participation rates between Glasgow and Scotland by 5% increasing the number of Glaswegians in jobs by 15 000 by 2004. – Increase the city's GDP per capita by 3.5% each year in real terms to £15 250 by 2005.
A Learning Glasgow	To create a learning Glasgow which ensures that children and young people have good basic core skills, are able to achieve their full potential, and which promotes lifelong learning and skills development for all citizens.	<ul style="list-style-type: none"> – Reduce the gap in adult learning activity between Glasgow and the UK by 50% by 2005. – By 2002 increase the proportion of Glasgow Primary Children who attain the minimum level for their stage in reading, writing and mathematics and close the gap between the Glasgow and Scottish outcomes. – Increase literacy and numeracy at school leaving age in the city by 5% by 2003 by increasing attainment of Standard Grade English from 83% to 88% and attainment of Standard Grade Mathematics from 82% to 88%.
A Vibrant Glasgow	To create a vibrant Glasgow where people choose to live, where the River Clyde is brought back to life and where Glaswegians are fully involved in the life of the city.	<ul style="list-style-type: none"> – Increase levels of participation in the life of Glasgow. – Improve the quality and choice of housing in Glasgow. – Reduce the currently long-term vacant and derelict land by 50% between 1998 and 2004 giving priority to land adjacent to the River Clyde. – Increase the proportion of journeys undertaken by public transport by 6% by 2005.
A Healthy Glasgow	To create a healthy Glasgow where all citizens have the knowledge, services and support to live a safe, active and healthy life.	<ul style="list-style-type: none"> – Reduce the number of families with young children who find it a problem to meet an unexpected cost of £20 by 10% by 2004. – Reduce the difference in levels of clinical depression between SIP and non-SIP areas by 25% by 2004. – By 2004 reduce premature death (from heart disease, lung and breast cancer) by 20% over and above current trends.
A Safe Glasgow	To create a safe Glasgow in which crime and fear of crime are substantially reduced.	<ul style="list-style-type: none"> – By 2005 reduce rates of crime in Glasgow: – Violent crimes by 10% – House breaking by 25% – Vandalism by 10% – Increase in the detection for drugs by 10%. – Achieve a 10% reduction in the percentage of population of SIP areas who believe that drug activity is a common problem in their area by 2005. – Reduce accidents in Glasgow by 2005, and in particular: – Reduce serious and fatal road accidents by 20%, and serious and fatal road accidents involving children by 25%. – Reduce accidents in the home by 6%

Source: Glasgow Alliance, 1998.

Table 2.7. **Glasgow social inclusion partnership funding, 2000-2001**

Partnership	Total Spend	Spend on Themes
Castlemilk	£2 378 436	£2 326 761
Drumchapel	£2 593 814	£2 366 067
East End	£2 791 712	£2 737 062
Gorbals	£731 298	£617 165
Greater Easterhouse	£3 395 427	£3 316 902
Greater Govan	£481 019	£382 008
Greater Pollock	£2 000 916	£1 805 813
North Glasgow	£2 992 499	£2 918 236
Milton	£581 783	£523 505
Springburn/ East Balornock	£737 737	£674 959
Area based totals	£18 684 641	£17 668 478
The Big Step	£565 541	£12 825
Routes Out	£269 706	£7 828
GARA	£754 481	£19 513
Theme based totals	£1 589 728	£40 166
City-wide totals	£20 274 369	£434 265

Source: Glasgow Alliance, 2000.

Table 2.8. **Thematic Spending of the Area Based SIPs, 2000-2001**

Partnership	A Working Glasgow	A Learning Glasgow	A Vibrant Glasgow	A Healthy Glasgow	A Safe Glasgow
Castlemilk	£497 539	£871 714	£457 902	£425 848	£73 758
Drumchapel	£178 784	£1 146 736	£702 798	£206 584	£131 165
East End	£319 015	£520 273	£1 080 127	£651 049	£166 598
Gorbals	£47 066	£188 589	£316 403	£65 107	
Greater Easterhouse	£327 045	£1 232 158	£1 114 425	£543 242	£100 032
Greater Govan	£45 742	£110 487	£183 192	£42 587	
Greater Pollock	£5 125	£1 036 543	£460 402	£207 618	£96 125
North Glasgow	£474 977	£1 063 322	£423 328	£956 609	
Milton	£66 159	£20 500	£192 489	£181 931	£62 426
Springburn/ East Balornock		£376 894	£185 985	£107 080	£5 000
Area based totals	£1 961 452	£6 567 216	£5 117 051	£3 387 655	£635 104

Source: Glasgow Alliance, 2000.

Glasgow Works is a partnership between Scottish Enterprise Glasgow, Scottish Enterprise, Glasgow City Council, the Employment Service, the Scottish Trade Union Congress and the private sector. In addition, a large number of local agencies, including most of Glasgow's Local Development Companies, are involved in designing, recruiting and delivery of the projects and training. The programme brings together the people that need jobs and the jobs that need to be done. An integrated programme which provides a steppingstone back to work for the long-term unemployed it also aims

to create work in activities beneficial to the city and its people. Everyone taking part pursues the same training and work package, which consists of:

- work on an individual project that pays the rate for the job;
- related and vocational training working towards a recognised qualification and other core skills-related training and assessment;
- personal development and support to ensure continuous learning.

The programme places a strong emphasis on counselling, job search and aftercare, both within the project and through an additional Glasgow Works service and a minimum of six months support is provided after leaving the project. The majority of Glasgow Works projects are located in Regeneration Areas and it is expected that on average 80 per cent of participants in these projects will also live in this area.

Glasgow Works was launched in 1994 as an attempt to tackle the issue of persistent long-term employment in the city. Its approach differed from previous initiatives in that it was based upon the idea of quality work. Resources are re-allocated to facilitate employment Glasgow Works is an example of the intermediate labour market. The concept of the Intermediate Labour Market (ILM) originated with the Glasgow based Wise Group. It seeks to give those who are furthest from the labour market a bridge back to work by improving their employability and ensuring that they have the skills to stay in once employed. ILM is paid work on a temporary contract combined with high quality training, personal development and active job seeking. Other features include: the work is additional economic activity, the work is sustainable and can adapt to funding or market changes and it reworks mainstream funding. The role of the ILM is determined by local labour markets.

Glasgow Works provides real jobs and recruitment takes place under 'normal' circumstances for up to one year. Assessment and guidance is given to participants at all stages of the process — pre-employment, during the period of employment and afterwards. Skills training, vocational qualifications, personal development and job search assistance are provided. The policy-making strategic partners to Glasgow Works are Scottish Enterprise (Glasgow and National), the City of Glasgow Council, the employment Service and the Scottish Trade Union Congress. Financial support also comes from the Strathclyde European Partnership and the EU. Local partners deliver the service, including Govan and Gorbals Initiatives.

As of 1999, Glasgow Works create around 500 jobs and can accommodate up to 650 participants annually. All participants have been unemployed for a year at least, of which around 40 per cent have been unemployed for two years or more. Evaluation has been important to Glasgow Works and independent review has proven that the project is very successful at improving the employability of its client group. Existing funding mechanisms such as New Deal, Employment Zone, Adult Training and European sources ensure that the project draws on existing funding through flexible and innovative application. The cost per individual is approximately £10 000 which roughly equate to the cost of a person being unemployed for a year. Evaluation carried by the

University of Glasgow in 1998 (Evaluation Study of Training for Work) found Glasgow works to be more cost effective than mainstream programmes when the high rate of job outcomes is taken into account. The Joseph Rowntree Foundation (October 2000) commented that “*Glasgow Works has been a major influence on UK policy and practice; a recognised innovator and good practice leader. There are at least 65 ILM programmes in the UK, at least one third of which are modelled on Glasgow Works.*”

Table 2.9. **Glasgow Works, April 1999-March 2000**

Number of people who participated in Glasgow Works	953
Males	564 (59%)
Females	388 (41%)
People from regeneration/SIP Areas	75%
People over 2 years unemployed	49%
People ages 18-24	27%
People aged over 40	18%
Average length of stay	35 weeks
Positive outcomes	58%

Source: Glasgow Works, 1999.

Glasgow Employment Zone, Scotland's only Employment Zone, one of five in the UK. The Zone, a partnership involving 16 public and private sector organisations, was designated in recognition of the particular issue of long-term unemployment facing Glasgow and of the innovative and exciting measures adopted by the city to address this problem. The Zone is the most successful in the UK, updated figure to come.

New Deal is part of the UK Government's Welfare to Work programme and is delivered by local partnerships of businesses, TECs, LECs, local authorities, career service companies, Job Centres, voluntary organisations and training providers. The programme has a number of elements specifically targeted at the long-term unemployed (New Deal 25+); the young (New Deal 18-24), the over 50's (New Deal 50+) and lone parents (New Deal for Lone Parents). A business taking on an unemployed person through New Deal is able to counter skill shortages, open up a new source of recruitment and benefit from the potential energy and ideas of young people. A subsidy of £60 per week for up to six months is paid for each full-time New Deal employee. In addition, a contribution of £750 is made towards the New Deal job vacancies. The job must include a period of training equivalent to one day a week towards an approved qualification. New Deal a national programme delivered through the Employment service. SEG administers the Full Time Education and Training Option and the Job Option. The education option was 64 per cent over target at for year 1999-2000 but the Job Option was 51 per cent under target. By the end of September 2001, 13 900 employers signed up to the New Deal across Scotland.

Table 2.10. **New Deal**

New Deal	
Full-time education and training option (Year total to end February 2000)	
Starts	1 194
Leavers	1 166
Training outcomes	180
Job outcomes	148
Moving into employment	209
Total in training	498
New Deal	
Job option (year total to end February 2000)	
Employers signed up	360
Starts in subsidised jobs	306
Starts in unsubsidised jobs	686

Source: Scottish Enterprise Glasgow, 1999a.

The *OECD Economic Survey of UK, 2001* notes that it remains premature to assess the full impact of the New Deal however, the early New Deal experience however suggests that labour supply has increased somewhat. The study considered it a disappointment that nearly half the jobs obtained by leavers are not sustained even for 13 weeks. Evidence suggests that many participants leave the programme for unknown destinations, which tends to undermine the evaluation of the New Deal. The study noted that the results would be weakened further if the definition of a sustained job were widened to 26 weeks. Nationally, another problem is that there may be a hard core of participants who are 'recycled' through various New Deal options, calling for intensified follow-through efforts. In a local context the New Deal has value, the multi-faceted approach targets a variety of groups. However, national government lessons could be drawn from Glasgow Works and some of the more innovative approaches used at the local level. Clearly implementing national policy is a challenge and territories need diverse mechanisms but it is evident that a consistently sustainable approach be taken which tackles the most difficult problems. The many actors involved in implementing, developing and evaluating labour market intervention recognise that despite its successes tackling hidden, long-term unemployment remains a challenge.

Analysis by Scottish Enterprise Glasgow highlights the importance of the social economy in the city which is estimated to include around 1 200 organisations with 9 000 employees. The sector has an important role to play in creating jobs, providing a bridge to other employment opportunities, fostering enterprise, alleviating poverty and creating wealth. A sophisticated partnership approach is employed to yield optimum results and to manage the complex array of programmes and funding mechanisms employed. Specific programmes such as New Jobs for Glasgow, Glasgow Works Network Support Programme and the Social Economy Programme are applied. The programme is managed by a small core team with delivery of the service to beneficiaries carried out by 23 local organisations city-wide.

Increasing concern throughout OECD countries over the perceived weakness in social cohesion and as such social exclusion is now to the fore of the political agenda. Its recent rise as a concept can be linked to contemporary widespread changes such as the emergence of what are described today as “knowledge economies” and “learning societies”. Higher skills are expected for jobs that are themselves changing rapidly. This is due in large part to the influences of the new information and communication technologies (ICTs) and to globalisation. Whole occupational and industrial sectors have been rendered obsolete with global restructuring, or transferred to other regions of the world, often with devastating impact on local economic and social infrastructures. Low-skilled and poorly educated adults are at substantial risk of long-term unemployment or of finding only jobs with low pay. **Social exclusion has become geographically concentrated with people living in certain parts of major cities become isolated from the structure of opportunities provided by institutions and markets.** Governments are now seeking policy responses which reduce dependence and alienation. The approach for the future requires coherent synergy between spatial and social policy.

Area based neighbourhood initiatives to tackle social exclusion have a well-established history throughout OECD countries, some are effective and some are not. Evidence based analysis has revealed many of the shortcomings of particular initiatives and case study information provides many transferable best practice examples. However, it has become increasingly apparent that success or failure is highly dependent upon social capital. Typically, the idea of social capital is associated with relations in civil society. Social capital is built in families, local communities, neighbourhoods, voluntary associations and firms. However, relationships of trust and networks also involve public organisations and institutions. Public governance based on commitment to public welfare, accountability and transparency provides a basis for trust and social inclusion, which in turn can strengthen social capital. The political, institutional and legal conditions prevailing in a country underpin networks and norms for social co-operation. Hence effective political institutions can complement networks based on the civil society. Social capital is difficult to measure. The distinctions between sources, functions and outcomes are not clear. Much of what is relevant to social capital is tacit and relational. Although individual attitudes (*e.g.*, trust) or behaviour (*e.g.*, joining organisations and voting) may provide proxy measures of social capital, attempting to capture the main elements of how people interact and relate to each other are hampered by the lack of suitable data sources (OECD, 2001).

The central premise of social capital is that social networks have value. Social capital refers to the collective value of all “social networks” and the inclinations that arise from these networks to do things for each other. Social capital works through multiple channels:

- Information flows (*e.g.*, learning about jobs, learning about candidates running for office, exchanging ideas at college, etc.) depend on social

capital norms of reciprocity (mutual aid) are dependent on social networks.

- Bonding networks that connect people who are similar sustain particularised (in-group) reciprocity.
- Bridging networks that connect individuals who are diverse sustain generalised reciprocity.
- Collective action depends upon social networks although collective action also can foster new networks.
- Broader identities and solidarity are encouraged by social networks that help translate an "I" mentality into a "we" mentality.

As cities go through processes of regeneration, neighbourhoods change. Some prosper as processes of gentrification take place, others deteriorate. Distressed urban areas are commonplace and are often areas with strong local identities. Research continually highlights the fact that the neighbourhood environment has important social consequences. One of the most significant factors undermining local confidence is a strong sense of physical deterioration, hence the reason that many regeneration projects have concentrated more on physical urban renewal. Older, historic buildings are fundamental to residents' sense of place and the loss or decline of such 'landmark' buildings leads to acute feelings of lost heritage, pride, status and identity. Similarly though new symbols emerge through architecture and urban design which reinvigorate communities and reflect neighbourhood changes. Because regeneration tends to take place at the micro level thought must be given to ensuring that new spaces interact with the existing urban fabric. Glasgow is an interesting example, adjacent to the River Clyde, a new urban identity is emerging based on high technology, the new economy and creative industries. The area is juxtaposed between two traditional working class communities whose heritage is fixed in the old economy and which suffer from high levels of multiple deprivation. A key challenge will be creating synergy between these areas, and not just in a physical sense, (good urban design can realise that), but socially and economically as well. The geographical reference for this study outlined at the beginning concerns the River Clyde and its adjoining areas. Two important communities are particularly affected and outlined below are descriptions of the key regeneration initiatives in the Govan and Gorbals areas.

Govan is integral to the identity of Glasgow, the River Clyde and is synonymous with the shipbuilding tradition on which the community was founded. It has a resident population of 25 544.³⁸ It is an area that has suffered significant social and economic restructuring, suffers from high levels of unemployment, poverty and deprivation, and has higher than average mortality rates. Urban regeneration is an ongoing priority in the area. Following recent announcement of further reductions in the shipbuilding industry the Scottish Executive has established a Task Force. Govan is strategically important in the future of Glasgow and in the redevelopment of the River Clyde.

The Greater Govan area has been designated a Social Inclusion Partnership by the Scottish Executive which delivers the aims of SIPs through a partnership approach. Key partners in Govan are: Glasgow City Council SEG, Govan Initiative, Community Forum representatives, Scottish Homes, Greater Glasgow Health Board and Strathclyde Police. The overarching vision of the partnership is to make Greater Govan one of the best places in Glasgow and in Scotland in which to be born, grow up, work and live. In order to achieve this, the Partnership has set itself to: develop the potential of the local community; combat poverty; support children and families; enhance the contribution of young people to the regeneration of Greater Govan; and provide access to good quality affordable housing for all local residents.

In terms of delivering economic development in the area the **Govan Initiative** was created in 1986 and received limited public funding, relying heavily on Structural Funds at the beginning. The Initiative now has an annual budget around of £5 million. In the 1980s, Govan was characterised by high unemployment -- 30% -- high poverty levels, significant amounts of brownfield land and a shipbuilding industry in a continual state of decline. There were fewer than 200 SMEs in the area. The approach to regeneration pursued by the Initiative had four strands, physical, education, business and image. It was a catalyst for giving effect to public policy and concentrated on private sector participation. Through joint venture programmes, for example, the Initiative shared the risk with business. Unemployment currently stands at 9 per cent. Efforts have focused on priming the market, success has been forthcoming and the Initiative is now at a stage where it can pull back. SMEs now at around 780. The Govan Initiative was the first organisation in Scotland to utilise business development loans and grants facilitated by EU funding. Twelve to twenty per cent of new start-ups are indigenous to Govan. Important impacting factors have been the strong links with academia which have developed, and indeed are characteristic of the approach taken to regeneration in Glasgow and the development of business mentors. A serious threat to the area is the Braehead out of town retail centre; it has failed to deliver jobs to residents of Govan. Training for job access was targeted by the Initiative but the private sector did not partner programmes by actually taking people on; this is an important issue in regeneration programmes throughout OECD Member countries.

The Initiative has identified that the social inclusion agenda means:

- a shift in focus to people rather than programmes,
- focus on integration joined up initiatives and partnership;
- shifting enormous resources -- £6 bn over 3 years,
- encouraging genuine engagement with local communities and neighbourhoods,
- emphasis on prevention as well as cure;
- acknowledgement of multi-dimensional factors of exclusion – social economic political and cultural, a concern with processes that sustain exclusion and cause to become inter-generational.

Although Govan Initiative is essentially involved in economic regeneration, the Social Justice agenda clearly embraces both economic and social issues and in recognition of this and as part of the re-organisation of the company, in 1999 an Inclusion Unit was formed and this existing projects that were involved in Social Inclusion were clustered within this new unit. Consideration is now given to look at how projects straddle the economic and the social. A series of questions are posed when evaluating projects:

- Economic Inclusion: Does it have economic outcomes?
- Social Inclusion: Does it have social impacts which benefit local people and include them more within society?
- Capacity building: Are local people involved in the development of the project?
- Partnership: Does it have the support of the Govan SIP?
- Sustainability: Does it bring about economic, social and environmental synergy?
- Additionality: Does it bring about permanent additional benefit to the community?

Gorbals is situated in the south east inner city area of Glasgow, less than one mile from the city centre. It is an area with a historic legacy of deprivation and urban decay which has undergone considerable physical, social and economic regeneration over recent years. The population of the area was 85 000 in 1931. By 1952, this was down to 68 000. In the 1980s it had crashed to 10 000 and now is home to around 9 000 people. The longer-term aim is to increase the population to 16 000. At the time, some 80 per cent of the Gorbals population were within the 10 per cent most deprived population numbers in Scotland. The area was notorious throughout Europe for its poor housing conditions and high levels of poverty. Today some 44 per cent of the Gorbals community are economically inactive.

The Gorbals Initiative created in 1991 and sought to bring about economic regeneration in the area, enabling access to employment, training, self-employment and business development in the area. Over the last decade the Gorbals Initiative has facilitated 2 760 jobs being filled by Initiative clients, 222 business start-ups, 826 new jobs created in local companies supported by the Initiative and 1 145 local people have moved on to college or university. The Initiative has five strategic objectives:

- creating a local employment base;
- prepare people for work;
- link jobs to people;
- enable the most disadvantaged; and
- build local capacity.

The guiding principle is that regeneration here has to be social, economic and physical from the outset.

Positive results have emerged from programmes such as the 1993 Business Development Service and the Glasgow Works project. Glasgow Works has been highly effective and although it is more costly per job than New Deal it is considered to yield greater long-term benefits to individuals, families and the community at large.

Crown Street Regeneration Project in the Gorbals is a model urban village on a 40-acre site that was formerly run down tenements. Due for completion in 2002, it will comprise 800 new homes, a new shopping centre; lifelong learning centre; church; public house; 26 000 sq. ft offices; 11 refurbished business units, parks and play area; 114-bed hotel and 2.2 km of tree lined roads. Crown Street is a highly commended urban renewal project which drew inspiration from the positive aspects of Glasgow's urban form and combined them with a sound approach to urban design. The end result is an excellent example of urban regeneration which was focused and explored existing assets.

Gorbals was designated a SIP in 1999 and that the physical renewal is well underway, attention is being directed to the main 'people centred' issues which have been identified as vital to the social regeneration of the whole area. Business Plans and Strategies articulate goals, objectives and priorities and establish commitments to measuring and monitoring outcomes. The 2001-2002 Business Plan articulates the difficulties associated with monitoring and evaluation terms of available resources. This is an important issue for all delivery agencies. The requirement to measure the effectiveness of policies and programmes is not in question; however, the resource implications associated with the requirement is an issue which demands further discussion and consideration. Significant resources have to be directed towards funding bids and monitoring within the context of actual service delivery adds further constraints to organisations. Agencies such as Gorbals Initiative actively seek to monitor outcomes, indeed in Scotland as a general rule of thumb monitoring, benchmarking and evaluation are highly respected and used to real effect. However, national governments need to address the negative impacts of administrative requirements to improve delivery. It is clear that in Glasgow social and economic regeneration agencies deliver sustainable outcomes, raising the question of what additional powers and mechanisms can be introduced to complete the tasks required?

A multi-faceted approach centred on developing a local employment base, preparing people for work and connecting people to jobs, enabling the most disadvantaged and building capacity within the community as whole underpin the work of the Initiative. The Gorbals was also a designated Social Inclusion Partnership in 1999 with the complementary strategic priorities of health and community safety, lifelong learning and community development and employment training and access to jobs. The two are interconnected and are clearly focused on the sustainable regeneration of the Gorbals. The Scottish Executive commissioned an independent review of all partnerships which resulted in broad ranging and controversial recommendations, even going as far as to suggest they be brought to an end. The Executive does not wish to pursue this recommendation but has facilitated a broad and open debate on partnerships and service delivery in its broadest sense. Such open debate is important but those effectively involved in front line delivery must continue to

be included in the debate and at time given scope to innovate further and implement change in a flexible and appropriate way.

Local initiatives as knowledge based development

Agencies such as the Gorbals Initiative are very sophisticated and highly effective instruments to turn policy into practice. They operate in a long-term cross-sectoral environment which can be targeted to address severe circumstances. A key factor to this type of service delivery, which is reliant upon sustainable long-term outcomes, concerns the skill base of the personnel employed. This asset represents an accumulated knowledge base, which is an important resource for the rest of the United Kingdom and OECD Member countries. Effective implementation is essential if policies are to achieve their goals. The Gorbals Initiative and the Govan Initiative are important examples which demonstrate how to deliver sustainable outcomes. In effect they are in advance of some of the policy debates which surround sustainability, particularly with respect to social sustainability. The Initiatives have operated under two different governments in the United Kingdom with varying policy approaches to social, economic and physical regeneration; learning from their experiences is essential. Evaluation and monitoring are standard requirements of all agencies and public sector bodies; Gorbals Initiative and Govan Initiative are highly respected organisations whose added value is undisputed. They are an asset to Glasgow and have an important role in promoting area based urban regeneration.

Lifelong learning in a learning city region

Box 2.3. The contemporary competitive environment

Increasing importance of **knowledge** and **learning** in creation of economic value is dependent upon:

Ideas, know-how, creativity, imagination have become the most important resources for economic prosperity in part because the social processes of learning have become increasingly important. These developments **privilege cities** as the principal sites of innovation, creativity and knowledge-intensive production: Production and sharing of **knowledge** based on common local norms, trust, ease of exchange, circulation of workers; **Scale and concentration effects** — *i.e.* sheer density, mass and concentration of economic actors, ideas, specialised suppliers; Production of cultural products despite the global organisation of economic activity and the growing use of the Internet and ICTs, innovation and knowledge-intensive production have become **more, not less** geographically concentrated in city-regions. Innovation-generating activity in the most knowledge-intensive sectors exhibits the **highest degrees of geographical concentration**. Hence, in a global economy, cities are **more**, not less, important as sites of production and innovation. Their competitive success rests on their unique territorial assets: tangible and intangible:

- Local quality of life
- Diversity/Variety
- Cultural richness, amenities
- Openness (low barriers to entry–tolerance)
- Depth, variety of local labour market opportunities
- Creative workers
- Talent attraction and retention depends on these tangible and intangible assets

Source: Compilation by OECD Secretariat.

Education is perhaps the main area where public investment can provide the tools for people in such areas to break out of the “vicious cycles” of unemployment. The underlying assumption of education policy in OECD countries is that the educational system should provide each child with the environment in which to maximise his/her potential. As a way of breaking intergenerational cycles of educational under-achievement and improving the skill level and, hence, adaptability of poor areas, such additional expenditure is clearly an investment as well as a supplement to offset disadvantage. The emergence of sustainable development as an explicit public policy goal has had a great impact on the perception of distressed urban areas and on efforts to find solutions (OECD, 1998). Polese and Stren (2000) argue that the successful management of a city must be conducive to social stability defined as *“development... ..that is compatible with the harmonious evolution of civil society, fostering an environment conducive to the compatible cohabitation of culturally and socially diverse groups.”*³⁹ This thinking is evident in Glasgow whereby targeted approaches seek to overcome disparities and ensure that globalisation facilitates new income growth potentialities and promotes access to decent sustainable jobs which can be accessed by the whole of the community. Much remains to be done given the severe disparities but progress is being made and with additional powers and resources more could be realised. Lifelong learning is similarly a priority of the Scottish Executive which provides an important overarching policy context for cities such as Glasgow.

Lifelong learning is an important priority for both SEG and its partners. As has been highlighted earlier deep-rooted poverty is exacerbated by low educational attainment and a low skill base to further reduce life chances to break out of cycles of deprivation. Twenty-seven per cent of the adult population the city have no formal qualifications, this seriously inhibits Glasgow’s potential. However, there is now a shared vision of learning in the city which recognises the importance of raising standards for all age groups. Schools are targeted as well as adult programmes which recognise the individual and seek to provide learning experiences to give people real opportunities. Forty-five per cent of children live in poverty in the city, as has already been stated, these children are Glasgow’s future and local agencies recognise the vital role that education plays in changing this. Scottish Enterprise Glasgow oversees the Living and Learning in Glasgow Project and the REAL project. Public libraries are now being used, as community learning centres and preparing people for employment is a priority. Learning Advisors, Learning Champions and Investors in People play important roles in meeting the target to have 100 000 people involved on education per annum. In efforts to bridge the ‘Digital Divide’ the Scottish Executive is facilitating eight ‘digital champions’ to cover all Social Inclusion Partnership Areas in Scotland. The Local Enterprise Companies will administer the £1.5 million programme.

As the new economy and service sectors develop further in the city Glaswegians need the skills to access opportunities. Training for Work, is an example of a national programme which helps adults improve work related skills through the provision of appropriate training and structured work activity in line with assessed needs. TFW provides individually tailored training and integrated assistance for adults seeking to improve their literacy and numeracy skills. It is in the interests of public and private sectors that local communities are meaningfully employed and contributing the

city economy. Creating Tomorrow's Glasgow and the Joint Economic Strategy are playing instrumental roles in promoting lifelong learning in the city. Over the next four to five years the real impact of current efforts will become visible -- economic prosperity has created a growing labour market which Glaswegians must be able to access.

Box 2.4. Lifelong learning in Greater Govan

Cisco Systems Networking Academy: developed by Govan Initiative to provide training in IT technical skills for school leavers. The project is likely to be extended to create a campus and emulated on the north bank of the River Clyde. A second Academy has been identified as necessary on the south side of the river to address high youth unemployment and low educational attainment.

Media Industry Training Programme: to meet the needs of businesses likely to locate in the new Digital Media Campus Govan Initiative intend to develop a training programme to address the needs of graduates, school leavers and unemployed people in the area.

Learning Grid Infrastructure: an opportunity has been identified to use IT infrastructure to provide access to learning at a place, in a timescale and through a medium that meets the specific needs of the local community.

Source: Information provided by Govern Initiative Glasgow.

Generally low investment in education over the last couple of decades in the UK has exacerbated inter-generational exclusion. According to the International Adult Literacy Survey, only a few OECD countries have a higher percentage of adults with literacy and numeracy skills at the lowest level while education attainment is weak. This results in a poorly skilled workforce and in work training and education is less developed than in the OECD on average. Only for tertiary education does the UK score well. Throughout OECD countries, a sizeable majority of adult education is related to employment. In the late 1990s over 80 per cent of 25-64 year olds participating in adult education were in job related courses with such training predominantly financially sponsored by the employer (O'Connell, 1999).⁴⁰ In small firms however, training is less likely to be sponsored but employees are likely to fund their own training. Ongoing thematic work at OECD has found that employment related training yields positive results from a maintenance perspective. This is related both to technological change and the fact that individuals may go through a series of jobs whereby skills can become obsolete and require updating. However, it is also clear throughout OECD countries that significant numbers of people do not receive adequate education during their youth and thus benefit from adult learning experiences.

Countries are making efforts to pursue more holistic approaches to adult learning as part of more general strategies for lifelong learning, ensuring that individuals have the knowledge and skills to fully participate in society. Appraisal of specific country policy shows that like in Scotland measures to improve adult learning opportunities are emerging. In Denmark, for example, adult education reforms

introduced in 2000 aims to prioritise the efforts directed at workers with low level education, and on the basis of supplementary training to improve their opportunities on the labour market. Finland adopted a national strategy for lifelong learning in 1997, Norway introduced reforms in 1999 and Sweden has recently introduced laws to mainstream lifelong learning. In Spain and Portugal tripartite agreements have recently evolved with respect to the delivery of vocational training.

Box 2.5. Overcoming exclusion through adult learning: OECD key findings

Learning works: the innovative programmes reviewed show that it is possible to make an impact in combating even severe disadvantage and exclusion through learning initiatives, given sufficient energy, innovation and support. Many policy makers and others would have been tempted to write off the situation of the excluded beforehand as either hopeless or involving enormous expense. Yet the projects show what is possible, often with modest funding.

Value for money: these learning projects represent very sound investments, not only in terms of human benefit but of saving larger public expenditures later on. Despite being a sound investment, adult education is still under-developed because it is seen as marginal to compulsory schooling and tertiary education. Much adult learning is informal and is still more marginalised because it is an “invisible” part of other activities.

Funding: no matter how modest, funding is critical, and many of the most promising learning initiatives on the margins of the education and employment systems suffer chronically from insecure funding. How then to fund so as to sustain innovation without spreading bureaucracy? Small-scale but sustained investment is often more effective than less targeted, “scatter-gun” funding of large-scale programmes. Evaluation – that is rigorous, imaginative and matched to the true nature of the different initiatives – can offer the informed basis to judge which initiatives are working and deserve more secure funding.

Innovation: there is enormous innovative energy evident in the initiatives reviewed. The challenge is now to devise policies to support this type of innovation, in ways that do not constrain grassroots energy and that cross conventional departmental and policy demarcations. Partnerships and horizontal approaches, crossing education, training, labour market, social policy and community development, are essential.

No “second best”: there is clear need to address and improve teacher/trainer training, curriculum development, quality control, and inappropriate or inaccessible learning materials in many adult learning programmes. Informality does not mean tolerating “second-best” programmes that are less than fully serious. Enormous efforts have gone into the programmes/initiatives reviewed in this study to ensure that they really do meet learners needs, often with the intense involvement of the learners themselves.

Relevant, demand-driven learning: for learning programmes to be effective they must be relevant to the wide needs and interests of the different groups at risk of exclusion, and must be seen to be relevant to learners. This is a considerable challenge for programme design and delivery, for it is far more demanding than putting together courses of compartmentalised, subject-dominated knowledge. Programmes should be demand-driven, not supply-driven. Guidance services have a key role in assisting the individual make appropriate choices. For learning to be demand-driven and geared to the needs of adults, it is particularly important that adults themselves are heard -- especially those at risk of exclusion.

Tailoring to individual needs: “tailoring” is vital too in ensuring that learning is available in forms, times and locations that are genuinely accessible for all these different individuals and groups. Child-care facilities are often a crucial consideration for mothers wishing to participate in programmes.

Leadership and empowerment: leadership is the crucial determinant of the future of a programme, especially in the initial stages. In some, this leader-ship may come from outside with ideas that work but successful community -- based programmes also identify local leadership and allow it to grow and develop. Many of the more successful projects in this study also gave the participants a greater sense of control over their lives and this empowerment, in turn, benefited their families and communities. They participated actively, not passively, in the programmes which adapted to their needs and suggestions.

Box 2.5. (continued)

Building individual and community strengths: it is important to invest in “human capital” -- employment-enhancing knowledge, skills and competence -- which is so important for those at greatest risks of exclusion. But, “social capital” -- participation in networks, contact chains, and community structures -- is equally important. The initiatives reviewed in this study demonstrate how both elements are needed, both in drafting overall policies and in devising initiatives to tackle exclusion.

New work-related learning as part of “human capital investment” should reflect, in addition to vocational/occupational knowledge and skills, those that equip adults for shifting working and labour market arrangements: self-employment, community enterprise, contract and temporary employment. A major competence for adults to develop is knowing how to invest in one’s own human resources in such less structured settings.

The importance of social capital: adult learning both fosters “social capital” and depends upon it. When learning initiatives build on established networks and communities, it is embedded much more firmly in people’s lives and communities. This is crucial for those at risk of exclusion. Investment in “social capital” and in “human capital” are not mutually exclusive but complementary. Policies to support networks, communities and structures that positively support learning represent very sound approaches to bolster employability. Moreover, they strengthen in adults their own sense of inclusion, their identity as citizens and confidence in themselves, their communities, families and personal lives.

Source: OECD, 2000e.

As part of ongoing work on lifelong OECD and CERi have explored the role adult education plays in combating social exclusion. The findings highlighted in the box below provide a useful framework against which strategies can be evaluated. Many of the recommendations are evident in the approach taken by Scottish Enterprise and others in the city. The Scottish Executive has committed over £22 million from the 2002 spending round to double the number of learning opportunities to adults with poor literacy and numeracy skills.

Cities and Regions in the *New Learning Economy* (OECD 2000) noted that:

“Knowledge is the central element of the emergent mode of production that has been called the ‘knowledge based’ or ‘learning economy’. Viewed from this perspective, knowledge is a crucial input into competitive economic activity ... However, knowledge in itself does not contribute to economic growth. Crucially, it has to be incorporated into the production of goods and services. Hence, educated and skilled individuals not only have to be produced (via the education and training system) but also their knowledge and skills have to be used.”

Box 2.6. Ten policy principles for creating learning cities and regions

Cities and regions seeking to improve their economic performance within a knowledge-based economy through the development of innovation-intensive activities are advised to:

Inputs to the learning process:

1. Ensure that high quality and well-resourced educational provision is in place, on which effective individual learning throughout people's lives can be developed.
2. Co-ordinate carefully the supply of skilled and knowledgeable individuals through education and training and the demand for them within the regional economy, so that the full benefits of individual learning may be reaped through its effects on organisational learning.
3. Establish appropriate framework conditions for the improvement of organisational learning, both within firms and between firms and other organisations in networks of interaction, and demonstrate to firms the benefits of these forms of learning.
4. Facilitate effective organisational learning not simply for a pre-selected set of conventionally defined "high-tech" sectors, but across all those industries and services within the regional economy that have the potential to develop high levels of innovative capacity.
5. Identify very carefully the extent to which the resources currently available to the region (existing industries, educational provision, research facilities, positive social capital and so forth) constitute an impediment to economic development ("lock-in") or may usefully contribute in developing innovative strategies for the future.
6. Respond positively to emergent economic and social conditions, especially where this involves the "unlearning" of inappropriate practices and bodies of knowledge (including policy makers' own) left over from the regional institutions of previous eras.

Mechanisms of the learning process:

7. Pay close attention to mechanisms for co-ordinating policies across what have generally been separate departmental responsibilities (for industrial development, R&D, science and technology, education and training and so forth) and between different levels of governance (regional, national and supra-national).
8. Develop strategies to foster appropriate forms of social capital as a key mechanism in promoting more effective organisational learning and innovation.
9. Evaluate continuously the relationships between participation in individual learning, innovation and wider labour market changes, especially with respect to the social exclusion of groups within the regional population.
10. Ensure that the regional strategy for learning and innovation is accorded legitimacy by the population of the region to be transformed.

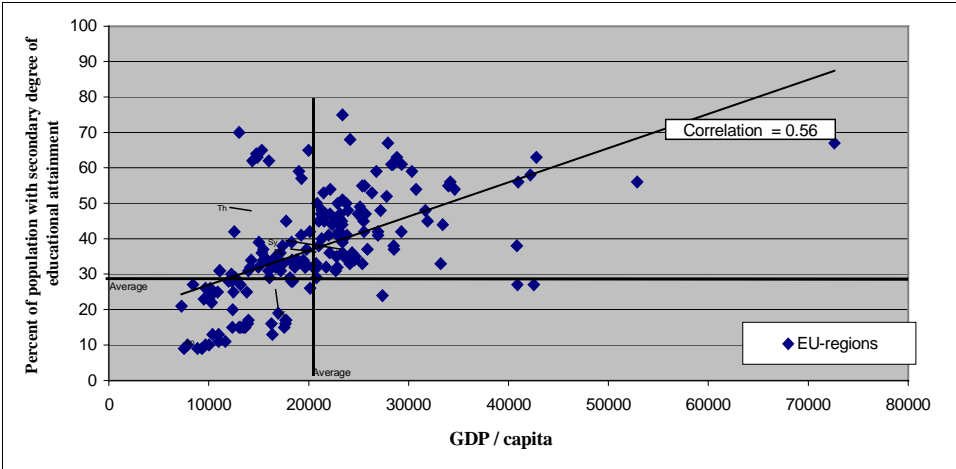
Source: OECD, 2000f.

This project established a direct correlation between social capital and the development of the knowledge-based economy.

These principles are essential elements of the knowledge economy "*however what their highly complex task involves is determining the ways in which such principles should be applied, with explicit regard to the specific circumstances and available resources.*" This is an important point: in order for a process to be successful it should be developed locally and owned locally. Furthermore, the OECD study into lifelong learning considered the contribution that education makes to local and regional economies. A correlation analysis for 18 EU regions as well as an in-depth analysis of five regional case studies⁴¹ show that education is important for regional economic performance.

The correlation between education and economic performance is stronger for secondary education than for the tertiary level. This is interpreted as a sign that upper educational levels are important to regional economic performance, but that secondary education is the most relevant to firms. Whilst in Glasgow there are significant numbers of highly qualified workers (attributed to the strong university presence and the development of high value added industries) the fact remains that **27 per cent** of the adult population have no formal qualifications. Thus, in order for Glasgow to meet its aim of more jobs for Glaswegians educational attainment levels must be raised for all school age children. Lifelong learning has an important role to play in realising a more socially inclusive and sustainable city and regional economy.

Figure 2.1. Correlation between secondary attainment and economic performance



Source: OECD, 2000b.

The rise of information and communications technologies (ICT) during the past few decades has profoundly transformed every domain of the modern world even from a territorial perspective. Urban areas, in which ICT development and knowledge-based activities are highly concentrated, are both explicitly and implicitly facing fundamental changes as for social, economic, physical, spatial, environmental and governmental dimensions. The new technologies generating the so-called “Information Society” or “Information Age” create many opportunities for urban development, but at the same time imply risks. Throughout OECD countries addressing what has become termed the “digital divide”⁴² has become a policy issue at all territorial levels for which lifelong learning is an important policy solution.

Conclusions

Particular strengths of the city are:

- The degree to which competitiveness and social inclusion agendas have been considered simultaneously -- especially at the city-region level -- but also increasingly at more senior (national) levels; the honesty with which social exclusion problems are acknowledged by virtually all actors in the system.
- The tradition of innovation in the design of these governance organisations and in the programmes/initiatives they deliver a startling and impressive level of creativity and leadership.
- Local knowledge assets of very high quality: universities; science parks; strongly established world-wide reputation for innovation in cultural industries; openness to newcomers; a sense that the region has begun to make the transition from a 'first-generation' knowledge economy (based on semiconductor fabrication and electronics assembly branch plants and, more recently, call centres) to a 'second-generation' learning economy (based on the indigenous development of innovative firms in biotechnology, software, optoelectronics, software development, cultural industries).
- The sense of excitement, potential, opportunity and confidence arising from devolution in 1999.
- The unique historical character and quality of built form in the city centre.

During the 1990s, efforts concentrated on the development of the service sector. This has been effective as the growth rate is now approaching the national average. Inward investment and business development are challenges facing SEG and will require a more sophisticated approach. A mix of low and high value added service sector investors are considered to be essential for the city. Additionally, endogenous growth has to be a priority in order to realise a more sustainable economy. The JES provides an important insight into the threats, strengths, and opportunities and weaknesses facing the city -- it is very clear that the threats are external. However, Glasgow must consider options which will help it cope better with external shocks.

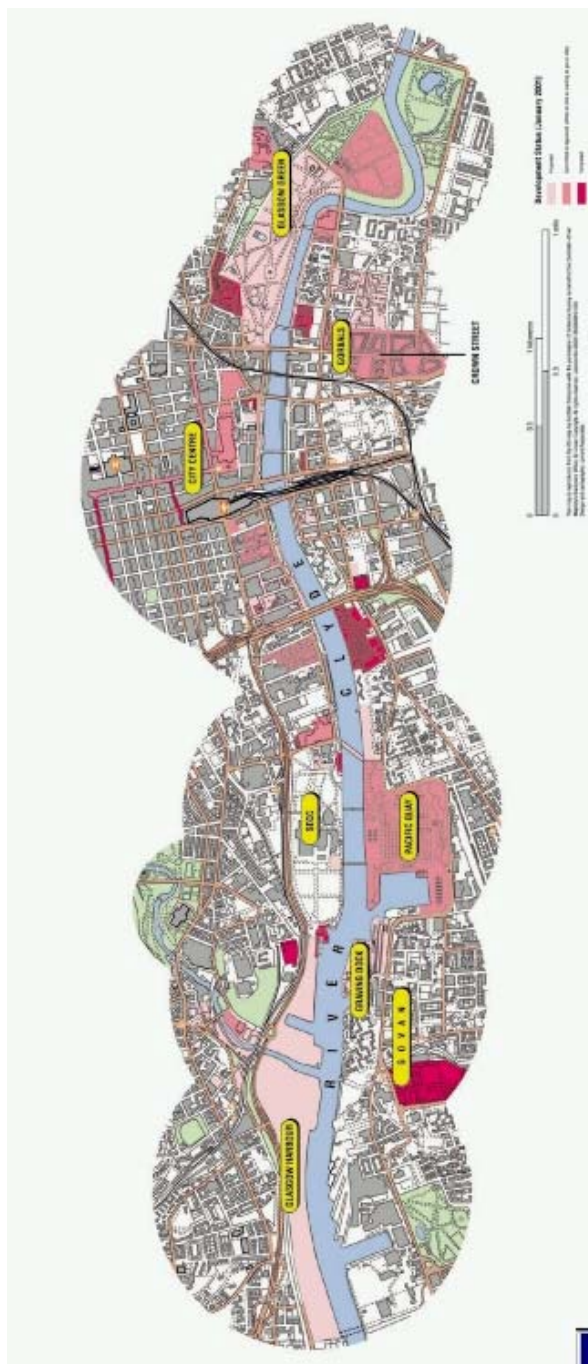
Glasgow has been remarkably successful at urban renewal and revitalisation, particularly at the neighbourhood level. The changes which have taken place in the Govan and Gorbals areas for example, areas which in the past were extreme examples of social and economic deprivation and physical degradation but which offer some of the most positive and optimistic best practice examples of urban regeneration today. Glasgow Works has been replicated elsewhere in the UK as an effective tool to overcome long-term unemployment. However, much remains to be done and the social, economic and physical renewal of these areas remains a priority in the city. Govan is

yet again facing the challenges of shipyard closure. A sound infrastructure to cope with restructuring is in place, but it is an infrastructure which is vulnerable, dependant on short funding mechanisms and constantly operating to the maximum of its abilities. Glasgow has for many years now appraised and reappraised the initiatives it pursues and invests in. A strong relationship with academia has ensured that schemes such as Glasgow Works really is working for the city and having the most significant impact possible within the realms of the limited resources it has operate within. Some of the strategic challenges now facing the city are highlighted below.

Challenges/issues

- Is the economic development strategy for Scotland, “The Way Forward” being used to maximum effect? Implementing effective strategies is more difficult than preparing them. Does an implementation paralysis emerge?
- Why are there differences between “The Way Forward” and “A Smart, Successful Scotland” with respect to spatial dynamics and how does the Cities Review tie into this overall process?
- Devolution brings with it greater accountability but also centralising tendencies within Scotland. How much local initiative will achieve best use of Scotland’s assets and resources, and what are the most appropriate accountability mechanisms?
- Issues such as learning and skills and spatial prioritisation are now coming to the fore. How can the Scottish Enterprise Network manage the growth -- decline agenda within the new governance context?
- Development (governance) organisations, agencies at the neighbourhood, city, regional and national level occupy an unusually large ‘middle ground’ between public (government) and private sectors. How can the capacity for local and strategic planning and partnership be strengthened?
- How can territorial development policy approach based on analysis of the unique intangible and immovable assets of a place add value to plans for Glasgow?
- Approximately 1/2 to 2/3 of the real urban economy is within the city boundary. Some observers contend that growth outside the city has negatively impacted upon the city centre. What measures are appropriate to eliminate unsustainable competition?
- The percentage spent on R&D in Scotland is lower than England and expenditure in the UK in general is lower than several OECD countries. This is a crucial issue which reveals serious policy contradictions, given the economic development objectives pursued at each territorial level. How can the new and old economies be better connected, to lift productivity and strengthen inclusion?

Figure 2.2. Key development areas along the River Clyde



PART III

THE RIVER CLYDE

A Strategy for the River

“The Clyde is Glasgow's greatest natural asset and was one of the foundations for the City's industrial prosperity”⁴³

As Glasgow's greatest natural asset the River Clyde and its environs symbolise the city's three principal **under-utilised assets: people, land and buildings**. From the late 18th century the River Clyde was a symbol of the industrial age. It was the basis for economic growth, prosperity and innovation for the city of Glasgow and the United Kingdom as a whole. A tradition of shipbuilding, manufacturing, engineering and commerce evolved around the Clyde drawing on natural reserves essential for industrial growth. The twentieth century however, proved a challenging time. As global markets developed the Clyde lost its international position. Japan, Korea, Germany and Scandinavia dominated global markets following the Second World War and the Clyde has never recovered. Shipbuilding has continued to decline, and manufacturing followed suit. The area had developed as an industrial base which supported large inner city communities. Today the communities remain but the legacy and heritage is something quite different. As the last vestiges of Glasgow's industrial past come under threat the River Clyde is taking on a new meaning in the city.

The river is strategically located in close proximity to economically vibrant areas such as the city centre and the West End; it has a significant population base, well established, road, rail and underground links and benefits from a significant supply of land. A strategic policy context promotes continued investment and promotion of the river. However, capitalising on the inherent strengths of the Clyde is challenged by weaknesses which are both natural and structural. The river presents significant technical and management issues which are costly to public and private sectors. Glasgow City Council has investigated at length the technical management of the river and the subsequent longer-term financial implications its effective management will raise. Despite the benefits of existing infrastructure the Clyde at present fails to connect the city, linkages are very weak north to south and the south side of the river is clearly at a disadvantage in terms of access to public transport. Land availability is an advantage and yet it is vacant and derelict land which is costly to rehabilitate. As the traditional industrial base in the city the strong base of residential communities which

supported those industries remains by and large in tact. As the industries have not been replaced and the economy has undergone significant shifts greater concentrations of unemployed people live in the area. The socio-economic profile of the Clyde population reveals exaggerated levels multiple deprivation which must be addressed. Communities which are within close geographical proximity, such as Gorbals and Govan, remain isolated from mainstream economic prosperity. Linkages, both physical and strategic need to be enhanced. Areas of the River Clyde symbolise the north south divide in the inner urban area particularly with respect to access to economic opportunity and transport.

In response to dramatic economic decline regeneration along the Clyde began in the 1970s. A non-strategic approach evolved which was characterised by major infrastructure investments, housing rehabilitation and the development of major sites -- a tradition which continues to guide thinking today. In the City two major events took place in the 1980s which were part of wider urban regeneration programmes. In 1983 the Scottish Exhibition and Conference Centre was constructed and in 1988 the city hosted the Garden Festival. These events were important, the SECC was a catalyst for what today is an important element of the Glasgow economy. The conference industry that has emerged contributes to the growth of local tourism, the ongoing development of the service sector and feeds directly into a strong tradition of academia and research in the city. The 1988 Garden Festival similarly marked a change in direction which focused local government and subsequently the local economic development agency in developing a new approach to urban regeneration in the city. From these events a new set of projects emerged which in a sense represented a new thinking.

Waterfront regeneration is taking place in cities throughout OECD countries. Cities are transforming vacant and derelict areas into high value economic and social amenity areas. Cities are being transformed by their waterfronts. The first Urban Renaissance review focused on the city of Belfast which has used waterfront regeneration not only to transform an important part of the city but to contribute to the regeneration of the city as a whole. Regenerated waterfront offers new opportunities for a changing economic environment, increasing the residential capacity of a city and developing an equitable and accessible public realm. Glasgow, however, has not capitalised on its waterfront in the same way that other cities have. That is about to change. The river is now a strategic priority and will be the focus for regeneration in the future. Glasgow, despite a global reputation for innovation with respect to urban regeneration has failed to develop one of its most important territorial assets. In essence, Glasgow *“still turns its back on the Clyde and the river fails to unify the urban area”*⁴⁴.

The River Clyde is a national asset which opens on to the Atlantic Ocean and represents Scotland's close historic ties with North America, particularly with respect to migration, culture, and communication and investment. Developing this potential further is a national as well as a local priority. Glasgow has reinvented itself in the past and over the last decade or so its renaissance has begun, the River Clyde is an important aspect of taking the renaissance further. The city is changing, economically and

socially, the Clyde must keep pace with that change. The waterfront is the interface between old and new economies, historic Glasgow and 21st century Glasgow. The Clyde waterfront symbolises many of the challenges facing the city:

- high unemployment;
- inter-generational deprivation;
- health disparities;
- low educational attainment;
- declining industrial base;
- tracts of vacant and derelict land.

And yet, the Clyde waterfront is an asset, the opportunity to create competitive advantage out of negative challenges:

- Significant new development -- SECC, the Science Museum, Pacific Quay, Glasgow Harbour, Broomielaw, Crown Street, etc.
- Leadership and commitment focused on the future.
- Successful brownfield redevelopment.
- Strong policy tool kit reinforced by local and regional economic and social analysis.
- Internationally respected area based regeneration agencies.
- An effective and innovative economic development agency.

It is against this background that the future of the Clyde will be determined.

A further important challenge faces the city as the Govan shipyards face further decline. In July 2001 when BEA Systems Marine announced the redundancy of 1 000 workers a Ministerial Task Force was established to reduce the impact of more economic decline in shipbuilding on the Clyde. The Task Force focused on four areas: a strategy for the future; skills; community regeneration and land use; and redundancy management. Each area was analysed in detail by local public and private sector experts to develop a realistic strategy. Redundancies have been halved; skills assessments and retraining are proposed; a ten-year strategy for the company has been developed to maximise its potential; and an evaluation of community needs and land use opportunities which could result from further changes and thus contribute the developing the 'corridor of growth' and reinforcing existing changes along the Clyde. The Task Force also recommended that Scottish Enterprise Glasgow develop retraining programmes with immediate effect and fund a short-term training and employment subsidy programme to encourage employers to recruit and retrain redundant shipyard workers six months after redundancy. Such a rapid response from the Executive was necessary and highly effective in reducing the potential impact of further reduction in old economy activities along the Clyde. The challenges facing the Clyde remain

complex as the city prepares a strategy for the future the legacy of the past remains important. Managing such diversity requires skill and imagination, all of which are in abundance in Glasgow.

The CIDRE study considered a seven mile stretch of the River Clyde and provides the most current and in depth analysis of the area. The following descriptive context for the area draws on that analysis and the City Plan.

- Over 80 per cent of the area was continuously developed in the early part of this century, but a legacy of industrial decline land clearance has fragmented the urban fabric. The north side of the river is characterised by traditional Glasgow tenemental properties intermixed with terraced housing, more recent residential development and a mix of commercial, industrial, educational and other uses. On the south side of the river is a higher proportion of industrial and commercial use and with wider areas of more recent developments. Much of this area is now unused or occupied by industrial or commercial uses.
- West from Broomielaw to the SECC the character of the river changes from being distinctly urban to a rather fragmented character of individual developments of varying scale such as, the Finnieston Crane, the Armadillo, the SECC, the Forum Hotel, Bells Bridge and the Rotunda Casino.
- The generalised land use of the Clyde Corridor still largely follows the pattern which developed in the early 19th century. Despite decline in traditional river orientated industries, much of that land is still in industrial use. Heavy engineering and shipbuilding remain at Yorkhill and Govan and still occupy considerable lengths of river frontage. West of the Kelvin, where other shipyards have disappeared, light industrial premises, businesses and a range of twilight uses such as scrapyards and recycling plants have taken up much of the land. The core residential areas remain unaltered in their traditional, village pattern although these have been supplemented by new housing developments at Govan, along the south bank of the river from Kinning Park to Kingston and along the north bank at Lancefield Quay and Yorkhill. The greatest recent change in land use has occurred along the stretch of river from the west of Central Station to Yorkhill Quay and shows considerable growth in tourism and leisure developments as well as business space in addition to the residential use referred to above. Retail and office uses generally remain concentrated in the City Centre with significant growth of new business space at Broomielaw and a range of hotel developments occupying sites along the river front and north of Argyle Street.

Developments on the Clyde

The Clyde is changing and the trend of large-scale projects, which began in the 1980s, continues to dominate thinking in the city and the region. The Scottish Exhibition and Conference Centre (SECC) is situated on the north bank of the River Clyde some 2 km west of the City Centre. The SECC itself dates from the early 1980s and was built on the infilled Queens Dock. It is a large complex of exhibition halls built in an industrial style. The Clyde Auditorium, a new conference centre and exhibition hall was commissioned in 1995 by Glasgow District Council and designed by Foster and Partners. The Auditorium was specifically designed for hosting conferences and is only one of four in Europe seating more than 3 000 delegates. It was completed in 1998 at a cost of £38 m, much of which was assisted by the European Community through the European Regional Development Fund.

Recent and proposed capital investment in the River Corridor is significant, standing at around **£900 million**. In the last few years, there have been a number of high profile developments such as the Clyde Auditorium, Braehead regional shopping centre, Atlantic Quay office development, Cambuslang Investment Park, IMAX cinema, the Glasgow Science Museum and the Quay Cinema. Developments currently under construction or proposed along the River Corridor include the £500 million residential, commercial, leisure and tourism Glasgow Harbour Project, further business/commercial development at Pacific Quay, Phase 2 of Braehead, the ongoing refurbishment of Glasgow Green, large scale residential/commercial development along the Broomielaw, a landmark residential development at Mavisbank Quay and a major urban business park development on Lancefield Quay.

The Pacific Quay development occupies the largest single waterfront site in the City. In 1988 it hosted the Glasgow Garden Festival and is an important example of how Glasgow is implementing its economic development agenda. The site also serves as a reminder that urban regeneration is a lengthy and complex process which may require ongoing intervention. The 1988 Garden Festival attracted some 4.3 million visitors and as touched upon in Part I contributed to an approach to urban regeneration which capitalised on major events and cultural capacity. The Scottish Development Agency saw the event as an opportunity to market the city and to attract private sector investment into the derelict area. Job creation was temporary and limited to the festival but the event yielded physical benefits to the city centre and investment in infrastructure. The site then took time to develop. Scottish Enterprise created a 5-hectare park and the rest of the site was earmarked for development. The site changed ownership over time and was acquired by Scottish Enterprise in 1992 as a means facilitating change. In 1993 a development brief was prepared and in 1994 a two-year £200 million site clearance programme began. In 1997 business park development began and the Glasgow Science Museum was opened in 2001.

The site is a strategic priority for Scottish Enterprise and is an integral element of its Creative Industries Strategy. The landmark project will create a digital media incubator as part of a wider strategy to attract media and creative industries.

Creative industries already make an important contribution to the city economy and have been targeted as an economic growth opportunity by Scottish Enterprise. The site will be enhanced by the decision of BBC Scotland to relocate to the area. The BBC will act as a catalyst for others and firmly establish the area as media centre in the city. Similarly, the relocation will allow the BBC to establish an environment appropriate to its changing needs. Current site constraints demand that other options were explored and for the city the commitment to maintain the regional base is significant.

The Glasgow Science Museum, valued at £75 million and the city's flagship Millennium project. The Museum received £35 million from the Millennium Commission. The complex comprises an IMAX cinema, a Science Mall, the exhibits of the Mall will range from the low to the high-tech and will include Europe's first publicly accessible Virtual Reality facility and a Planetarium. The Science Museum is proposed as the hi-tech hub of a network of regional science centres in Scotland and providing educational, business and recreational facilities to people throughout Scotland as well as linking up with Science Centres throughout the world. About 600 000 visitors are expected annually. The Museum is seen to be the focal point in Glasgow's aim to become one of Europe's major high tech locations. The city has already made huge advances in the fields of science and technology and is now the UK's third City of Science. Scottish Enterprise Glasgow was been awarded the largest ever Scottish ERDF award valued at over £19.75 million for the Science Museum. The EU has however placed a requirement that the development generates some 3 000 jobs for the wider area. Linking Pacific Quay into existing communities and spreading the benefits into Govan in particular will be a serious challenge for local agencies.

The Financial Services District will be an important Clyde-side development. Launched in 2001 in response to a Scottish Enterprise initiative to promote financial services in Scotland the district is very much in the concept stage. The headquarters of Scottish Enterprise are located in the district, as are the BT offices and over the next 5-10 years some 2000 000 sq. ft of office space will be created delivering some 20 000 jobs to the city. Major infrastructure investments on the part of the City Council, Scottish Power and BT are anticipated valued at around £100 million. The concept is based around building on existing potential with a strong international focus.

The Glasgow Harbour site outlined as a Metropolitan Flagship Initiative will also have a major impact upon the Clyde. Some 42 hectares of brownfield land will be redeveloped out of the current 1 620 hectares currently derelict or vacant in the city. The masterplan is currently being revised but the principles of the mixed-use development have been agreed. A recent 'development map' prepared by Scottish Enterprise details some 54 development sites which are either underway or will be forthcoming. The economic outputs and potential social benefits from development at this scale could change the city fundamentally.

As a shared policy tool for eight local authorities, including Glasgow City Council, the GCVJSP establishes the metropolitan strategic policy context. The regional significance of the River Clyde is widely accepted and all eight local authorities have a continued stake in pursuing a sustainable development strategy which promotes balanced growth. Each local authority is acutely aware of their economic interdependence and the more strategic role of Glasgow within the regional economy. The *Corridor of Growth* concept considers the Clyde in its entirety and seeks to promote the economic, social and environmental regeneration of the waterfront throughout the Strathclyde region. The Clyde Corridor regeneration aim is to bring substantial change in the nature and perception of the river, identifying new functions for the river and its banks that will result in widespread sustainable regeneration and allow it to regain its place at the heart of the city.

The Plan promotes the Clyde Waterfront and Clyde Gateway as Metropolitan Flagship Initiatives which are developments of potential national significance, require cross boundary and multi-agency long-term commitment and have wide ranging impacts. The Flagship Initiatives will be a means of overcoming the identified regional regeneration challenges. The Plan identified key challenges which policies must seek to address which are:

- Stimulating a mix of high quality economic activities on and around the river and re-establish the River Clyde as a major contributor to the economic life of the city.
- Creating opportunities for further riverside housing developments which stimulate the growth and expansion of established local communities.
- Creating a pedestrian and transport network which promotes increased accessibility along the river corridor.
- Contributing to Glasgow's growth as a major international tourism destination by creating an initial mass of interlinked tourism, leisure and recreational attractions of regional/national significance.
- Redefining the physical, social, cultural and economic relationship between the river, its neighbouring districts and the Metropolitan core.

Below are details of some of the metropolitan Flagship Initiatives which will fundamentally change the Clyde over the next few decades:

- *Meadowside Quay (Glasgow Harbour)*: A 42-hectare site was granted outline planning permission in 2001 and a masterplan is currently under preparation. The outline planning consent proposes a mixed use development comprising housing, retail, leisure and commercial uses.

- *Govan Graving Dock*: A mixed use housing, office and leisure development is proposed and planning consent is currently under consideration by Glasgow City Council.
- *North Renfrew East*: A 43.3-hectare site divided into 9 development areas is proposed for mixed use development comprising leisure uses, housing, specialist retail, business uses and a hotel. An outline planning application is currently being considered by Renfrewshire Council.
- *Yoker Waterfront*: A 36.3-hectare site which straddles two administrative boundaries is proposed for mixed use development comprising industrial, leisure, housing, sports stadium and retail uses. Outline planning permission is currently being considered by Glasgow City Council and West Dunbartonshire Council.
- *Port Glasgow*: A 17-hectare site is to be developed for retail and housing. Scottish Ministers approved an outline application in 2000.

The Plan highlights the need to build on existing assets as part of the broader economic development strategy. Economic clusters such as electronics, multimedia, tourism and education are highlighted as areas to be further developed for high amenity economic development. A strong emphasis on mixed-use development along the waterfront will promote a more diverse use of the space, particularly by local communities. The existing rail, ferry and cycle network could be further exploited and transport links which open up the waterfront need to be developed. The waterfront is also seen as an opportunity to create national visitor and recreational attractions. The Plan places strong emphasis on developing the regional industrial base, ensuring that employment opportunities benefit local communities, reduces significantly the amount of vacant and derelict land in the region and promotes the Clyde as an environmental corridor. In general the Plan places significant emphasis on sustainable development and social inclusion, which was discussed in more detail in Part I.

The work being carried out by the Committee has the potential to be an important driving force for the future. The Committee brings together elected political entities from local government thus maintaining a democratic/representative perspective and establishes a progressive strategic vision. The Plan is supported by extensive analysis and in the absence of a regional tier of government is a necessary statutory instrument. The prioritisation of the River Clyde in its metropolitan context provides an essential overarching framework. Each of the local authorities involved in the process is set to benefit from an effective metropolitan policy tool.

A sustainable future

Economic sustainability and the Clyde

It is essential that a strategy for the Clyde address the needs of local communities. Along the Clyde waterfront are traditional Glaswegian communities whose roots lie in the industrial past; swathes of vacant and derelict land; the last vestiges of manufacturing and industry; new commerce and landmark buildings represent approaches to economic development over the last two decades. As the CIDRE report well articulates the approach taken over the last two decades to the redevelopment of the Clyde and area based regeneration in the adjoining neighbourhood has resulted in a series of what are essentially unconnected spaces. The policy framework now in place could redress this. A comprehensive approach, which focuses on economic sustainability for the whole area. This task is more than achievable in Glasgow. A sound economic development structure is already in place, effective area based economic development agencies such as Govan Initiative, and Gorbals Initiative have already created sustainable economic bases against particularly challenging socio-economic dynamics.

The renewal of the economic base of Clydeside communities is essential for their sustainability. At the very least, this process of renewal will give them the means and the ambition to take better care of the environment, and to remedy environmental problems that already exist. But such an approach is also part of an overall strategy for sustainability insofar as viable local economies provide the best means to achieve a more balanced pattern of spatial development, rather than provoke massive migratory flows which are as destabilising in the areas losing population as they are in the areas which are growing rapidly. Local and regional economic development has a long history in OECD countries and the Scottish Enterprise Network is a particularly successful example. In the 1990s the sustainability agenda has had a considerable impact upon these well-established activities. Instead of focusing primarily on economic issues (and especially employment creation), local strategies have become more multi-purpose, with economic, social and environmental goals as the Gorbals Initiative in particular demonstrates.

Addressing the sustainability agenda has contributed to what amounts to a “paradigm shift” in economic development approaches away from inward investment to diverse, locally-grown solutions, and away from a focus on large companies to support for small and medium sized enterprises (SMEs). The emphasis is now on “endogenous” approaches which focus on retaining and expanding the existing businesses in an area and promoting start-ups, usually via a range of instruments such as financial and technical assistance, business incubators, initiatives to promote exports, and in some areas targeting specific growth sectors. There have been changes in the processes by which local and regional strategies are formulated and delivered, with partnership working now the norm. Area-based initiatives in the city and particularly those which address the needs of communities adjacent to the Clyde have sound experience in delivering this type of economic development.

A sustainable economic development strategy for the River Clyde will be dependent upon greater connectivity between areas and sites. Glasgow remains caught up in the tradition of large-scale redevelopment as sites such as Pacific Quay and Glasgow Harbour demonstrate but they must connect into existing neighbourhoods in order to be sustainable. New development should create economic spill-over benefits for existing communities by providing jobs and generating income for local businesses. At present local agencies such as Govan Initiative and Gorbals Initiative proactively explore new economic opportunities from regenerated areas but maybe more fundamental questions need to be raised as to how new areas such as Pacific Quay can quantifiably contribute to the two adjacent communities.

It is worth drawing on Porter's research on the actual experiences of inner city-based companies, which identified four competitive advantages of inner cities as business locations with respect to the River Clyde, which after all a central location within a city and region and should compliment the traditional city centre.

- The primary competitive advantage is proximity. In surveys of inner-city-based businesses around the country, the single largest reason for their location is convenience and locational efficiency. This advantage is powerful, persistent, and growing in a variety of industries.
- The second major advantage of the inner-city as a business location is a large, undeserved local market. The typical assumption is that there is no market in inner-cities. In fact, inner-cities are the largest underserved market in America, with many tens of billions of dollars of unmet consumer and business demand. Retailers are now beginning to move back to inner-cities and many are achieving remarkable success, particularly those with tailored strategies that reflect the unique needs of urban populations.
- Third, inner-city businesses have opportunities to link into areas of strength in the regional economy. An efficient regional economy is one in which some types of economic activity are located in the core and other types are spread in the surrounding region. There are many opportunities to make connections between inner-city companies and regional clusters that have never been made before, and in the process, enhance overall efficiency and productivity. In the long run, regional economies will not reach their full economic potential without changing their legal, fiscal, and institutional relationship to the urban core.
- Finally, inner-cities have an advantage in terms of an available, loyal workforce. We primarily think of the inner-city workforce in terms of people unprepared for and unable to work. Thus many see education, skills training, and work readiness as preconditions to economic progress in these locations. While lack of preparation is certainly a reality, research and interviews with many inner-city employers offers a more textured perspective.

The competitive advantage of the Clyde waterfront is well articulated locally. The communities of the Clyde are its untapped asset -- maximising their potential is dependant upon raising living standards -- developing the social sustainability of the Clyde.

The Ministerial Task Force of 2001 referred to above makes an important contribution to the issue of sustainable economic development along the Clyde. In particular, the Task Force Report provides important analysis into existing and potential opportunities along the south side of the River Clyde. As well as articulating measures related to the existing manufacturing base the Report reinforces the overall challenge in the city related to educational attainment and skills and training needs. Govan Initiative, which already had a key economic development role in the area, will play a greater role in delivering more sustainable outcomes. As well as responding to the here and now the Initiative is clearly focused on future potential. A crosscutting response will result in the adaptive re-use of redundant buildings in Govan to provide commercial and training/learning facilities to meet community and business needs. The Initiative seeks to maximise the potential of Pacific Quay for local residents and local businesses. Govan Initiative developed the Cisco Systems Networking Academy, a training centre in IT technical skills for school leavers. Discussions are underway to create a second academy to address high youth unemployment and low educational standards. To respond to potential demand from the new Digital Media Campus, and to increase opportunity for local people Govan Initiative are developing a Media Industry Training Programme.

Social sustainability and the Clyde

Social sustainability objectives and measures are gradually being incorporated into local economic strategies. An important driver for more socially oriented local economic and employment strategies has been the growing concern, on the part of most OECD Member governments, to find more effective ways of tackling poverty and social exclusion. Although overall living standards have improved in most countries, many people do not share in this new prosperity. Low incomes, lack of opportunities to learn and work, and lack of access to good quality public services and environments combine to trap particular groups and areas in a spiral of disadvantage.

National strategies for social welfare are in place -- generally offering a mix of cash assistance, social support (for example, treating problems of addiction) and labour-market re-insertion -- that is, assistance to the unemployed (such as job search, placements, training and help with transport or child care) to enable them to re-enter paid work. But, since poverty and social exclusion are concentrated amongst particular groups in the population and in particular localities, new area-based approaches -- complementary to national strategies -- are now increasingly being implemented, with promising results.

Local governments and agencies have developed their own policies to promote the inclusion of marginal groups -- such as young people or the frail elderly

from minority ethnic groups. In some cases these are now part of overall strategies for regeneration, along with, for example, business support. Elsewhere, territorial governments and agencies pursue active labour market policies alongside more traditional measures directed towards enterprises. As was discussed in Part II, Glasgow has been particularly effective in developing socially sustainable policy responses which integrate excluded groups into the mainstream economy. That said the scale of deprivation in the city is such that increased intervention is obviously necessary.

Especially promising are measures to encourage entrepreneurship and new business creation, locally-managed labour market measures to help unemployed people to overcome entry barriers to work, and the support of “third sector” organisations that create routes to work at the same time as providing welfare services for local communities. Glasgow Works is perhaps one of the best examples internationally of labour market intervention which does realise sustainable outcomes. Local agencies are often best placed to respond to local needs and the professional capacity in the city is particularly high and thus able to respond to local challenges. National policies and programmes are of course important but they are vulnerable to changes in policy discourse which mean that although outcomes may be positive they may not be sustainable. It is clear that combating social exclusion is dependent upon sustainable solutions which break cycles of inter-generational deprivation. Governments throughout OECD countries are taking longer-term perspectives with respect to social exclusion which will ultimately be more sustainable but it is important that policies impact in the short-term as well as the long-term in order not to lose another generation to poverty.

The profile of the Clyde Corridor, a seven-mile central stretch of the river reveals that the area has:

- 16.3 per cent of the city population (almost 100 000 people)⁴⁵;
- 17 per cent of the total economically active population of the City;
- 18.7 per cent of the City’s unemployed;
- 18 per cent of city households;
- 17 per cent of lone parent households;
- 65 per cent of the population have no access to a private car;
- 62 per cent of housing tenure is rented (private and social housing).

There are three Social Inclusion Partnerships along the Corridor and the ward districts are generally share similar profiles of communities facing multiple deprivation. Together, these SIPs have a population of 82 576 and the average unemployment rate in them is 12 per cent, 7 per cent above the national average. Dumbarton Road SIP has the lowest unemployment level out of the four SIPs (9.5%), but this rises to a maximum of 17.8 per cent in the Gorbals. An average of 50 per cent of households within the SIPs receives income support and almost 10 per cent of households are single parent. Low employment levels are reflected in low car ownership -- a maximum of 32 cars per

100 households in Dumbarton Road SIP, down to 12 cars per 100 households in the Gorbals. Much of the population in the Clyde Corridor is currently suffering from a high level of social exclusion. The low income and car ownership levels mean that the majority of residents are dependent on public transport. Thus, the River Clyde is not just an economic opportunity to develop new business areas; it is widely recognised as an opportunity to deliver a broader policy agenda. Political prioritisation of this area at the city and regional level means that over the next two decades the River Clyde really can be transformed into a local and regional asset. An integrated development strategy, which pursues a triple bottom line approach, will be essential to deliver meaningful outcomes.

Scottish Enterprise Glasgow and its partner agencies recognise the importance of breaking the cycle of decline and are collectively pursuing an innovative range of programmes which respond to the needs of Glaswegians. As well as highly effective labour market intervention and business creation a strong focus on training, skills and lifelong learning will be the key to realising social sustainability in the city. The approach is consistent with national policy but the focus is concentrated and results are a priority. The Glasgow Alliance has established a strategic overview which prioritises the Clyde and places considerable emphasis on developing human capital. The approach in the city has matured away from pilot projects and low impact strategies achieving maximum impact is important.

The statutory planning framework as discussed in Part I establishes a sound overarching policy context on which non-statutory instruments build, as is discussed later. Establishing this broader framework is crucial to developing a sustainable strategy for a territory, whether it be at the micro-scale such as the Clyde Corridor, or at the macro scale such as the Glasgow and Clyde Valley metropolitan area. In preparation for the OECD Ministerial meeting on Sustainable Development in 2001, the Territorial Development Service emphasised that as well as adopting appropriate goals and policies all territorial levels need to create systems of policy development and implementation that facilitate sustainable development. This is the process architecture of strategies, plans and procedures that make up the structure for public intervention in territorial development. Whilst there can be no universal formula; two general characteristics of systems appear to have a critical impact on their ability to promote more sustainable outcomes:

- the extent to which territorial development policy is used as an integrative rather than a sectoral policy tool;
- the attention given to active, flexible and responsive strategies approaches to shaping territorial development patterns as well as reactive regulation.

Certainly the process architecture for Glasgow and its metro-region appears to have been firmly established. The key issue for the future is connecting the tool kit to a delivery vehicle.

Pacific Quay and the development of a cultural and media campus will require careful consideration to reduce the potential digital divide which will emerge between the new area and adjacent Govan and Gorbals. The societal diffusion of ICT remains uneven within individual cities, although urban areas are generally well placed with advanced telecommunications infrastructure and are better capable of supporting new ICT applications and services compared to rural and remote areas. Acute digital divide in urban areas stems from such variables as income, education, age, gender, ethnic groups, residential locations, business and industry sectors, etc. To put this differently from a spatial standpoint, marginal inner city areas and some peripheral areas where people with low income and low educational attainment and small size firms are mostly situated tend to be barred from the benefits of ICT.

The digital divide within urban areas could cause more serious problems than in other regions. As many private and public activities are mediated electronically in urban areas, ICT under-served people and firms are facing more difficulty and feeling further excluded. Public authorities, community organisations, and private businesses are progressively adopting electronic channels, even discarding their traditional channels of communication. A vicious circle is being created in the way that the ICT under-served are limited to get better job opportunities because of their lack of ICT skills and, even worse, accessibility of information. With the high use of ICT at the workplace, low technology literacy has come to represent in itself an important form of exclusion in societies (*OECD Education Policy Analysis 2001*). Scottish Enterprise Glasgow, Govan Initiative and Gorbals Initiative are seeking to create opportunities for residents and workers alike to benefit from the technological revolution taking place in the city but outcomes will require close monitoring to avoid exacerbating adding technological disparities to an already long list of socio-economic barriers.

Health issues are of paramount importance in the city. The sustainable development of the Clyde Waterfront will contribute to improving the health of local residents. Sufficient evidence exists to show that improved housing, increased wealth through meaningful employment, better public transport, etc., are all vital components of successful regeneration which leads to healthier citizens and as such a healthy sustainable economy. The city is well aware of the pressing need to tackle health disparities, increasing life expectancy and reducing poverty related illness can result from the holistic regeneration of the area.

Environmental sustainability and the Clyde

Transport and Accessibility

Transport is a crucial element in a prosperous economy. Improving access to markets for jobs, housing, goods and services is essential to realising the goals of international and national economic growth and development. While the transport sector provides substantial benefits to users and the general community, there is concern about the impacts of current transport arrangements. Globally, transport is a major user of fossil fuel and currently is responsible for around 25 per cent of the carbon dioxide

emissions from fossil fuel use. Growth in CO₂ emissions from the transport sector is central to political concerns in relation to potential climate change. There are good prospects for continued improvement in the environmental performance of transport systems in the short-term. Commercialisation of available technology and increases in logistic efficiency, coupled with planned and expected regulatory and pricing measures should reduce adverse impacts. In the longer term, however, demand increases could outweigh the benefits of these developments, unless governments take further steps to address adverse impacts. At present car ownership and use in Glasgow is low but it is increasing and the city is aware that a more integrated approach is necessary.

Transport policy objectives in OECD countries have traditionally focussed on matters such as: efficiency; accessibility and community development; environmental responsibility; safety; and, more recently; international competitiveness. While such objectives reflected prevailing attitudes, transport objectives now deal explicitly with sustainability concerns. The sustainability objectives are aimed at ensuring that transport contributes to the longer-term habitability of the natural and built environment, addressing impacts that may otherwise harm regional and global environmental systems. Taking a longer term view requires giving greater emphasis to aspirational goals, the 'precautionary principle' and 'intergenerational equity', as well as greater weight to environmental and social concerns than in the past, balancing economic priorities.

Transport is integral to the redevelopment of the Clyde. As discussed in Part I an integrated approach to transport is generally promoted and the City Council and the Scottish Executive have made integrated transport planning a priority. Developing an integrated strategy is now a priority. The scale of development taking place along the Clyde Corridor requires that an effective strategy is in place as development occurs. Some of the sites are of a major scale and will require increased investment and alternative thinking to ensure that sustainability goals are realised. The area at present is accessible by public and private transport but linkages in and out of the area for pedestrians and cyclists are weak, and although a number of underground and rail stations are within five minutes walking distance of the river front, there are no clear connections through the area. As new urban fabric emerges, transitions through the area as a whole must be improved. New places must connect with established communities. Existing infrastructures will be inadequate to meet the needs of new development and additional infrastructure will be required. The design of which will be crucial, future infrastructure needs to "design in" options rather than rely on a build and adapt approach.

The City Plan has identified a key planning objective to bring about substantial change in the nature and perception of the River Clyde Corridor including "...creating a sustainable transport network that reconnects the city with the river". The City Plan states the "*The City Council, in association with SPT, will review as a matter of priority, the role of the Clyde Corridor in the city's transport network*". To help meet this objective, it is proposed that a transport study be conducted to examine the extent of the current transportation issues in the Clyde Corridor, identify potential solutions, and propose preferred options to be further developed. The study will address

the land use and transportation issues along the entire corridor in a comprehensive manner to enable a detailed and robust transport strategy to be developed.

The Public Transport Fund was established by the Scottish Executive to assist Local Authorities and Strathclyde Passenger Transport Authority to provide value-for-money developments to the public transport network consistent with their strategy. Scottish Executive Circular No. 3 (2001) invited bids to the fourth round of the Public Transport Fund (PTF) for projects which commence in 2002-2003. As part of the fourth round of the Public Transport Fund, the Scottish Executive has established a preparation pool for projects “...where it is clear that project preparation would not go ahead without support from the Executive”. It is expected that the preparation pool would support large-scale PTF projects, and also projects that have a lead-time that would extend beyond the three-year horizon of a PTF round. As the Clyde is a priority for the City Council and the Council has overall responsibility for transport developing an integrated transport strategy is high on the policy agenda.

The key objectives of the proposed Transport study are:

- To develop a sustainable transport plan, which serves the development aspirations of the city plan focused along the Clyde Corridor;
- To enable access to proposed development sites along the Clyde Corridor;
- To connect existing activities along the Clyde Corridor;
- To address social inclusion issues along the Clyde Corridor and the wider area.

Glasgow City Council's Local Transport Strategy (2001–2004), “Keep Glasgow Moving”, establishes Glasgow's transport policies. It shares the aims of sustainability, social inclusion and environmental improvement which run through all policy from central government to city level. Social inclusion is one of the main themes of the Strategy. It recognises that there is a link between transport policy and social inclusion as access to facilities and services are essential in order that individuals have the opportunity to fully participate in society. This context provides the rationale for the transport choices the city is likely to make. It is clear that a large potential workforce for the many proposed developments in the Clyde Corridor currently exists within the Corridor itself. However, for this workforce to access places of employment and also social/recreational and retail developments within the Corridor, an efficient public transport system must be provided. If an adequate transport system is not provided, social exclusion in the area will worsen and serious policy conflicts will emerge.

OECD and ECMT consider transport to be an important policy area and have for some time sought to address issues of travel and sustainability, the findings and recommendations are relevant to the preparation of a Clyde transport strategy. In 1994, ECMT and OECD presented a report to Ministers on Urban Travel and Sustainable Development. The key policy objectives articulated were:

- integrated policy packages comprising a cross-sectoral mix of regulatory, pricing and technological measures which apply to both the supply and demand elements in urban land use and transport markets are needed; and
- successful implementation should aim to integrate land use planning and transport planning, manage private vehicle travel, maximise public transport use and promote walking and cycling in urban areas.

However, defining and implementing sustainable policy strategies for urban travel involves reconciling diverse interests of many actors, including: all levels of government, politicians, public sector transport and land use planning agencies, environmental organisations and pressure groups, private sector transport operators and service providers, developers and individual travellers, amongst others, which is complex and resource consuming. Thus in 1998 ECMT and OECD began a project on Implementing Strategies for Sustainable Urban Travel⁴⁶, concluded in 2001. The aim of the project was to better understand why integrated urban travel strategies are so difficult to implement and how countries can bridge the gap between policy recommendations and implementation. The project has identified the following key challenges to implementation of sustainable urban travel policies:

- Lack of a strategic national vision for urban travel. A long-term, national strategic vision for land use and urban travel -- developed in close collaboration with regional and municipal transport, land-use and environment agencies, and implemented, monitored and evaluated by appropriate levels of government -- is the necessary foundation for long-term improvements in urban travel.
- Poor policy integration and co-ordination. Sustainability requires that planning for transport, land-use and the environment no longer be undertaken in isolation one from the other; that policies targeting particular transport system elements and modes be considered as an ensemble, their relative impacts determining the “right” policy combination for the sustainable policy package.
- Inefficient or counterproductive institutional roles and procedures. Co-ordination and co-operation among different branches and levels of government, as well as efficient consultation and communication between government and the public can determine if policies are/are not implemented.
- Unsupportive legal or regulatory framework. Without clearly defined legal and regulatory rules and procedures, successful integration of

land-use and transport policies, for example, or effective deregulation of public transport services is not possible. Sustainable urban travel strategies that propose policy actions such as these may require some degree of national regulatory reform or further legislation.

- Weaknesses in the pricing/fiscal framework. Weaknesses in the fiscal framework pose particular problems for transport and land-use planning integration. Competitive pressure among neighbouring towns and cities for fiscal revenue and employment opportunities can, for example, hinder efforts to discourage location of large businesses in fringe areas such as public transport financing.
- Misguided financial sources and streams. Examples of how financial streams are determinant in policy implementation are:
 - i) Channelling of revenues from pricing initiatives (*e.g.*, road or congestion pricing, parking fines, etc.) away from the immediate jurisdiction to central coffers or to untar geted funds can compromise incentives for reducing private car travel, confuse public perception of the rationale behind the measures and impede acceptance of what might otherwise be very effective schemes.
 - ii) Unbalanced allocation of funding (investments or other) among different travel modes -- often due to poor co-ordination among mode-specific planning agencies -- can create inefficiencies in financing of the urban transport system and misguided development of one mode (*e.g.*, light rail) to the detriment of another (*e.g.*, bus).
- Poor data quality and quantity. Sound and reliable data are the empirical basis for good policy.
- Public, lobby and press resistance to policies. Winning support for sustainable urban travel policies from the public -- including, lobby and interest groups, the press, and individual travellers -- is often a complex and politically delicate undertaking. Poor understanding of the rationale behind/ or benefits of certain measures can engender resistance from these segments of the public. This is often due to inadequate communication of policy strategies and insufficient or inefficient public involvement.

Spatial planning

Brownfield sites are mainly a product of economic restructuring, though in many cities there is also extensive underused land that has never been developed. Brownfield land is often associated with contamination from previous industrial processes and may also be associated with neighbouring social deprivation. Brownfield sites present a major challenge for developers, and often increased costs. For housing and businesses, greenfield sites are usually preferred, but if urban expansion is to be

controlled and more efficient and sustainable urban structures created best use needs to be made of these sites. The OECD has undertaken a major programme of work on brownfield developments which identified the link between the reuse of brownfield sites with the general questions of urban regeneration and economic development. Obstacles to reuse include inflexible planning regimes, fiscal structures, inadequate public services in the locality and above all the contradictory locational aspirations of many households and businesses. But brownfield development offers particular opportunities in reaching more sustainable development through reducing the need to travel, reducing pressure on greenfield sites, enabling local economic diversification and mixed uses which are beneficial both for the environment and for the quality of life of local residents. To date redevelopment along the Clyde waterfront has been particularly successful at regenerating brownfield land. However, there are an abundance of sites which offer enormous potential as well as enormous challenges. Glasgow has set itself targets to reduce the amount of vacant and derelict land city-wide; concentrating efforts along the Clyde will make an important contribution to meeting targets.

Development of the River Clyde is dependent upon, amongst other things, an effective planning system. The spatial planning approach can provide an umbrella of territorial development policy to which all sectors contribute and subscribe, and thus share ownership of its aims. It can assist in achieving more sustainable territorial development by explicitly considering the linkages among the many and varied physical, economic and social policy sectoral and instruments. The connections among different modes of intervention can be considered and forms of integration and co-ordination promoted such that there is consistent application of sustainability principles. Such an approach would also assist in creating partnerships with investors and users of land who play a critical role in creating more sustainable outcomes.

The city and the region have recently prepared statutory plans. The new policy context reflects the new broader agenda for spatial development which has emerged in other OECD countries. Competitive positioning in a new global economic geography shapes strategic pre-occupations, particularly as regards major infrastructure investments and locations for new concentrations of business activities. It also highlights the importance of the cultural assets of a place to attract the skilled workers of the new knowledge industries and tourists. The need for environmental sustainability highlights both new conservation priorities and new ways of thinking about the flows of people, goods and waste products; the need for social cohesion leads to concerns for the quality and accessibility of particular resources, amenities and opportunities in the city and region. As a result:

- spatial development strategies must go beyond merely indicating where major material investments should go and what criteria should govern land-use regulations. In other words, they have to be more than merely an aggregation of considerations and policy principles collected together in a plan or document;
- this suggests that their key task now is to identify the critical relations among many agents which are likely to shape the future economic, social, political and environmental qualities of territory; and thus,

- spatial development strategies exert influence by framing ways of thinking about and valuing the qualities of a place and of translating plans into reality. This work in turn helps to mobilise the many actors inventing the futures of places by shaping their understanding and guiding their investments towards more sustainable outcomes. (OECD, 2000).

The spatial development context against which the river will be developed broadly takes on board these points as is detailed below. However, as the statutory framework is relatively new prejudging outcomes is difficult.

Statutory Policy Context

The Glasgow and Clyde Valley Joint Structure Plan, 2000 and the Draft Glasgow City Plan, 2000 establish the statutory strategic policy context for the River Clyde. The Plans are mutually reinforcing as required by statute and are complimented by national planning guidance and legislation. Both Plans integrate supranational policy established through the ESDP and central government commitment to sustainable development. Complimentary guidance and strategies to deliver wide ranging economic, social, environmental and infrastructure policies support each Plan. **However, it must be stressed that Glasgow does not have one strategy for the River Clyde. It has a well developed and potentially strong tool kit but all agencies in the city need to consider whether this is adequate to deliver the coherent redevelopment of this important Scottish asset.**

Glasgow City Plan 2000

The overall aim of Glasgow City Council with respect to the Clyde is **“To bring about substantial change in the nature and perception of the river, identify new functions for the river and its banks that will result in widespread sustainable regeneration and allow it to regain its place at the heart of the city”**.

The new City Plan identifies the River Clyde as a strategic priority for Glasgow in the 21st century. The plan addresses important issues of maintenance of infrastructure, flood prevention, navigation as well as the more strategic land-use, economic and social dimensions. The City Plan identifies the following priorities for the River:

- creating a sustainable transport network that reconnects the City and the River;
- bringing activity to the River by consolidating and improving its infrastructure;

- creating high standards of urban design and landscaping to create a corridor of design excellence adjacent to the River; and
- responding to the local regeneration needs within the river corridor.

The holistic regeneration needs are an important dimension of the future of the river. The river is considered as a series of 8 Action Areas designed to make the river central to the physical regeneration of the city. Local development strategies will be prepared for each area. The City Plan establishes the city-wide policy context working in synergy with strategic social and economic policy tools. The area based approach builds on existing traditions in the city but will also facilitate spatial prioritisation to encourage development to take place in a co-ordinated way.

Urban design is playing an increasingly important role in improving urban centres, which is indispensable to attract people and business back to centres. Well-designed street patterns with appropriate density and access to public transport not only improve the efficiency of transport but also enhance safety and ensure a genuine sense of place. Quality design, planning and infrastructure contribute not only to economic efficiency and public safety, but a sense of well being that translates into a positive image of a place. Realising the appropriate balance of policies and aesthetic direction ensures that all new development contributes to improving the quality of the urban environment and does not become tomorrow's problem. Similarly, adapting existing urban environments at the street-scale can achieve more equitable, safe and accessible urban environments. This in turn has to be matched by a development sector, which appreciates that creating a quality urban environment has benefits as well as costs.

Municipal or prefectural guidelines can promote urban design strategies, and private-sector investors can set standards, which meet or exceed these guidelines. A stronger design culture should be nurtured through training and education, public information in the media, competitions, demonstration projects, government-sponsored projects, etc. Development of good quality inner-city housing, as a part of area-wide revitalisation strategies, may be part of the answer. Conversion of redundant warehouses and offices is now common in inner areas of many cities, offering in many cases an alternative investment for developers during periods when office rentals are low and property values down. Major companies with large area holdings should be encouraged to undertake such mixed-use renewal strategies for their areas, in contrast to the building-by-building architectural approach. Glasgow has developed an urban design strategy and the City Plan recognises its value but considerable challenges lie ahead in establishing good urban design as a fundamental development principle. The following example from Canberra resulted in a particularly successful strategy.

Quality design and architecture should be an aim for the city as a whole. It is a useful signal to the private sector that standards are being established against which key developments will be assessed. Initiatives such as this complement planning policy but also contribute internationally to raising awareness of design issues in the development process. Design issues are not just a matter of aesthetics, as if that were a

luxury: they have the potential to engage public opinion about the identity of a place, and this at a time when the meaning place is often blurred, arranged in overlapping layers, or contentions. The way forward lies in educating the public about design. This demands an inclusive consultation process and is dependent upon the delivery of visible results. People need to be given the opportunity to see and benefit from good design.

Box 3.1. Urban design and sustainability in Canberra

In 2000 an Urban Services Ministerial directive required that all development applications be assessed against sustainability and design quality criteria. PALM established the design criteria focusing on urban quality objectives and urban design principles. The objectives require that development enhance urban quality by: demonstrating design excellence in urban design and architecture; distributing benefits widely in the population; producing environmental benefits; responding to local features and needs; relevant to present and future -- purposeful innovation; allowing for continuing adaptation and change, and forging connections with the past.

Urban design principles seek to improve the built form of Canberra city-wide. It is widely accepted that Canberra has an exceptional landscape but its built form is not of the same standard. Thus, the goal is to promote a built form, which enhances the landscape quality. In carrying out the first review assessment was made focusing on character, continuity and enclosure, quality of the public domain, landscape, ease of movement, legibility, adaptability, diversity and sustainability. Quality indicators seek to ensure that new buildings relate within their broader context.

To reinforce this priority the ACT Government is to commence the trial implementation of new assessment tools to implement the Ministerial Direction on High Quality Design and Sustainability that focuses not particularly on territorial issues but rather on, what might be called "site" issues. These include materials and waste, energy efficiency and ecosystem (landscape, gardens and tree retention) and the like. In November 2000 the draft Canberra Sustainability Index and the High Quality Design Guidelines trials were initiated. In early 2001, the Index and Guidelines will be considered for adoption as part of the mandatory residential development requirements to promote higher quality and more sustainable outcomes. During the trial the application of rewards and incentives to further encourage applicants to address high quality design and sustainability issues will be reviewed. Additional assessment criteria and tools targeting commercial, industrial and other, non-residential assessment types is proposed. The outcomes of these initiatives will be important to ensure that future development in the city is both sustainable and of a quality, which contributes to the high value landscape and urban design which already, exists in Canberra. The introduction in 2000 of the Urban Quality Review process is an important tool for PALM and will enable it to enhance standards throughout the city.

Source: OECD, 2002b.

Urban design is an important issue for the next stage of development in the city. It is the key to connect spaces and facilitate a 'responsive environment'. The analysis which emerged from the CIDRE project was accurate: although the city centre has been successfully renovated and Crown Street in the Gorbals is of a very high standard in terms of urban design and urban amenity it is a realistic critique that urban design is not generally strong in the city. New spaces currently being planned will probably benefit from better urban design, however, neighbourhoods and new areas must interact. Glasgow needs to integrate its neighbourhoods -- thus integrating its assets. This issue is not unique to Glasgow, many cities face this challenge. For many decades urban design has been a secondary consideration and is not adequately

engrained in professional consciousness in many countries. Glasgow can capitalise on its existing assets, built form, and apply sound urban design to better effect.

The non-statutory policy context

Tomorrow's Glasgow 1999

In Part II, "Tomorrow's Glasgow" the strategic policy statement of the Glasgow Alliance was discussed. The River Clyde is bounded by a large population, a population that suffers some of the worst social exclusion in the United Kingdom and indeed in Europe. Health problems result in high numbers of residents on invalidity benefits and morbidity rates in the area are higher than European averages. Economic development and environmental improvements must therefore have positive social consequences. Greater social equity can be promoted through the economic opportunities emerging from employment creation. The Strategy promotes an integrated and sustainable approach to movement based on public transport, road, rail, water, pedestrians and cyclists. This is essential given that some 65 per cent of local residents do not have access to a car and that south side connections to the rest of the city are weak. The Strategy compliments the broader policy context and establishes a positive social agenda for the River Clyde.

Glasgow's renewed prosperity: a joint economic strategy for Glasgow, 1999

The economic development strategy for the city similarly recognises the importance of the River Clyde in delivering the overall aims advocated and reinforces other local policies, which seek to promote the holistic development of the Clyde. Sustainable economic growth is a key policy aim and the Clyde is integral to realising that aim. Glasgow City Council and Scottish Enterprise Glasgow are the statutory bodies in the city charged with delivering economic development and their promotion of the Clyde Corridor is essential. Policies, development plans and investments decisions by each will increase the potential of the Clyde to contribute to economic growth and social cohesion in the city. The document recognises the need for a long-term perspective to be taken on the Clyde and has as a strategic goal the action of agreeing a long-term strategy for the river. The JES like other documents does highlight the need for some spatial prioritisation, Pacific Quay, a flagship initiative of Scottish Enterprise and the city is determined to be a short-term priority.

Cities divided by rivers in Europe, 2000

From what could be termed the non-statutory tool kit, one of the most useful and potentially influence projects to have emerged over recent years is the Cities Divided by Rivers in Europe (CIDRE) project. This substantive project was one of eight pilot projects throughout Europe. INTERREG IIc funding was allocated in 1998

and in 1999 project consultant began preparation of a robust, long-term development framework for the River Clyde Corridor. A Steering Group worked in partnership with Glasgow City Council, Scottish Enterprise Glasgow and Clydeport plc. Mindful of objectives of the European Spatial Development Perspective the study aimed to promote:

“New approaches to spatial planning and cities divided by rivers in Europe by establishing and testing co-ordinated regeneration frameworks in four particular cities which will unlock the immense potential of each city and their rivers, and so assist them to maintain competitive positions in the European economy.”

In depth social and economic, strategic and thematic appraisals of a seven-mile stretch of the River Clyde took place. Detailed consideration was given to transport, economic development and land use opportunities, urban design and social inclusion. Recognition of the importance of local communities who suffer high levels of deprivation benefiting from urban change at such a significant scale is particularly important. The analysis resulted in a Vision for the next fifteen years. The report notes that *“the vision by its very nature encapsulates a long-term strategy and raises a number of fundamental issues that need to be debated”*. The Clyde Corridor: 2015 Vision key aspirations were:

- the Clyde Corridor will mature to become a well connected part of the City with a strong and diverse economy and a series of distinctive and compact places that use the waterfront location to add value;
- the River Clyde will be celebrated and the external image of the Clyde Corridor will be of a progressive;
- competitive location that is the engine in the west of Scotland economy;
- the Corridor will accommodate the needs of 21st century businesses and have a strong sense of place created through buildings and public spaces of quality;
- the Corridor will have an excellent and well integrated and user friendly public transport system: complemented by convenient pedestrian routes and cycleways and well managed access and parking arrangements;
- the Corridor will have a strong series of business and residential communities;
- the Clyde Corridor will offer a diverse mix of economic, social and community assets and provide exemplars of new business/workspaces, city centre and waterfront living, community and leisure and entertainment opportunities;
- the Clyde Corridor will be synonymous with very high quality urban design, icon buildings, innovative;
- refurbishments and public realm that match the best in Europe;

- the Clyde Corridor will have improved air quality and be accessible, attractive and safe for use by all ages throughout the day and evening;
- residents, businesses and local communities will benefit from the regeneration and the new opportunities.

Implementing change

The project group for the CIDRE study developed a forward-looking strategy and made specific recommendation concerning implementation. It was noted **that implementation would be dependent upon a strong-delivery vehicle and recommended the creation of a dedicated body to co-ordinate the necessary public and private sector inputs.** The reasoning for this by and large relates to the evidence of positive outcome elsewhere and recognition of the numerous actors which have responsibility for the variety of functions along the waterfront. It was noted that relevant bodies with authority include: Glasgow City Council, Scottish Enterprise Glasgow, the Glasgow Alliance, Clydeport plc., the City Centre Manager, Glasgow and Clyde Valley Tourist Board, Strathclyde Passenger Transport, ScotRail, bus operators and private businesses. Thus, the technical reasoning is logical. Evidently such a recommendation can be problematic in the local governance context and experience in the United Kingdom has perhaps left local government, in particular, somewhat sceptical of ‘dedicated regeneration bodies’.

The single agency approach through the creation of ‘specific bodies’ charged with implementing the regeneration of particularly defined areas could be a highly successful tool in securing the redevelopment of derelict landmasses in urban areas. Numerous examples exist throughout OECD Member countries which assert the importance of this approach. The OECD 1998 study on *Urban Brownfields*, after surveying some 20 OECD Member countries, found that:

“Strong public sector involvement is widely recognised throughout the case studies to be crucial to the realisation of redevelopment projects involving brownfield sites. This ‘involvement’ takes on many roles, co-ordinate, and funding and regulatory action being some of the more important. Local government agencies are frequently in a unique position to form partnerships with the private sector and develop a vision for a local area which addresses the needs of the local community.”

In Belfast, Laganside Corporation has proved an effective mechanism for regeneration. Whilst emerging from the same policy ethos as the English UDCs and being charged with similar priorities, Laganside Corporation is somewhat distinct in the way it has developed. Unlike its GB counterparts Laganside Corporation did not have additional powers of planning, public housing, building control and certain public health functions normally in the domain of public authorities; these remained centralised functions within Northern Ireland. Laganside Corporation was not charged with the regeneration of Belfast; it had a particular area to redevelop, which for several decades

was recognised as being in need of regeneration. Laganside is a piece in the overall social and economic fabric of the city. Government Departments and the City Council have simultaneously pursued and developed strategies for the rest of the city. From the outset Laganside as the catalyst of the initiative worked in partnership with statutory agencies and the private sector to redevelop the area, with a goal to contribute to the overall regeneration of the city.

In Canberra too a development authority was created by statute controlled by the Australian Capital Territory government to develop an important waterfront location on Lake Burley Griffin. The existence of the development authority will ensure that this important area is developed and that ecologically sustainable development is the final outcome.

The example is useful for a city such as Glasgow because the development will be the catalyst to articulate the forward-looking policies founded on sustainability in the city. The area will assert the Canberra of the 21st century and result in a truly sustainable urban form. The decision to create a dedicated delivery vehicle highlights the local importance of this site and the commitment to implementation. The Agency is operating in a longer-term context to deliver measurable outcomes. Adjacent communities were involved in the initial planning stages to ensure that Kingston Foreshore integrates into the existing urban fabric. This has been identified a crucial issue in Glasgow as many strategic sites are developed simultaneously which include several landmark projects. To be truly successful the fine grain of the urban environment should not be an after thought; careful urban design and a strategic approach can remedy existing challenges in Glasgow. Canberra recognised the strategic importance of Lake Burley Griffin, an important territorial asset just as the River Clyde is in Glasgow.

An alternative idea emerging from the substantive OECD project (1993-1995), The Ecological City was the concept of Sustainability Performance Areas (SPAs) which may be a useful tool to take forward the development of the River Clyde. **The concept differs fundamentally from economic enterprise zones for urban economic development that already exist in several OECD countries.** (Explained in the next box). Typically, enterprise zones have been created for cities with geographically concentrated social, economic and land use challenges and companies investing in the areas have benefited from a variety of economic incentives. Such concessions represent a top-down strategy to local economic development which often fail to build a solid base for future economic growth and have rarely proven to be holistic. They can also represent challenges to local democracy. SPAs would instead correspond to local demand, and represent bottom-up strategies; they integrate into larger ecological and economic systems; and they call upon local capital and labour. A SPA can be created in a city to facilitate more rapid change, encourage experimentation and innovation. The concept of the Sustainability Performance Area (SPA) is one of the original ideas to emerge from the Project on the Ecological City. SPAs can be created in cities to implement environmental strategies and policies more rapidly. One of the problems affecting the introduction of better policies relates to the lack of a programme at the next highest level of government:

neighbourhoods wait for cities to act, and cities wait for states or national governments. SPAs could help cities and neighbourhoods to overcome many of the obstacles that block or retard local initiative. SPAs would not replace the need for broader policy action.

Box 3.2. Kingston Foreshore: an example of sustainable urban development

Covering 37 ha on the shores of Canberra's principal lake, Lake Burley Griffin, the site connects into to one of the Australian Capital Territory's most important wetland habitats, the Jerrabomberra Wetlands. It is within 2 km of the Parliamentary Triangle and adjoins the areas of Kingston and Manuka. The now derelict site once accommodated a range of industrial and semi-industrial uses. The heritage-listed and now disused Powerhouse was the first permanent public structure associated directly with the Federal Capital. As such Kingston Foreshore is a brownfield site in a strategic location in the city.

In April 1995, the ACT Government announced its intention to redevelop the area. The Interim Kingston Foreshore Development Authority was established in September 1995 to organise and conduct a design competition to generate innovative concepts and facilitate the transition of the site to its new use. The Canberra community prepared a Community Brief for the development of Kingston Foreshore. This Brief provides a statement of key development principles, a theme for the development, types of uses and a list of questions and answers which sum up the community's aspirations. Community acceptance of development of this key site in Canberra was important and the successes realised here contribute to a model of sustainable urban development relevant elsewhere.

The end result has seen the creation of the Kingston Foreshore Development Authority who is responsible for the site for the 10-15 year development period, which lies ahead. The site is to be decontaminated and redeveloped as a mixed use water front precinct with a strong arts, cultural, tourism and leisure theme.

The overall objectives for Kingston Foreshore are: *to complement the existing metropolitan urban structure, to implement best practice Ecologically Sustainable Development principles, to provide a diverse range of experiences by allowing the community to access and use the site in multiple ways, to reflect and strengthen the unique qualities of the natural and built environments and the cultural identity of the Canberra community, to deliver environmental and quality-of-life dividends while a delivering a sound financial return on investment, and to implement the projects in accordance with a staging strategy responsive to circumstances, needs and demands.*

Source: OECD, 2002b.

The Ecological City project asserted the importance of community involvement and pivotal role of local government to establish an integrated administrative structure. The concept would allow existing institutional barriers vis-à-vis any kind of 'special zoning' to be overcome. The River Clyde offers the opportunity for Glasgow to develop a model for area based regeneration of the type needed along the Clyde which is compatible with principles of local democracy and can establish a holistic model for the future.

Box 3.3. Sustainability Performance Areas

The first step in implementing Sustainability Performance Areas would be taken by the local community, to make an environmental audit (where we are), and to develop an environmental plan (where we want to go, what to change, what to maintain). This plan would have to show how local businesses would contribute to the attainment of goals and targets. The advantage to business is that it can combine its efforts with those of the community to meet overall targets or goals. The emphasis of the SPA should be on performance, or results, and on cross-sectoral, integrative policies.

The second step would be taken by the city or regional authority, which would evaluate the overall goals and the steps proposed to meet them. When a municipal or regional environmental plan already exists, the community plan would have to be consistent with it. But if a plan for the larger conurbation does not yet exist, the smaller unit would be able to proceed with its plan.

The third step would be taken when a Sustainability Performance Area is declared. This zone could be as small as a few blocks or as large as an entire district. The public authorities would establish an integrated administrative structure for the SPA to co-ordinate policies on land use, transport, energy, safety, etc.; special job-training programmes and school curricula could be introduced.

The SPA would benefit from a relaxation of regulations (to foster and allow the introduction of innovative standards and technologies), and from tax credits (to encourage investment by property owners). In addition, one-off bonuses or credits could be offered to public or private agencies that meet a demand for service in the SPA (the public transport authority, the water authority, etc.). The advantages of the SPA include: reducing uncertainty and enhancing co-ordination in policy, thereby favouring investment; promoting local demand for innovation; reducing the need for big, centralised spending programmes; and contributing to a greater variety of examples and experiments in cities at large. The benefits, grants and incentives for the SPA should only apply for a relatively short period (3-5 years), to foster a series of planned changes and investments. At the end of this period there must be an evaluation.

Sustainability Performance Areas would differ fundamentally from economic enterprise zones for urban economic development that already exist in several OECD countries. Typically, enterprise zones are created for cities with unusually high levels of unemployment and negative investment, often concentrated in particular areas (waterfronts or factory districts which no longer have an economic base). Companies investing in such areas may be relieved of taxes on capital gains for several years; duty-free export zones may be established on these sites; businesses may also benefit from relaxed planning or labour laws. Such concessions represent a top-down strategy to local economic development, which often fail to build a solid base for future economic growth.

Sustainability Performance Areas would instead correspond to local demand, and represent bottom-up strategies; they integrate districts into larger ecological and economic systems; and they call upon local capital and labour. Enterprise zones are limited to places already burdened with many disadvantages. Sustainability Performance Areas could be far more numerous: they do not correspond to the areas with the worst problems, but to areas with a plan. The SPA is not an enterprise zone renamed but a new kind of approach that is mindful of the mistakes of the past.

Sustainability Performance Areas can be created in cities to implement environmental strategies more rapidly, and to encourage experimentation with innovations. A Sustainability Performance Area should be:

- a) area-based;
- b) targeted against specific outcomes or goals over limited time period;
- c) open to a high degree of community and private-sector participation;
- d) a holistic, integrated management approach on the part of the public sector;
- e) an opportunity to adapt and modify existing planning standards and environmental regulations and to introduce new methods and instruments.

Source: OECD, 1996.

If a separate agency is created to respond to the Clyde, experience shows that it should be locally accountable and be inclusive of all stakeholders. The democratic process in the city is important and Glasgow City Council together with Scottish Enterprise Glasgow should determine final outcomes. It is not for the OECD to be prescriptive here but models clearly exist on which Glasgow could draw to create a new Glasgow model for waterfront development which will establish the city at the forefront of best practice. The River Clyde presents the city with the opportunity to become as respected for its approach to sustainable urban development as it already is for economic development.

Summary/conclusions

At present a tradition exists in the city of developing large-scale sites. This approach has its benefits, particularly as it rationalises land title issues and generally facilitates a 'smoother' development process. However, when a city promotes numerous large-scale developments an effective management strategy is essential. The regeneration of the Clyde essentially encompasses some of the most difficult structural problems facing the city. Its stated economic, social and environmental priorities are inter-related to the overall objectives for Clyde, but this is a fragile balance to manage. It is essential that the social and economic dimensions work in synergy, communities are already vulnerable along the Clyde and future developments must begin to impact more directly. Glasgow could create its own model for a development agency -- a model which safeguarded democratic accountability but facilitated a long-term delivery vehicle to ensure sustainable outcomes and overcome existing barriers which can affect the pace of change.

The River Clyde runs through the heart of the Glasgow and its regions. The economic, social and environmental advantages of the river's position in the conurbation are being harnessed. The regeneration of the Clyde has been taking place over the last two decades, although piecemeal and incremental has had an important impact. During the late 1990s a number of important factors came together which have provided the city with an effective but not complete tool kit for the Clyde. The approach emerging from both the City and metropolitan perspectives will undoubtedly yield favourable outcomes. A statutory policy context has been established which not only prioritises the development of the Clyde but also recognises the social, economic and environmental benefits of such a strategy and articulates the dependence of the region as a whole on its overall success. The Clyde waterfront is important for all local authorities whose boundaries it crosses, its development over the next two decades is integral to city, regional and national economic growth.

Glasgow is in a transition phase as it moves to implement its new agenda. The City Plan and other policy vehicles mark a shift evident in other countries. OECD (2000) noted that the experience of "strategy-less" planning is now seen to have been counterproductive. Projects competed with each other and undermined each other's viability. Regulation without territorial strategy could lose sight of the adverse consequences of the cumulative impact of separate regulatory decisions on place

quality. This has re-enforced the search for a new strategic focus in spatial development policy systems. Thus “planning” systems are themselves under pressure to change just as the wider forces outlined in the previous section focus more attention on the spatiality of urban and regional development. This creates a “positive moment” for spatial planning. But to meet this opportunity, the new experimentation with spatial development strategy needs to be inspired by new conceptions of “place quality” and new understandings of urban and regional dynamics. Efforts are also needed to connect new policy concepts to the tools available through which policy can have an influence.

Integrating local communities into an overall strategy for the Clyde is essential. Govan and Gorbals are as important in the new Glasgow as they were in the old. New urban fabric must interconnect with more traditional areas and the economic benefits must spill over into existing communities. Many of the training and employment programmes pursued by Gorbals and Govan Initiatives and other agencies are focusing on raising skills and the educational attainment of local people, adding momentum to this process to realise greater outcomes will require efforts from all levels of government. New developments should contribute to reducing disparities and innovative ways must be found to improve economic and social linkages.

This in a sense is the reality that faces Glasgow with respect to the River Clyde: a new planning context has been established, but it is by and large untested. Implementation and delivery over the next few years will be crucial. Broader strategies are now in place the key issue for Glasgow is to ensure that a strategy for the river and a means of implementation emerges. Much has been done in the city to bring about significant physical change. Such is the scale of the required regeneration in the city that projects of enormous scale have often been executed simultaneously. This places considerable pressure on both resources and outcomes, raising the issue of the need for greater prioritisation to extract the maximum benefits from an investment before taking on more.

PART IV

AN URBAN RENAISSANCE CITY

Introduction

Glasgow is at a turning point, just as the other cities in this Urban Renaissance Series have been. It has entered a period of renaissance, not the first time, but as well as achieving economic stability founded on sound intervention and policymaking it now has renewed commitment to tackle structural drag factors which have affected it for many years. The last decade or so has seen the city change dramatically, socially, economically and physically. This study has considered some of the important initiatives which have facilitated these changes and reveals a sophisticated local capacity. The city has a strong track record of 'Made in Glasgow' solutions which have successfully modified templates created at the national level to realise more and better outcomes. Glasgow is a mature city with serious challenges ahead, giving it more flexibility to develop responses which can respond with greater impact to shared strategic priorities will ensure that the renaissance is sustained.

Box 3.4. Priorities for action

- Adopt a strategy for the River Clyde, including an integrated transport strategy.
- Recognition of the River Clyde as a priority for Scotland.
- Adopt the ECMT-OECD transport guidelines.
- Redevelop more brownfield sites.
- Develop a Glasgow Model for urban regeneration which draws on the existing tool kit and know how.
- Adopt the OECD Principles of Metropolitan Governance.

Source: Compilation by OECD Secretariat.

A renaissance city

A vision for the future based on broad public consultation

A forward-looking inclusive vision developed through consultation with all stakeholders is a crucial step towards establishing a comprehensive understanding of local competitive advantage. A city vision should respond to short, medium and long-term needs. It should balance economic growth with social justice and contribute to realising sustainable development. The *vision* for the future of the city under evaluation is an essential element of the process. Nevertheless, urban redevelopment may be occurring in the absence of a declared vision, in the context of an established but ineffective vision or as a result of a successful and clear vision. In most cities the issue at hand appears to be a multiplicity of visions that are not sufficiently strategic. A parochial tendency at the local level, to exaggerate the uniqueness of a city's circumstances and to avoid making international comparisons, is common. The international dimension of the evaluation exercise can bring ideas and options to light which can be missed when the focus is purely local and can draw out emerging ideas, which benefit from broader peer review.

Visioning has become commonplace at all levels of government, but a distinction needs to be drawn between what are essentially mission statements or statements of good intention and a meaningful long-term vision which understand the city in its regional, national and international contexts. All territorial levels and government departments need to consider the meaning and value of future oriented visions. Visions should provide an overarching context for the future of a territory, which is based on shared values and aspirations and realisable end goals.

In Glasgow a series of visions have evolved to respond to the social, economic and environmental needs of the city. Visions have been built into the statutory and non-statutory framework. Strong public leadership creates a very distinct perspective for the future. Democratic participation is important in the city and there appear to be sound mechanisms in place to facilitate public consultation. From the Executive down through all territorial levels, public consultation and participation are actively encouraged and have proven to be an important aspect of devolution and local democracy in the Scottish context. However, the extent to which the multitudes of visions are coherently focused to achieve measurable outcomes requires further consideration. Is there one vision or many? Most of the organisations with responsibility for the development of Glasgow have articulated a vision; but are they optimally commensurate with each other? And do mechanisms or processes exist for forging a broad-based consensus? This could be frustrated by:

- organisational proliferation, 'clutter', institutional competition locally;
- tensions and rivalries at several spatial scales/orientations — urban–rural (Scotland-wide); Glasgow–Edinburgh; urban–suburban (within Glasgow).

One of the key challenges is how Glasgow can develop a more single minded and creative approach to implementing its vision, moving towards a deeper focus on impact. There is no shortage of thinking about what Glasgow should do; the challenge is to limit current constraints and identify 'rules' which need to be changed to enable the city to meet its potential. Limited public funding and current governance arrangements appear to inhibit Glasgow's capacity to respond to current challenges and address strategic weaknesses. A successful future will be dependant upon the city developing a more entrepreneurial approach to its future which less vulnerable to short-term political constraints. It is clear that Glasgow has some unique opportunities as well as unique constraints -- articulating these issues into clarifying its future role is important. Glasgow is a mature city with a strong culture of professional capacity and know-how. A new "implementation laboratory" is required that focuses on the delivery of Glasgow's ambition. The challenge that Glasgow now seems to face is how to move beyond what the existing institutional and public finance regime will deliver. There is a clear sense that as much innovation as is possible within the existing arrangements has been exploited, but there is only limited range of ideas about to move beyond existing institutional arrangements.

A strategic plan to guide development, including urban regeneration at the centre and growth management on the periphery of the functional region

Spatial planning is one of the principal statutory mechanisms used at sub national territorial levels to guide territorial development. Traditionally, spatial development strategy was articulated in master or development plans. The emphasis in such plans turned to the promotion of projects and to a focus on land use but in a situation where spatial dynamics were not well taken into account. How far sectoral requirements were integrated into a coherent strategy depended on the power of the planning instruments. Spatial planning often ended up being "strategy-less", imposing a rigid pattern of zoned land uses. The new agenda of spatial development is broad. Competitive positioning in a new global economic geography shapes strategic pre-occupations, particularly as regards major infrastructure investments and locations for new concentrations of business activities. It also highlights the importance of the cultural assets of a place to attract the skilled workers of the new knowledge industries and tourists. The need for environmental sustainability highlights both new conservation priorities and new ways of thinking about the flows of people, goods and waste products. The need for social cohesion leads to concerns for the quality and accessibility of particular resources, amenities and opportunities in the city and region.

Glasgow is particularly well advanced with respect to this goal. A sound Structure Plan and a new City Plan provide a coherent and mutually reinforcing strategic context. Strategic thinking links the inner urban core to the wider functional region with a comprehensive understanding of the spatial, economic and social implications of policy. The Glasgow and Clyde Valley Joint Structure Plan is a dynamic forward looking approach which is soundly underpinned by sustainable development principles. Sound analysis has produced a balanced approach which promotes the triple bottom line. Sustainable development can only be achieved if the

challenges implied by this concept are clearly stated. The Plan establishes a long-term strategy for the metropolitan area which effectively integrates social, economic and environmental policy objectives. The interdependency of economic development, land use planning, transport and environmental management to realise social cohesion and economic growth are well articulated. A holistic policy context has evolved at the strategic level which demonstrates the broader trend away from sectoral policy approaches towards a more cross-cutting territorial approach on which sustainability is dependant. The Plan is a sound demonstration of intra-governmental co-operation and co-ordination thus establishing appropriate framework conditions to realise its goals.

For the first time in over forty years Glasgow has a City Plan. This is an immensely important step forward. Not only does it clarify a cumbersome system of numerous local and neighbourhood plans but it clearly establishes a city-wide perspective which will determine the future. From a professional and technical perspective this has enabled the city to develop a plan appropriate for the twenty first century. The Plan is considered to be strong and decisive. The City Council is aware that the next three years will be a very testing time for the plan; a short review period of about four years will enable policies to be reviewed and strategies revised. The Plan deals in detail with issues such as urban regeneration, city centre development and the management of key territorial assets. The City Plan is focused on sustainable development and has developed policies aimed at diminishing threats to sustainable development. However, the Plan is in its infancy and policies are yet to be fully tested. The River Clyde is articulated as a strategic planning priority in both the City Plan and the Structure Plan. It is also recognised as an important aspect in delivering the social agenda proposed through Creating Tomorrow's Glasgow and the economic role that it has in the Joint Economic Strategy.

The Joint Economic Strategy is equally important. Jointly prepared between Glasgow City Council and Scottish Enterprise Glasgow (formerly GDA), the Strategy is now two and half years old and about to be reviewed. Glasgow should broadly continue it's current Economic Strategy with the focus on financial services, creative industries and new media, call centres, hospitality, culture, and retail. This should be complemented by a renewed focus on the needs and impacts of the city's fastest growing companies. This should not be fundamentally about trying to create economic development 'products' for them, but rather to understand their relationship with the City itself: a 'Glasgow 100' programme to find the city's 100 fastest growing companies, to profile and celebrate their achievements and to learn about their needs and usage of people and talent, land and premises, infrastructure and utilities, capital.

The Joint Economic Strategy is also correct in seeking to reduce social disparities in the city through human capital development and endogenous growth promotion as tool to deliver change. Operating in synergy with the broader aims of the Glasgow Alliance, the Strategy is a conduit for balancing the need and growth agendas. The strategic policy position will be under pressure to ensure that economic and social development in the city can be advanced sufficiently to enable what was once one of the most important industrial cities in the world to redefine itself for the 21st century. The strong culture of innovation, creativity and durability continues to exist but the city can

only be sustainable when disparities are reduced. A twin-track city is what Glasgow is at present, but not what Glasgow seeks to be.

Made a clear analysis of how environmental, economic and social issues are linked, and are adopting policies to address threats to sustainable development

The concepts of sustainable development call attention to the inter-relationships among social, economic and environmental conditions which are more apparent at the urban than at the national scale. Because urban development involves investments that have a useful life-cycle measured in years or decades, the quality of life that people will enjoy in the future will be shaped in part by commitments made now. So whilst urban policy is remedial insofar as it tries to cope with problems that already exist it is forward-looking because it tries to guide development as it occurs, to provide better cities for the future. As such the goals of sustainable development will be more easily achieved through effective policies for urban development which are part of a comprehensive territorial vision.

Analysing the three core stands of sustainable development and developing effective policy responses is a difficult task. It is highly reliant upon coherence between levels of government and a sound national policy framework. Sustainable development is essential because the status quo is not a viable option. Sustainable development, as a concept and as a process, captures this vision. The economic, social and environmental aspects of development are widely recognised as components of sustainability; the reduction of territorial disparities, or the pursuit of regional cohesion, is emerging as a fourth dimension. Because each dimension involves a different time frame, only a broadly shared vision can hold the actors and institutions together and inspire public trust and commitment. Despite over a decade of international responses, sustainable development policies which synergise the three core strands remain a challenge at all territorial levels. Social sustainability appears to be the strategic weakness, a point which has recently been articulated by OECD. However, cities are now responding to this issue.

The Joint Structure Plan has perhaps realised this goal in its broadest sense; transport however is a serious issue which requires more attention. The City Plan certainly is focused on sustainable development and has developed policies aimed at diminishing threats to sustainable development, but the Plan is in its infancy and policies are yet to be fully tested. In the past, it would be true to say that there has been the recognisable separation in thinking between the social, economic and environmental policy strands of sustainable development. This kind of integration is evident within the key aims of the Glasgow City Plan; the main question is whether the policies and strategies arising from this will be sufficient to achieve this. Similarly, the GCV Structure Plan has adopted the objective of advancing social inclusion by making more jobs accessible by public transport – a key target in a city where rates of car ownership are low, particularly within its most disadvantaged neighbourhoods.

Nationally, the Scottish Executive could put more emphasis on the close connection between economic competitiveness and the spatial organisation of the economy, (despite reference in *The Way Forward* to the historic failure to link the economic to the spatial). The current Cities Review may serve to awaken greater sensitivity to the link between spatial structure and the achievement of sustainability objectives.

Locally, decisions such as the siting of the digital media village at Pacific Quay raise some significant questions about the extent to which development decisions have been informed by an integrated development perspective. Within the project itself, original conceptions for the development scheme seemed surprisingly 'monocultural' in character, in that land uses appeared to be limited in number and segregated into distinct zones: two large 'anchor' uses — BBC Scotland and the Science Centre — surrounded by unimaginatively laid out office uses contained in large-footprint developments totalling some 30 000 sq. m. More recent schemes for this project appear to recognise the need to achieve a richer, more dynamic mix of activities — in particular, residential, retail and entertainment, as well as office uses. In an area that is supposed to attract and retain creative (especially multimedia and design-based) firms and workers, the success of the project will ultimately depend very heavily on its ability to achieve such a mix through flexible and innovative approaches to land use regulation. Govan Initiative appears to be making considerable efforts through lifelong learning and training initiatives to 'connect' to the Digital Media Campus. A well co-ordinated holistic strategy is necessary which addresses physical, social and economic linkages and which engages private sector investors into the broader regeneration framework.

The City Centre has undergone a process of renaissance and renewal that, while still far from complete, has achieved considerable success and appears to be well established. Strong momentum appears to exist for this process to continue. For example, the amount of vacant space on the upper floors of older, low-rise commercial buildings in the central area is striking (estimated at 3.5 million sq. feet) and represents a potential asset. There are two very tangible indicators of lost opportunities arising from this: first, a surprisingly small resident population (14 000); second, the evident difficulty encountered by small but growing local firms in knowledge-intensive sectors to secure sufficient space in which to expand. If the City Centre is going to achieve a dynamic economic structure — one that is sufficiently robust to withstand the next and future economic downturns — then it cannot afford to forego the potential for development that such space embodies. Furthermore, if the City of Glasgow is committed to attracting and retaining a larger share of the expected population growth within Greater Glasgow, this under-utilised space in one of the most attractive and well-serviced parts of the region constitutes a squandered opportunity of significant proportions.

At the same time, the plan to build a new City Science facility on a prime site on the edge of the City Centre demonstrates a more creative way to link a knowledge-based economic development strategy for the wider region with the regeneration of Glasgow's older neighbourhoods. This scheme to create a new urban

science park on a large brownfield site located strategically between Strathclyde University to the north and the Merchant City to the south illustrates an intelligent use of central city land for the development of new, knowledge-intensive economic activities in sectors such as biotechnology and optoelectronics.

At a somewhat wider spatial scale the strength of the linkages between Pacific Quay and the existing commercial and office centre of Glasgow will be a crucial determinant of the development's future success. Other pre-existing neighbourhoods in the city — most notably the Merchant City — would appear to offer the kind of urban fabric that is most conducive to the emergence and growth of creative industry clusters: older, formerly industrial and warehouse buildings offering maximum flexibility to accommodate a variety of live/work, commercial, retail, hospitality and entertainment uses — somewhat akin to London's Soho, New York's Silicon Alley, and Toronto's King-Spadina district. It will be a major challenge to replicate this kind of potentially rich and dynamic urban environment on the Pacific Quay development site.

There are some important questions about the extent to which this project will be integrated with the existing adjacent urban fabric and nearby communities at risk. This aspect of the project is especially important if it is to succeed in linking economic and social goals effectively. Given its proximity to socially and economically disadvantaged communities — notably in nearby Govan — considerable attention should be devoted to ways in which the residents of this disadvantaged community can benefit from the Pacific Quay redevelopment. The Govan Initiative's innovative training programs in ICT and networking skills in co-operation with the Cisco Foundation are an important step in the right direction, as are plans to provide broadband access to local businesses and households. But considerably more needs to be done to overcome a potentially steep divide and to ensure that Pacific Quay fulfils its promise as a source of economic opportunity for neighbouring communities. Such strategies could also be integrated with the physical regeneration and rejuvenation of older neighbourhoods to the west, south and east of the Pacific Quay site.

Agencies such as the Gorbals Initiative are very sophisticated and highly effective instruments to turn policy into practice. They operate in a long-term cross-sectoral environment which can be targeted to address severe circumstances. A key factor to this type of service delivery, which is reliant upon sustainable long-term outcomes, concerns the skill base of the personnel employed. This asset represents an accumulated knowledge base, which is an important resource for the rest of the United Kingdom and OECD Member countries. The Gorbals Initiative and the Govan Initiative are important examples which demonstrate how to deliver sustainable outcomes. In effect they are in advance of some of the policy debates which surround sustainability, particularly with respect to realising social sustainability through effective economic development. The Initiatives have operated under two different governments in the United Kingdom with varying policy approaches to social, economic and physical regeneration; learning from their experiences is essential.

Identified its territorial assets which are to be maintained and enhanced, and is committed to maintaining and developing infrastructures to make best use of territorial assets

Every territory has an optimal trajectory for its development based on its assets and opportunities. Therefore, a strategy for development must begin with an analysis of each regions territorial assets, competitive advantage and specific potential (territorial capital). Investment that is tailored to territorial capital will be more profitable, the aim is to give every part of a country an equal chance to develop on the understanding that development will not be uniform but specific to each area and in keeping with its assets and potential. Space based assets are integral to establishing competitive advantage. Michael Porter argues that location in the modern global economy is a crucial factor and in order for cities to be competitive they must draw on local advantages. That means that cities must identify their territorial assets and understand how those assets can contribute to economic growth in the city and in the regions. The city centre as a territorial asset has been recognised for well over a decade now and considerable progress has been made to re-establish its relevance to the city, the region and to Scotland. More remains to be done, but the city centre remains firmly on the policy agenda.

Importantly for Glasgow the River Clyde is now recognised as one of the most important territorial assets that the city has. The City Plan asserts the importance of the river and its lands for the city. The GCV Joint Structure Plan focuses on the river in its regional context but also draws attention to the fact that waterfront development in Glasgow impact upon the region as a whole. A significant amount of riverside development has taken place over the last decade in the city and significant developments are taking place along the waterfront outside the city boundary. This development has taken place without a co-ordinated plan or strategy, an important issue. Attempts to redress this resulted in the CIDRE project which provides an important analysis of what has taken place and offers a perspective on what is needed for the future. However, although there are several mutually reinforcing goals for the river there is not a truly strategic perspective which is directly connected to an implementation programme.

An idea emerging from the substantive OECD project “The Ecological City” was the concept of Sustainability Performance Areas (SPAs) which may be a useful tool to take forward the development of the River Clyde. SPAs correspond to local demand, and represent bottom-up strategies; they integrate into larger ecological and economic systems; and they call upon local capital and labour. A SPA can be created in a city to facilitate more rapid change, encourage experimentation and innovation. SPAs can be created in cities to implement environmental strategies and policies more rapidly. SPAs could help cities and neighbourhoods to overcome many of the obstacles that block or retard local initiative. The Ecological City project asserted the importance of community involvement and pivotal role of local government to establish an integrated administrative structure. The concept would allow existing institutional barriers vis-à-vis any kind of ‘special zoning’ to be overcome. The River Clyde offers the

opportunity for Glasgow to develop a model for area based regeneration of the type needed along the Clyde which is compatible with principles of local democracy and can establish a holistic model for the future.

In Glasgow, as in most cities, higher education institutions are an important part of the city's history and are clearly important territorial assets. Local government and Scottish Enterprise Glasgow have been highly effective at recognising this and facilitating a comprehensive policy framework which responds to the broader needs of these institutions -- whether they be space based, housing, transport or economic development. The institutions themselves though need to develop a more integrated approach to the city. Universities benefit from healthy cities -- economically and socially -- and therefore need to redefine their relationship with the city.

The housing stock transfer and subsequent implications that it has for the construction industry and workforce of Glasgow are important considerations. Because local tenants voted to accept the transfer one of Glasgow's largest territorial assets will receive high levels of investment to upgrade and maintain the stock. There will be social, economic and environmental consequences to this proposal which will have long-term benefit. This is an opportunity for the city to redefine and add value to an important asset. It can serve a model for alternative ways of managing costly but necessary urban infrastructures.

Identified the obstacles to implementing better policies to address congestion and pollution, the re-use of brownfield sites, the integration of distressed urban areas, the needs of the ageing population, the problems of long-term unemployed, as well as the obstacles to taking advantage of ICT, the new economy, the promotion of SMEs, etc.

An established tradition of research and analysis by policy makers and policy implementers supported by strong academic links has helped the city clearly identify obstacles to implementing better policies. All of the areas mentioned above have benefited from ongoing analysis; the issue clearly remains one of power and influence over the ability to remove obstacles.

The city-region appears to confront a choice between two basic paths: the spatial fix or the social one. The former will have the effect of increasing spatial separation of areas of prosperity, dynamism and growth from those of deprivation and stagnation. On this path, the spatial focus of employment and population growth moves to greenfield sites. Ultimately, this strategy is not sustainable since it serves only to paper over widening rifts of social exclusion. Alternatively, a 'social fix' strategy successfully combines social justice/inclusion with economic competitiveness by acknowledging that severe social problems, left unaddressed, will ultimately undermine the *entire region's* attractiveness to skilled workers, investors, and tourists. Clearly, GCC and SEG have chosen the social fix option. It is important to stress though that it is at the territorial level that growth and cohesion are reconciled. However, their ability to succeed depends crucially on the larger framework for 'growth with social inclusion' at the national level, as well as a stronger acknowledgement

nationally (achieved through the Cities Review) that *spatial structure constitutes a central and inseparable component of successful economic development strategies.*

The social justice and economic competitiveness agendas need to be carefully managed in order to resolve some of the traditional growth and needs tensions, which seem to be especially evident within Scottish Enterprise Network, where the agency's longstanding mandate to support growth must be fully and convincingly integrated with the social inclusion objective. This integration appears to be considerably stronger at the local (SEG and GCC) level, where it is grounded in the very successful innovations in neighbourhoods like Gorbals and Govan to create job opportunities and enhance employability of local residents, while at the same time addressing longstanding local needs in the physical and environmental fabric of each area. Nevertheless, even local agencies acknowledge the need for stronger connections between such neighbourhoods and the major growth opportunities in the central area and elsewhere. Moving such communities closer to full employment therefore depends on *both* local, internally generated initiatives *and* greater participation in city-wide growth dynamics.

- Transport issues are being addressed in both the city and the metropolitan contexts. In each case it remains a strategic weakness but a process of moving towards an integrated system is underway. The OECD ECMT guidelines referred to in Part III, should be adopted to could make an important contribution to existing analytical processes. Glasgow has considerable challenges, as an older city with a high cost-bearing infrastructure planning the future more sustainably is now a priority.
- Despite considerable progress, brownfield sites remain a particular problem in the city. Multi-agency commitment to reduce current amounts at a more rapid rate should realise positive outcomes. Part I, highlighted some of the mechanisms used in the city to redevelop these area. Realising 86 per cent of new housing on brownfield land is impressive, however with 9 per cent of urban land classed as brownfield the city recognises the need to do more.
- A sound tradition of area based regeneration initiatives exist; however the greatest challenge lies in integrating deprived areas of city with more prosperous ones. This is important on all levels: at the most basic, physical linkages need to be enhanced, the urban fabric must interconnect better. Economically and socially regenerated areas such as the city centre and the forthcoming Pacific Quay must be relevant and accessible to all Glaswegians. Economic benefits must spillover into existing communities which are characterised by high unemployment. The River Clyde in particular is an opportunity to do this.
- Long-term unemployment, hidden unemployment through disability and low educational attainment negatively impact upon the city's efforts to regenerate the economy. Despite highly effective programmes and initiatives developed over the last two decades structural weaknesses remain. A renewed commitment to reducing disparities has emerged in

the city drawing on a sound policy tool kit. A cross-sectoral approach which is tackling housing, health, training and education will be effective.

Recognised the importance of the learning city region concept and facilitates effective organisational learning to develop high levels of innovative capacity

The concept of the learning city region is becoming increasingly understood and strategies are being developed. Education is perhaps the main area where public investment can provide the tools for people in such areas to break out of the “vicious cycles” of unemployment. The underlying assumption of education policy in OECD countries is that the educational system should provide each child with the environment in which to maximise his/her potential. As a way of breaking intergenerational cycles of educational under-achievement and improving the skill level and, hence, adaptability of poor areas, such additional expenditure is clearly an investment as well as a supplement to offset disadvantage. Glasgow should adopt and monitor the OECD Learning City Region Principles.

Lifelong learning is a policy priority for territorial levels of government in Scotland. Significant efforts have been directed towards facilitating lifelong learning but it is too early to come to an opinion as to the overall effectiveness of policies and strategies. Lifelong learning must be considered within a territorial context. On the one hand, the palpable enthusiasm with which local actors and agencies have embraced the *OECD Urban Renaissance Review* as an opportunity to learn from the experiences of city regions elsewhere (as well as to catalyse an ongoing process of critical self-appraisal) indicates that local leaders have ‘bought in’ to the principles of a true learning city region. They are not afraid to admit that they have important lessons to learn from other similar city-regions elsewhere. At the same time, they are confident enough in their achievements to date to want to share their local success stories with others. On the other hand, at the agency and program level, social learning processes (*i.e.* learning by firms through interaction with other firms; organisational learning more broadly) have not been fully exploited or benchmarked against other successful local models.

A good example of the consequences of this can be seen in the case of the Pacific Quay development scheme. To make this work — especially the idea of creating a digital media village/campus — a much stronger social dialogue between major stakeholders (actual and potential) is necessary. BBC Scotland has shrewdly recognised the opportunities that this new project presents to enhance creativity and learning opportunities by re-engineering the organisation *internally* in order to facilitate greater flexibility, collaboration, and mixing. While they expect their own move to induce the relocation of other players in the Glasgow broadcasting industry and the formation of a new ‘Digital Media Campus’, it is not certain that BBC Scotland and the Science Centre on their own can generate enough momentum or pull to produce the kind of rich mix of economic, social and cultural activities required to support the successful emergence of a digital media cluster locally. For this reason, it is especially important that the large,

lead actors be encouraged to engage in a process of social dialogue with other potential stakeholders (smaller supplier firms, nearby residents and community organisations, the commercial, retail and entertainment sector, the HE/FE sector) and area planners in order to ensure that the plans for the surrounding development support the requirements and deliver the characteristics of a learning-rich spatial concentration of economic activity. In the absence of this first round of socially organised learning dynamics (promoting inter-organisational learning), the ability of this new development to support sustained, continuous social learning (within and between organisations in the area), and the innovative capacity that flows from this, will be severely constrained.

Organisational learning is everyone's concern, in both the public and private sectors. Glasgow has the potential to become a global centre of excellence for urban regeneration. Strong academic and professional (public and private sector) institutional capacity already exists. For several decades now urban regeneration in the city has been highly innovative and targeted towards strengths and weaknesses. The most challenging socially excluded communities have benefited from effective area-based initiatives and labour market strategies. Many of the initiatives and mechanisms developed have been replicated already and more can be done. Urban regeneration in the city encompasses all levels, agencies such as Scottish Enterprise Glasgow nurture high value added growth whilst simultaneously tackling some of the most extreme facets of deprivation. A centre of excellence would enable the city to raise standards and the effectiveness of intervention globally as well as maintaining a tradition of innovation and impact.

Identified national policies and programmes with both positive and negative impact on its development

In Glasgow there was clear understanding of the negative and positive impacts of national policies and programmes. This is true in many other cities. The key challenge lies in communicating that information back to the national level and thus influencing future policy agendas. In Glasgow the effective multi-agency approach has led to a considerable local knowledge base which deserves greater recognition from higher levels of government. Glasgow is now in a position to benefit from a more coherent governance structure which facilitates greater synergy between local and national priorities. Policy shifts which emerged at the national level as a result of the change of government in 1997 and Devolution in 1999 establish social justice, lifelong learning, economic development and sustainable development as national priorities. Local policy objectives are thus reinforced by a pro-active national agenda. The key challenge in this new context is therefore to build up new governance relations and policy cultures which allow for more horizontal rather than hierarchical relations, with more collaboration rather than conflict between government and the society. Governance requires the capacity to draw widely upon the knowledge resources available and generate collective learning contexts in which new ways of thinking about spatial dynamics can be developed, shared and focused into strategic priorities.

Devolution and the creation of the Scottish Parliament, as well as the ongoing development of national strategic direction and policy make this a challenge. At the

same time, this unusual degree of fluidity represents a rare opportunity to shape and influence the course of policy development in exciting ways. The prevailing sense amongst local stakeholders is that devolution has served to emphasise development opportunities elsewhere in Scotland, to the detriment of Glasgow. Edinburgh, rural Scotland and smaller urban centres are widely perceived to have been the major beneficiaries thus far. Given that Glasgow is a net contributor, as is usually the case with any large city, given its wealth-generating capacity, what additional public resources might help the economy grow further and reduce social costs, thereby eventually increasing Glasgow's contribution to the Scottish economy? The realities of parliamentary politics and the pressures to balance a wide range of territorially defined interests suggest that it will be far more fruitful to advance Glasgow's interests in other ways. Promoting a more broadly based, national 'Cities agenda' will blunt the usual concerns about 'favouritism' and 'special interest' from politicians concerned about rural and small-town sensitivities.

Actively seeking and promoting a strong alliance between Glasgow and Edinburgh — its nearby neighbour — will allow each city-region to explore its own distinctive strengths as well as its mutual complementarities at the same time. Given their geographical proximity to one another, important opportunities for co-operation and synergy should not be neglected. Recent successes at promoting an integrated, multi-city strategy for financial services development should be more widely acknowledged and exploited as the foundations for future collaborative initiatives. Finally, sectorally (rather than spatially) defined strategies that are implicitly city-friendly ought to be pursued with renewed vigour. Chief among these are policies to invest in the higher education sector through faculty recruitment and retention policies, and support for basic and applied research.

Local government finance was highlight by the OECD *UK Economic Survey, 2001* as an important issue, it is worth reiterating the recommendation:

“it would be advisable for local governments to be given more freedom to organise the expenditure programmes, for which they have been given responsibility, as they deem appropriate and to design better fees and charging structures. A related challenge is the need to reform the grant distribution system, which is complex and controversial, not least because of growing earmarked grants to promote national policy goals. Greater autonomy in borrowing policy should help encourage investment in local infrastructure development.”

Certainly it is the subject of considerable local debate and does clearly limit the city. The challenges facing Glasgow with respect to unemployment, social exclusion and vacant and derelict land inevitably will require more creative thinking at the central level in order for the city to deliver change at a more rapid rate.

Intermediate labour market strategies such as Glasgow Works are an important example of local innovation and have realised more sustainable outcomes than say the New Deal. This raises the inevitable issue of giving greater scope locally

to adapt programmes to meet local need. Some national programmes will be appropriate but some will not. It is true that Glasgow Works is more costly but overcoming inter-generation unemployment and stopping cycles of deprivation will be costly in the short-term. Similarly, the city has benefited highly innovative area based initiatives such as Govan Initiative and Gorbals Initiative which complement national programmes. The long-term role of these organisations needs to be considered, they are highly effective organisations which are of broader relevance in the city.

Clarified the roles and responsibilities of national and regional government, and the allocation of resources, and adopted the metropolitan governance principles

In Scotland, the changes in governance are breaking down barriers through the creation of a revitalised policy context which responds directly to the Scottish context. Linking the economic to the spatial and the social is a fundamental goal of this Series. The Analytical Framework and the goals of a renaissance city reinforce Executive policy responses. The priorities for action of the Framework for Economic Development for Scotland, whilst generic and typical of sound economic development goals, are important. The Executive has sought to prioritise goals for the future based on the realities of the Scottish economy and the needs of the population.

Devolution has brought with it many challenges for Glasgow and established a new governance framework which clearly affect the balance of power between territorial levels, policy making and fiscal resources. At the national level, there should be recognition of:

- the absolutely central role for cities in Scotland’s economy by emphasising the crucial importance of place in supporting the emergence and evolution of socially organised learning dynamics;
- the *complementary* (rather than competitive) relationship between urban and rural Scotland by showing how a strong set of cities benefits rural areas and the nation as a whole (while the converse of this statement cannot be supported or substantiated);
- the economic, social and environmental health of the central city and its surrounding suburbs are intimately linked, the benefits of a new framework for metropolitan governance at the city-region scale, encompassing land-use and transportation planning, economic development, finance and environmental management.

On the role and responsibilities of the national government, there is a widely held view that the strategic analyses recently produced by Scottish Enterprise -- especially its *Smart Successful Scotland* and its recent cluster initiative -- are handicapped by their failure to acknowledge the importance of spatial organisation. The proposals to grow indigenous enterprise and upgrade skills through learning make little sense if they are not couched within a territorial framework and logic. It is clear, as examples such as JP Morgan’s Glasgow Software Centre demonstrate, that ‘quality of place’ has become *the crucial determinant* of a region’s ability to attract and retain

talented workers -- the key resource in the knowledge-based or learning economy. Given this established fact, public policies to promote innovation, dynamism and growth must also be tied to place. Similarly, it makes little sense to plan a 'cluster strategy' without acknowledging -- and taking advantage of -- the geographical dimensions of an industry's organisation and development.

In the absence of this spatial dimension, the connection between the regeneration of the River Clyde and the future prosperity of the region seems tenuous. **But once one accepts the value of a place-based approach, the renewal of the Clyde can be appreciated for its true potential – as a key contributor to the city-region's quality of place and its long-run competitiveness.** Glasgow's new-economy employers have no difficulty in seeing this connection and stress the strategic -- and symbolic -- importance of the river to the city's future and to its image abroad.

Scottish Enterprise Glasgow and its predecessor, Glasgow Development Agency has played important roles in the city responding to significant economic, social and environmental challenges. Working in partnership with other key agencies important strategies have evolved which have established Glasgow's renaissance. It is clear that without this effective partnership approach that the regeneration of the city would not have taken place with such vigour. In Part I, the important role that the organisation has played in establishing an effective response to the serious issue of vacant and derelict land faced by the city was discussed. Together with Glasgow City Council the individual programmes are innovative and effective. The policy approach and funding mechanisms have been highly effective. However, the scale of the problem is so significant that the issue for the next decade clearly has to focus on the additional tools that the city agencies need to advance further. Methodical and appropriate intervention has realised significant results but clearly additional mechanisms are necessary which will have budgetary implications. Glasgow has an exceptional amount of vacant and derelict land and clearly needs the capacity to increase the pace of rehabilitation.

Progress has already been made with initiatives to use land values to generate revenue and capital investment in Clyde-side locations. These deals are difficult to work out at first, and many of the costs are up front. There are significant land holdings in both public and private sector ownership that are under-performing because they are not linked with the available investment capital. A new asset management arrangement should be put in place that optimises the investment potential in the city's land and assets based on an equitable partnership between public and private land, public and private capital. Glasgow City Centre has a history of success in City Centre Management techniques. These efforts should be augmented by setting up a Business Improvement District pilot for the city, using additional covenanted revenues to pay for a major acceleration in Town centre re-investment based on existing visions.

As Scotland's biggest city, and major global hub, the new political arrangements must deliver a New Deal for Glasgow. At the heart of this must be flexibilities with the use of the City's public funding allocations and its overall approach to managing and realising the value that is locked up in its own assets and

resources. Wherever possible public funds should be used to underpin private long-term investment, and with the deliberate objective to create the scope for financial engineering and more flexible asset management. Would the city benefit from devolution of control over land use and value, public finance, and fiscal flexibilities from the Scottish Parliament? As Scotland's investment in Glasgow's long-term future, such arrangements should be based on agreed, but simple set of goals.

There is a clear imperative to reduce the transaction costs of intermediaries working on the Glasgow future at the local level and build flexibility back into the various public finance regimes. For example, the local initiatives in Glasgow are often managing over 100 different income lines per year, each requiring a separate process of form filling, competitive bidding, accounting, contract management, etc. This is cumbersome for all concerned -- politicians, decision-makers and the private sector. It can in turn frustrate outcomes and reduce potential. This is a problem for all concerned in the broad delivery of regeneration services as it seriously inhibits intent. There appear to be almost no attempts to achieve any efficiencies of scale between the various funding regimes. Options for change could be:

- A 'Glasgow New Deal Group' be created to work up a simple prospectus of the top ten operational/financial flexibilities that Glasgow would want to drive regeneration substantially forward.
- A public expenditure review could cover economic development, urban regeneration and employment to create a Glasgow block grant system. A simplified system of public finance and regeneration would deliver the strategic purpose of Glasgow City Council and the Scottish Executive.
- A New Deal for Glasgow also offers the opportunity to create new public private partnerships appropriate for the city. A Glasgow Investment Commission, for example, could draw together public sector leaders and institutions such as banks and insurance companies to work on major development projects, at the outset. This would optimise the attractiveness of returns and overcome problems of how development projects are developed and co-ordinated. This would in turn make projects more viable and more effective. Improved dialogue between investors and policy-makers will be beneficial for the city as a whole.
- Similarly, a group needs to be tasked to consider how from 2006 Glasgow will fund major programmes which currently rely on high levels of EU funding. Moving forward in the absence of structural aid will require closer co-operation with the European Investment Bank, amongst others, how this will or could happen needs to be considered.
- Realising more development on brownfield land is a strategic objective of local agencies. This is one area where a New Deal group could be useful; it could for example, promote a relaxation of capital receipts as they apply to publicly owned land allowing public sector landowners to retain and reinvest the receipts to redevelop more brownfield sites and rehabilitate abandoned buildings.

- A new asset management arrangement, ‘The Clydeside Land Trust’ should be created by the major partners and designed so as to optimise the long-term growth in the asset values through progressive and flexible investment and re-investment mechanisms, based on productive use of sites.

The city and the region should adopt the OECD Principles of Metropolitan Governance.

Box 4.1. OECD principles of metropolitan governance

Cities for Citizens: Cities should be developed, not only to meet the needs of the economy, but also to help fulfil the aspirations of people for a higher quality of life through measures that can also maintain and enhance the attractiveness and liveability of cities.

Coherence in Policy: The objectives and institutional frameworks of metropolitan governance should be adapted to and focused on key local problems such as economic development, affordable housing, congestion, sprawl, safety, environmental quality, and the regeneration of older areas, which should be tackled simultaneously, taking into account linkages and trade-offs.

Co-ordination: Metropolitan governance must reflect the potential and needs of the entire urban region. The roles and responsibilities of each level of government in respect of metropolitan areas should be clearly defined in order to facilitate policy coherence and cross-sectoral integration. Given the administrative fragmentation of metropolitan regions, co-ordination is also necessary among local authorities across jurisdictions, and between elected authorities and various regional boards or agencies with functional or sectoral responsibilities.

Endogenous Development: Rather than basing economic development mostly on attracting investment through financial and fiscal incentives, emphasis should be put on investment in infrastructures and human development to take best advantage of local resources. Metropolitan governance can help to set priorities, taking a coherent approach to development based on the strengths and opportunities of a region.

Efficient financial management: Metropolitan governance should allow for the costs of measures to be reflective of benefit received and assure complete transparency, accountability and monitoring. It should also guarantee that all parts of the urban region are considered in assessments of the appropriate level for and of the costs and benefits of, public services.

Flexibility: In order to adapt as necessary to economic and social trends, technological innovation, and spatial development, institutions have to be open to changes. A forward-looking, prospective approach is also indispensable to allow for flexibility as well as sound strategic planning.

Particularity: Except where the case for standardisation is justified, policies and institutions of government must be crafted to fit the unique circumstances of various parts of the country and to achieve the best cost efficiency of measures.

Participation: Given the growing diversity and size of metropolitan regions, governance must allow for, the participation of civil society social partners and all levels of government involved in the metropolitan area. New technologies and methods of communication can encourage and support more inter-active policy environments, bringing government closer to people.

Social cohesion: Metropolitan governance should promote a mix of population, non-segregated areas, accessibility and safety, and the development of opportunity, and facilitate the integration of distressed urban areas.

Subsidiarity: Services must be delivered by the most local level unless it has not sufficient scale to reasonably deliver them, or spill-overs to other regions are important. **Sustainability:** Economic, social and environmental objectives must be fully integrated and reconciled in the development policies of urban areas, as reflected in the concepts of the healthy city and the ecological city; in the context of the wider bio-region, this implies greater co-operation between urban and rural areas.

Source: OECD, 2001a.

Developed partnerships with other cities and regions, and local partnerships including civil society

The Joint Structure Plan Committee and the overarching Scottish Enterprise Network demonstrate sound local capacity in terms of intra-governmental co-operation and partnership. However, some strategic weaknesses are evident as districts and cities compete. Glasgow and its metropolitan region are interdependent upon each other but are at times compromised by factors such as the fact that approximately 1/2 to 2/3 of the real urban economy is within the city boundary. Some observers contend that growth outside the city has negatively impacted upon the city centre. Glasgow serves a wide population base, up to half of the Scottish population in fact, this places considerable pressure on the city and raises local concern over revenue bases, etc.

The Glasgow-Edinburgh relationship is an issue which requires attention. Both cities are important to the Scottish economy. An agenda for direct collaboration between the two cities for long-term projects should be developed. Developing such an agenda will ultimately strengthen both cities, reduce 'tensions' and contribute more realistically to the national economic and social agenda. The framework conditions to facilitate this are in essence in place as was highlighted in Part I. The cities benefit from strong local governments and assertive civic leaders, their geographical proximity is an advantage and as such economic growth can be founded on complimentary activities.

Glasgow is an outward looking city in an international context utilising its European and Trans Atlantic connections to full effect. Processes which facilitate exchange of best practice and greater institutional learning compliment sound economic development targeting.

Partnership has perhaps been one of Glasgow key strengths and is a fundamental which underpins the management of the city. However, there may well be too many partnerships and actors in the city, which is identified locally and nationally as a reality. On the up side, this has created the potential for institutional innovation and creativity; on the down side, so-called institutional 'clutter', duplication and unproductive competition can foster deep-seated antagonisms. The risk is that the whole becomes less than the sum of its parts, that potential business clients face a bewildering array of choices when seeking assistance, that development progress (and the consensus on which it rests) is fragmented, making consistent, concerted effort considerably more difficult.

Enhancing engagement with civil society will be increasingly important. Community based bottom-up initiatives have a long tradition in Glasgow and renewed policy commitment to community empowerment is emerging. Ensuring appropriate mechanisms to realise greater vertical communication requires additional effort. All agencies in Glasgow have identified improving the quality of life for Glaswegians as a priority this in turn means greater democratic participation.

Engaging with social partners is also important. In Glasgow strong relationships between public agencies and trade unions exists and similarly through Business in the Community the private sector is becoming more engaged. However, like in many cities throughout OECD effectively engaging the private sector in the broader regeneration process remains difficult. From a development perspective, agencies in the city used public sector investment to generate significant levels of private sector investment. This has led to more independent private sector activity in recent years. However, private sector investment needs to be more broad ranging and address a wider set of issues. Businesses benefit from high quality urban environments just as they do well-educated and well-trained workforces a more participative role by the private sector makes sound commercial sense.

Information technology and the importance of the new economy Scotland wide means that the country essentially works within several regions. The west of Scotland is traditionally linked to the Atlantic communication region as the traditional north-south development axis which dominates in Europe. Scotland can re-orientate its thinking to recognise its place in the major 'Nordic Arc' which encompasses Ireland through to the Nordic countries in an east-west direction where much of Europe's ICT and computer training, research, production and use are concentrated. Academia and private enterprise have much to benefit from further exploration of this issue and the future economic benefits its development could bring.

Set benchmarks to measure progress

The value of benchmarking is widely recognised in the city and is used as an important analytical tool. "We measure everything" is the dominant culture of Scottish Enterprise Glasgow. This is driven partly by the need to justify the continued programme activity (and existence) of an organisation on a more-or-less constant basis. In order to secure funds for new activities, it is necessary to be able to document past performance. However, there is an important difference between measuring the performance of individual organisations, agencies, and programs on the one hand, and the performance of an entire city-region on the other. The latter represents a key part of the social learning process and system-wide reflexivity that characterises true learning regions. As part of the ongoing Cities Review, the Scottish Executive is engaging in a benchmarking exercise in which it plans to compare its management of urban affairs to practices and achievements in other UK and European regions (including Ireland). This should become part of an ongoing, system-wide process of critical self-reflection and learning.

Table 4.1. **Thematic overarching policy context**

Policy theme	Policy reference
Governance	Programme for Government, Scottish Executive, 1999 Framework for Economic Development, Scottish Executive, 2000
Regional dimension -- planning, transport, spatial development.	Glasgow Clyde Valley Structure Plan, 1999 Framework for Economic Development, Scottish Executive, 2000
Urban policy	Urban Evaluation, 2000 Glasgow City Plan, 2000
Economic and social inclusion	Social Justice for All, 1999 Programme for Government, 2000 Social Inclusion Partnership Strategies Framework for Economic Development, Scottish Executive, 2000 National Employment Action Plan, 1999 and New Deal
Equal opportunities	Glasgow City Plan, 2000 Mainstreaming Equal Opportunities toolkit, EOC, 2000 European Commission Guidance, 1999
Transport	UK White Paper, 1998 Travel Choices for Scotland, Scottish Executive, 1999 Common Transport Perspective, Glasgow and Clyde Valley Structure Plan Committee, 1999 Framework for Economic Development, Scottish Executive, 2000 Glasgow City Plan, 2000
Health, childcare and local services	Towards a healthier Scotland, 1999 Common Health Perspective, Glasgow and Clyde Valley Structure Plan Committee, 1999 Local health strategies Framework for Economic Development, Scottish Executive, 2000 Scottish Executive Childcare Challenge, 1998 Programme for Government, 1999 Community Plans Social Inclusion Partnerships
Sustainable development, environment	Agenda 21 and Local Agenda 21 Opportunities for Change, DETR, 1998 Down to Earth, Scottish Executive, 1999
Housing	Scottish Homes Strategy, 1997 New Housing Partnerships
Learning	Programme for Government, 1999 Framework for Economic Development, Scottish Executive, 2000 Know How, Scottish Enterprise, 1999 Life long learning, Scottish executive, 1998 LA education plans Community Learning Plans

Table 4.1. (continued)

Policy theme	Policy reference
Knowledge economy; business support to SMEs; clusters; creative industries; innovation, ICTs; entrepreneurship	DTI Competitiveness White Paper 1998, SE Network Strategy 1999, Government Task Force 1999, Programme for Government 1999, Framework for Economic Development, Scottish Executive 2000, LEC Operational Plans, Business Birth Strategy, SE Cluster Strategy, Local Arts Strategies, Scottish Executive Cultural Strategy consultation document 1999, Scottish Arts council Response to National Cultural Strategy 1999, SE Creative industries Action Plan, Regional Innovation Strategy, SE e-business Strategy, ICT benchmarking study
Tourism	A New Strategy for Scottish Tourism Scottish Executive 2000, SE Tourism Cluster Framework, Glasgow City Plan 2000, Glasgow City Council Tourism Strategy
<p data-bbox="130 595 1072 631"><i>Source:</i> Information compiled from Glasgow City Council, Scottish Enterprise Glasgow, Scottish Executive by the OECD Secretariat.</p>	

NOTES

1. OECD (1998): *Integrating Distressed Urban Areas*, pp. 131.
2. Draft City Plan, Glasgow, 2001.
3. Source: UK Government Spending Report.
4. Document [DEELSA/ELSA(2001)20].
5. OECD (2001) *Cities for Citizens, Improving Metropolitan Governance*, pp. 95.
6. 1999 estimates Glasgow City Council.
7. Substantiated by the Glasgow and Clyde Valley Joint Structure Plan Committee, which predicts that, in the future, the conurbation will lose fewer households through out-migration and has identified a requirement for additional housing land.
8. Scottish Enterprise, 2001.
9. Scottish Enterprise Glasgow, 2001.
10. This report considers the 'region' from a general perspective and analysis is based on EU and Structure Plan data.
11. Nick Bailey, Ivan Turok and Iain Docherty (1999): "Interim report of the Central Scotland Integrative Case Study", November, Department of Urban studies, University of Glasgow, pp. 87.
12. DOCUP (1999): Conseil Informel du Logement, Kuopio, 28/09/99, <http://www.union-hlm.org/>.
13. This link is extensively discussed in Polèse and Stren (2000) who consider that to be successful, the management of a city must be "*conducive to social stability*" defined as "*development [...] that is compatible with the harmonious evolution of civil society, fostering and environment conducive to the compatible cohabitation of culturally and socially diverse groups*". It should "*encourag[e] social integration with improvements in the quality of life to all segments*".
14. The metropolitan area of Glasgow and the Clyde Valley has a population of 1.8 million and covers 3 376 sq.km., the area accommodates 770 000 households and has 773 000 employees.
15. OECD (2001): "Policies to Enhance Sustainable Development", Meeting of the OECD at Ministerial Level, Paris.
16. OECD (2001): "The New Economy: Beyond the Hype", Final Report on the OECD Growth Project.

17. Scottish Executive (2001): "Scottish Homes transition to Communities Scotland - Framework Document".
18. Glasgow City Council, 2001.
19. Glasgow City Council, 2001.
20. "Must Cities have a Centre?" Josef Konvitz, Head of Division, OECD Territorial Reviews and Sustainable Development, British Urban Regeneration Association Annual Conference, 16/17 October 2001.
21. The Economist April 19, 1975, pp. 18.
22. Mitchie *et al.* (1992): *The Economic Legacy 1979-1992*, Academic Press, pp. 144.
23. MIT Dictionary of Modern Economics, ed. D. Pearce, pp. 119.
24. See pp. 38.
25. OECD (2001): *Science, Technology and Industry Outlook*, "Drivers of Growth: Information Technology, Innovation and Entrepreneurship".
26. OECD (2001): "Knowledge, Work Organisation and Economic Growth", Arnal, Ok and Torres, document [DEELSA/ELSA/WD(2001)3].
27. CEC Communication from the Commission to the Council, the European Parliament, the Economic and social Committee and the Committee to the Regions, Social Policy Agenda, [COM (2000)379 final], pp. 25.
28. OECD defines knowledge-based industries and the various sub-sectors as: Knowledge-based industries: knowledge-based services and high-tech industries. Knowledge-based services: telecommunications; computer and information services; finance; insurance; royalties; and other business services. High-technology industries: aerospace; computers and office equipment; radio, TV and communications equipment; pharmaceuticals. Medium to high-technology industries: professional goods; motor vehicles; electrical machines excluding communications equipment; chemical excluding drugs; other transport; non-electrical machinery. Medium to low-technology industries: rubber and plastic products; shipbuilding and repairing; other manufacturing; non-ferrous metals; non-metallic mineral products; metal products; petroleum refineries and products; ferrous metals. Low-technology industries: paper, products and printing; textiles, apparel and leather; food, beverages and tobacco; wood products and furniture.
29. Evan Dobelle and Bruce Katz (1999): "Higher Education: Cities Hidden Assets", *The Philadelphia Daily News*, 14 February 1999.
30. Josef W. Konvitz (2001): "Jobs for People and Places", Euro-Commentary. *European Urban and Regional Studies* 8(3).

31. United Kingdom National Action Plan on Social Inclusion 2001-2003.
32. The Scottish Parliament Research Paper 00/15.
33. Scottish Executive (1998): "Social Exclusion in Scotland: A Consultation Paper", Scottish Office Development Department.
34. Scottish Executive Central Research Unit Development Department Research Programme Research Findings No 113. *The Role of the Private Sector in Social Inclusion Partnerships*, 2001. Andrea Glass, Anne Lavery and Alan McGregor Training and Employment Research Unit, University of Glasgow.
35. The Standard Rules consist of 22 rules concerning disabled persons, which cover all aspects of life of disabled persons and consist of four chapters: preconditions for equal participation (e.g., awareness-raising), target areas for equal participation (e.g., employment), implementation measures, and the monitoring mechanism.
36. Kings Fund General Election Briefing, 2001.
37. Glasgow Health Plan, 2001.
38. CIDRE, 2001.
39. *The Sustainability of Cities – Diversity and the Management of Change*, University of Toronto Press.
40. O'Connell, P. (1999): "Adults in Training: An International Comparison of Continuing Education and Training", document [CERI/WD(99)1], OECD, Paris.
41. The regions of Jena in Germany, Vienne in France, Öresund in Denmark and Sweden, Andalusia in Spain and Kent Thames-side in the UK.
42. As used in other OECD documents, it refers to the gap between individuals, households, businesses and geographic areas at different socio-economic levels with regard both to their opportunities to access information and communication technologies and to their use of the Internet for a wide variety of activities.
43. Glasgow Draft City Plan, 2000.
44. CIDRE, 2000.
45. For the purpose of this report the CIDRE catchment area has been referenced, for a recent transport study Glasgow City Council has defined a population base of some 70 000.
46. The project was comprised of three principal elements: a series of thematic workshops, a survey of over 160 cities and a series of national policy reviews.

PART V

**SELECTION OF EXPERT PAPERS FROM THE
OECD URBAN RENAISSANCE SEMINAR:**

LESSONS FOR INNOVATION AND IMPLEMENTATION

Held 11-12 April 2002

PAPER 1

OECD SYMPOSIUM IN GLASGOW

By Charles Gordon, Leader, Glasgow City Council

Ministerial foreword

Thank you Mr Konvitz, Mr Chairman I have a well publicised liking for academics -- preferably boiled!

Spending all day yesterday listening to many academics at this symposium I realised however how potentially useful some of them may possibly be!

The fact that so many of them here are practitioners of what we in this country call "the dismal science" (economics) call to mind a phrase often used by the late, great Mick McGahey, the old communist leader of the Scottish Mine Workers Union. He used to say "I'd love to meet a one-armed economist".

Seriously, I welcome this high quality debate about urban policy in Scotland with specific reference to Glasgow. In fact, I welcome *any* debate about urban policy in Scotland. What mostly passes for academic discourse on urban policy in Scotland is in my view mostly mere description, and inaccurate description at that.

Monographs are often preceded by press releases, then highlighted by desk-bound Sunday journalists, who, when in doubt, which is most of the time, usually revert to two simple nostrums: "Glasgow is Finished" and "Change the Voting System".

Recently, one leading Scottish newspaper suggested that Glasgow's economic future may lie as a "feeder for the Edinburgh economy"! The facts about Glasgow's economic success highlighted this week by the OECD seem to have caused that newspaper particular confusion.

We are compared to Edinburgh a lot. It is like comparing New York to Washington. Edinburgh is of course our nation's capital.

Comparisons may be odious, but sometimes they can be useful if like is compared with like. Yesterday, Meric Gertler referred in this context to "the value of an outside perspective".

Our national Bard, Robert Burns, put it very aptly over two centuries ago when he wrote "Oh wad some power the gift tae gie us, tae see ourselves as others see us".

Some 18 months ago, I spoke in Paris at an Urban Audit Day organised by the Commission of the European Union.

The Audit involved comparisons of dozens of cities, including Glasgow, over a range of industries.

In the comparisons, Glasgow fared well in some and not so well in others. Or as Michael Parkinson put it yesterday at this Symposium, "*not uniquely bad, not uniquely good*". My personal comparators are the cities of Leeds, Barcelona and Munich.

In April 1996, the then Conservative government's botched and under-funded reorganisation of Scottish local government swept away the city region of Strathclyde based around the City of Glasgow and with it, some £47 million of annual expenditure targeted against poverty in Glasgow.

In the 3 years of crisis that followed, Council services were cut by £200 million, local taxation rose by 59 per cent, and 4 000 Council jobs were lost.

When I became Leader of Glasgow City Council in 1999, the Administration's policies were aimed, in part, to mitigate the "bad policies" mentioned yesterday by Professor Duncan McLennan. They included more Glaswegians, more jobs for Glaswegians, greater fairness in the level of central government financial support to the City, major investment and major investment in social housing in the city. To this was added my personal vision of the physical regeneration of the once great River Clyde.

The Council's top line policies are obvious -- we want a city which is competitive, inclusive and sustainable. We regard economic competitiveness as the main means of achieving inclusiveness. In other words, the best single anecdote to poverty is a job.

But special measures and new services are needed to deal with the social forces which discriminate against and disadvantage too many of our citizens. That's why we have introduced measures like free swimming for our young people, free fruit in our nursery and primary schools, and we are now introducing free breakfasts in all of our primary schools.

In my view, the main components of economic competitiveness are a skilled and educated workforce combined with world class transport infrastructure. On the latter, we have a good base to build on. Glasgow has the second largest transport network in the UK and some 60 per cent of commuters entering the city centre in the morning rush hour do so by public transport. We have a motorway system through out city which provides a by-pass to the city centre, and this meant that our principal shopping streets were pedestrianised as far back as 1974. We now wish to complete the motorway ring-road system around our city in order to provide traffic relief and to increase economic regeneration of derelict sites.

The European Union played a major role in the regeneration of the West of Scotland's infrastructure in the past 25 years, with some £400 million being invested through the European Regional Development Fund. In fact, the Glasgow Royal Concert Hall where we are meeting today, could not have been built without ERDF. Similarly, the innovative and social and economic development programmes referred to by some speakers yesterday, were often facilitated by funding from the European Social Fund. We also have a track record of detailed involvement in operational European Networks such as Euro Cities. In fact, we Scots are enthusiastic Europeans -- it annoys the neighbours!

Over the years, elements of skills development have been removed from the jurisdiction of local government such as the further education colleges and the careers services. Nevertheless, we continue to work well in partnership with the further and higher education sectors, and the enterprise network, a public network which has principle responsibilities for skills development.

I found it very interesting that Joseph Konvitz highlighted yesterday that a city's economic competitiveness is proportionally greater where the proportion of young people leaving secondary school with a qualification is higher; more so even than in the proportionate relationship between the number of University graduates in a given city and its economic competitiveness. This would appear to validate the priority which Glasgow City Council has placed on secondary schools in our city -- we are in the process of building 20 new or good as new secondary schools with state of the art information and communication technology, through a £420 million public private partnership. The challenge now is to raise the educational attainment of pupils in the city's secondary schools.

I refer not only to attainment in academic subjects leading to university entry. There is a shortage of labour in the city in work sectors such as administration, leisure, horticulture, hospitality, care, health and fitness, and above all, in the construction trades. The Council's Schools Corporate Vocational Training Programme, in partnership with the private sector and with the further education colleges, ensures that hundreds of young people attain vocational qualifications before they leave school, with a seamless post-school transfer to a guaranteed apprenticeship and a guaranteed job at the end of the apprenticeship. Thus we are trying to ensure that Glasgow's young people will benefit from the undoubted construction boom that the city will enjoy in the

years ahead, as a result of schools construction, the housing stock transfer investment and the regeneration of the River Clyde.

The regeneration of the Clyde Waterfront is something that we could only turn our full attention to after we had secured the future of Glasgow city centre and its retail core. Until the advent of the Buchanan Galleries shopping centre in the city's Buchanan Street, there was a danger that the construction of a major out-of-town retail centre at Braehead could undermine the future viability of our retail core. As an aside, it is ironic that the Scottish Parliament now proposes to transfer the Braehead Shopping Centre out of Glasgow into the neighbouring Council area of Renfrewshire, but that is subject to the approval of the Parliament and when the decision comes up for determination, no doubt Glasgow will find out who its friends are.

Overall, the city's economy is at its highest level for 20 years, and in the past 2 years for which figures are available, some 21 000 new jobs have gone to native Glaswegians, which is of course very heartening. It would appear that we have been good, but we have also been lucky. Nevertheless, there is still a great deal of poverty and social exclusion in Glasgow despite our relative economic prosperity, and we look to the current Cities Review being undertaken by the Scottish Executive to produce new measures to tackle chronic poverty in the city. Finance is a key aspect of this, as since the abolition of our regional tier of local government in 1996, some £47 million of money spent on tackling poverty in our city has never been replaced within the system of central government grant distribution to the city.

Another chronic and puzzling problem is the degree of long-term unemployment in our city in a period of developing labour and skill shortages. We attribute this to what we call "the in-work benefits trap", and officials of the UK Department of Work and Pensions will soon be meeting senior Council officials to discuss innovative ways of tackling this apparent disincentive to move from welfare into work.

It is important that we recognise that local tax payers in our city cannot be expected to bear excessive burdens arising from the degree of poverty in our city. We are committed to council tax stability in the medium term, *i.e.* we do not wish to see local taxation rising by more than the rate of inflation. Given that the intensity of the poverty in the city makes the delivery of certain services, such as education and social work services, very expensive; given also the under-funding of the council in terms of the level of central government financial support; and given our commitment to council tax stability, how then do we sustain the level and quality of council services. The answer lies in what we call Best Value. This is a commitment not only to value for money but to quality of services, through a series of reviews involving bench-marking services against appropriate comparators be they in other council departments, or other parts of the public or indeed the private sector. We have saved some £67 million through Best Value Reviews in the past 3 years and reinvested the savings in front line services.

Greater financial fairness is central government support to the city is what we seek most of all from the current Cities Review, but this very distinguished Symposium of course improves the quality of debate about many aspects of urban policy as they affect Glasgow not only in relation to finance.

I am optimistic about Glasgow's future. The motto of our city is "*Let Glasgow Flourish*". Glasgow seeks not favours, but fairness. Given that, Glasgow will go on to flourish once again.

PAPER 2

GLASGOW -- A TALE OF TWO CITIES

By Ron Culley, Chief Executive, Scottish Enterprise Glasgow

If ever those of us in the economic development community were tempted to feel **complacent** at the positive results currently being achieved by Glasgow, we need only read the **draft** OECD Report on which this two-day event is predicated, in order to realise that we still have some significant distance to go. That said, we'd **also** find much about which to feel proud.

This report is **still** being written. These two days are designed to add lustre and value to what is **already** a very significant document. When first we opened discussions with the OECD, we **each** wanted to build in an event such as this which would permit policy makers, distinguished academics, **undistinguished** academics, experts and practitioners to discuss early findings and **test** them against the experience of a wider audience culled from the **highly polished** corridors of power here in Glasgow the deep-piled **carpeted** corridors of power in Edinburgh as well as from the more global experience of our expert friends from overseas and elsewhere in the United Kingdom.

As the Minster has just said, Glasgow has a **long** tradition in the field of urban regeneration. There is no doubt that Glasgow will need to dig **deep** into this tradition if it is successfully to meet the challenges of 21st century urban regeneration in this city.

Glasgow can hold its head high. It is seeing levels of economic growth that are higher than Scotland as a whole and that are better than they have been for years. Unemployment in the city has fallen substantially and, as the OECD has noted, the city is successfully making the transition to the new economy.

The city's learning institutions, the colleges and universities make a significant contribution to training Scotland's workforce — Glasgow's universities alone produce over a third of Scotland's graduates — and there is a renewed sense of vigour in making **people** and **learning** central to making the new Glasgow both economically successful and socially just. Notions of entrepreneurialism as well as equity must lie at the heart of change.

However, Charles Dickens, in penning his famous opening lines from "A Tale Of Two Cities" could easily have been speaking about the experience of

Glaswegians — not Paris and London — when he opened famously with the words “*It was the **best** of times, it was the worst of times. It was the age of wisdom, it was the age of foolishness. It was the epoch of belief, it was the epoch of incredulity. It was the spring of hope, it was the winter of despair.*”

As many of you know all too well, many citizens in this city would be able to empathise with these words because they have not benefited from the fruits of Glasgow’s recent economic growth. As the OECD and the Scottish Executive have made clear, a city divided socially is a city weakened economically.

To succeed, Glasgow needs to continue to grow a **diverse** economic base that encompasses **both** the new economy **and** the more traditional manufacturing and services sectors, and to “design in” ways in which the socially excluded are re-integrated into the wider city — economically, locationally and socially. This is no small task. Nor is it one that will be addressed successfully overnight.

Many organisations are active in this field. The OECD has made **special** mention of Glasgow’s eight Local Development Companies (LDC’s) which operate in the city’s poorest and most disadvantaged areas. The OECD has recognised in them skills and experience of on-the-ground development activity, working with local people, developing local solutions. The OECD has commented that, in **their** experience, the LDC’s are in advance of anything else of their kind. They state that the LDC’s are organisational assets that the city must use better if it wants to link need to opportunity to build a city for all.

They also pay attention to the role to be played to the Social Inclusion Partnerships (SIP’s) which now operate in these same areas.

The OECD advises that there be built closer relationships between Glasgow and Edinburgh — a relationship, I can assure delegates, which already has matured and improved — as much because of improved transport links as a shared realisation that together, **each** city is stronger.

The report also refers to the sophisticated coalescing of economic policy objectives within the city and praises the Joint Economic Strategy that has been shaped by the City Council and SE Glasgow. This year, **that** policy group has been extended to embrace the contributions of the Chamber of Commerce and the Local Development Company Network -- so **already** this OECD Report is out of date. In addition, a Steering Group set up recently to evaluate the mid-term progress of the Joint Economic Strategy includes the Principal of the University of Strathclyde (Prof. Andrew Hamnet -- who is speaking here tomorrow), the Head of Business Economics at the Royal Bank of Scotland (Andrew McLaughlin) and the Chairman of chartered surveyors, NAI Gooch Webster (Fraser Livingston). It is worthy of note and commendation that they are here today to contribute and listen to this debate about Glasgow’s future direction and development.

The framework for the OECD analysis, as Bernard has outlined, is that of “sustainable development”. The aim is to seek development solutions that are

sustainable in economic, social and environmental terms. Hence the critical importance of the River Clyde in Glasgow. Nowhere else can one see better the potential of the riverside development to positively influence these three, interconnected agendas. The priority for the development of the River Clyde must be where it can maximise economic, social and environmental gains. That **must** be in Glasgow.

Why? Because Glasgow is the heart of the metropolitan region -- as agreed within the Regional Plan; it abuts many regeneration communities -- Gorbals and Govan to name the two most obvious -- and all development opportunities are 100 per cent brownfield -- an issue which this interim OECD Report presents as being **crucial** to the continuing growth of a sustainable city.

The scale of vacant and derelict land in the city at **10 per cent** of the city's land area is something to which the OECD has rightly drawn attention. It is both a burden **and** an opportunity. Presently, its scale blights the city. The cost of remediation is a brake on development. It is socially unjust as these scars on the landscape are all too often to be found in or around the eight regeneration areas -- a point made by our First Minister, Jack McConnell who drew attention to this characteristic only recently.

Vacant, toxic and derelict land undermines the image and "place competitiveness" of the wider West of Scotland region. But **yet**, it holds out the promise of **sustainable** development on brownfield sites, well connected to transport and utilities infrastructure. The OECD makes a compelling case that this issue needs to be afforded a higher priority from a range of agencies to exploit what is a significantly under-employed resource.

However, land and development is not, and **can** not be the whole answer. If urban regeneration is different in the 21st century it is because it is more and more about **human capital**, about people; their skills, their aspirations, their participation, their connectedness, their families. If Glasgow is to build a city for **all** its citizens, it needs to **build** its communities and widen their social, demographic and ethnic profiles.

These are no small issues. Over the next two **days** we can discuss and debate. Over the coming months and years we need to **build**.

To be **successful** will require that the city and its multifarious institutions continue to strive towards an **agreed mission** to create a new Glasgow a Glasgow which can **truly** regard itself and be regarded as -- a Great European City and one which **makes** this transition for the benefit of **all** of its citizens, **all** of its businesses and **all** of its institutions.

I look forward to this conference. I welcome the contribution that the OECD has already made to create the space for this debate; I urge everyone and every institution with the best interests of Glasgow and its citizens at heart to **listen** to the issues that are raised and to endeavour to identify how they might contribute to making Glasgow a truly Great European City. The OECD's report holds out that this vision is within our grasp if only we, **all of us**, learn and work together.

PAPER 3

SUMMARY OF AN ADDRESS TO THE OECD GLASGOW SEMINAR

By Professor Don Aitkin, AO, University of Canberra

‘Education and change’

The principal message I would like to leave with you is the importance of building in to your future a contemporary view of education. You have heard from Josef Konvitz that the most important statistic for all communities is the proportion of your young people completing secondary education. You have heard also how important it is to realise the potential of under-utilised assets (Glasgow has lots of them -- they’re called ‘people’), how communities need empowerment if governance is to work, and how much better it is to prevent problems occurring than to fix them up afterwards.

Glasgow has three inter-connected problems. First, old patterns of employment have radically changed, but education systems are somewhat locked in the past. Second, ‘new knowledge’ firms draw in skilled workers from elsewhere, and provide little opportunity for Glasgow’s workforce. Third, Glasgow possesses a society with marked stratification and a permanent ‘underclass’, parts of which have experienced three generations of unemployment.

These problems are understood, and they will not be overcome quickly. I suggest that the city adopt Howard Gardner’s view of ‘multiple intelligences’ and the conclusion that all humans are intelligent enough to do almost anything, as long as they have adequate amounts of motivation, encouragement and preparation¹. ‘Glasgow – the well-educated city’ seems to me the right slogan and perspective for the future. Japan and Singapore, which lack natural resources, have risen economically through developing the capacities of their people. Educate the children of Glasgow -- all of them -- for jobs that need qualifications. Well-educated societies are resilient, function well politically, possess the confidence to deal with their own problems, and display more democratic forms of government.

1. Howard Gardner, *Frames of Mind*, New York, Basic Books, 1983.

An education-led onslaught on Glasgow's inter-connected problems will improve the style of governance, diminish 'social inclusion' as a problem, and turn Glasgow into a skills generator which can export skills because it produces the skills that it needs for itself. It will not be an easy task, but it seems to me to be the way to go.

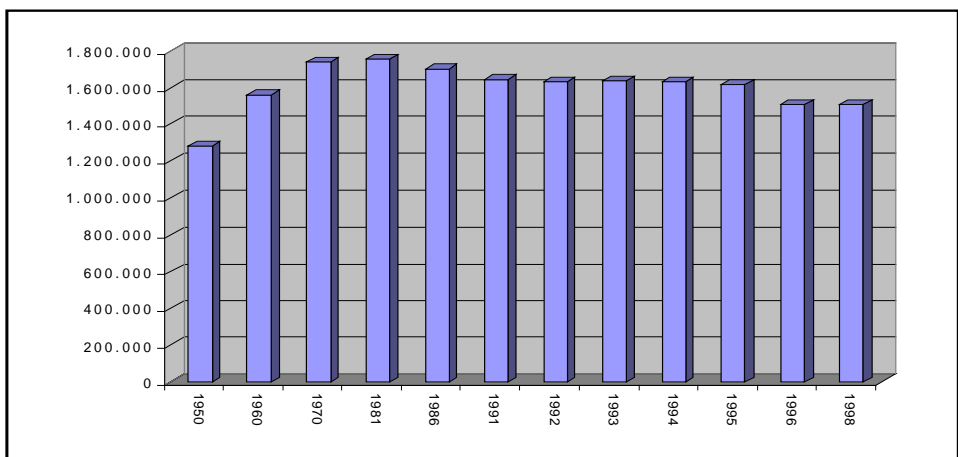
PAPER 4

THE DEVELOPMENT OF TERRITORIAL CAPITAL: SOCIAL TRANSFORMATION OF THE CITY OF BARCELONA

By Mireia Belil, Director, Bora Kasi

Barcelona is the second major city in Spain, the core city of an urban area of more than 4 million people and the industrial factory of the country. Barcelona has managed a major change in 20 years that has represented the transformation of a closed grey industrial city in deep crisis with more than 30 per cent unemployment into a city that is quoted world-wide as model of quality of life and governance. The success of the Barcelona's transformation can be explained by a combination of external and internal elements.

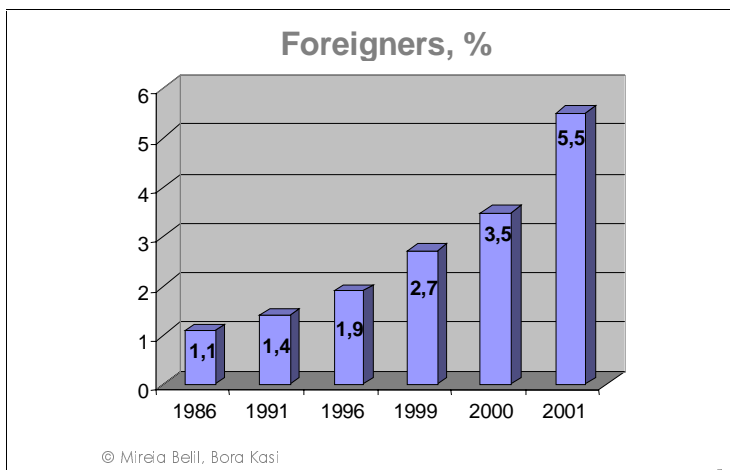
Spatially speaking the Barcelona area is formed by a highly densified central city (15000 inhabitants per sq km) and a continuously built area of about 2.5 million people formed during the 60s, 70s and 80s. The metropolitan region, a territory hosting 4 million people, contains 30 dense medium and small size cities that have intense relationships with one another.



The external elements affected all Spanish cities but only some of them took advantage of the situation, or had the internal and institutional conditions as well as the vision, to do so.

The success of the Barcelona's transformation is assessed in terms of the improvement of the economic competitiveness of the city, its social cohesion, and its relative weight in the international urban system. Economic competitiveness is measured in terms of net increase of occupation and jobs, almost disappearance of unemployment, attraction of foreign investments, increase of the tourism turnover and overnight stays, increase of exports and overall GDP of the urban area, improvement of the technological component of industrial and services productions, enlargement of the scientific and university activity, attraction of congresses and conferences. Social cohesion is understood as improvement of social equity, good quality of public space (a realm where Barcelona has proven very strong), social peace, citizens participation and commitment to the city projects, participation in city's public life, and support to the vulnerable groups.

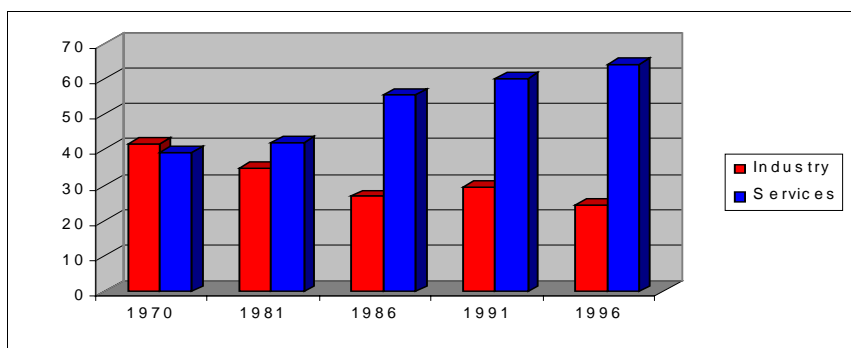
- In 30 years the central city grew to up to 1.8 million people to loose population during the 1980s and early 1990s. Immigration flows have recovered population growing trends.



Note: The Barcelona demographic growth of the late XX century was due to the migration flows from the south of Spain. Currently new immigrants are settling in the city, basically from non EU countries. Foreigners represented 1,1% of the city's population to over 5,5%.

The international presence is measured in terms of the participation in urban networks, the promotion of international agreements and the image change.

- The social features of the city have also been transformed. Household dimension has dropped, along with a critical decrease of the birth and fertility rates. Health improvements and a rapid process of ageing resulted in a high life expectancy that currently stands over 80 years.



- Major changes in economic structure have occurred: the activity rate of the population has grown dramatically in 15 years, while the industrial base was being transformed into a tertiary economy.

	1981	1986	1991	1996
0-14	21.4	17.9	14.4	11.9
15-24	15.0	15.6	15.6	14.1
25-64	50.3	51.6	52.6	53.3
65 and over	13.4	14.8	17.4	20.7

Territorial capital as tangible and intangible assets have played a major role in Barcelona development.

In the 25 years of democratic history, economic development has gone hand in hand with the improvement of the quality of life, through the establishment of the basic welfare system. Universal systems of social protection were developed: health, pensions, education, as well as major local policies such as the improvement of urban space, creation of city cultural life, fostering citizens associations, creation of civic and community centres. The general improvement of the city space and the recovery of fiestas, traditions and symbolic spaces has worked towards the ideas of community, identity and participation.

In the areas of work and economy, the old concepts of fighting poverty and exclusion, very important in the early years of democracy, evolved towards the fostering of a balanced growth, the diversification of activities, the creation of employment, and the integration of specific population groups into the labour market.

The history of Barcelona's urban and social transformation is still a short history than can be outlined through some major institutional landmarks.

- 1979-1985, was the period of multiple urban micro-actions.
- 1981, the Local Development Department was created within the City Council.
- 1983, establishment of the Department of City Enterprises.
- 1986-1992, was the period of major urban investments under the umbrella of the preparation of the Olympic Games.
- 1986, Barcelona Activa, a city company for promoting employment and firms development, was established.
- 1987, creation of the Economy Department within the City Council that gathers together the initiatives already in place.
- 1992-2000, period of deepening the quality development started before.
- 2001 and on, development of a new vision: the City of Knowledge with strong emphasis on the improvement of human capital and the preparation of the urban fabric for a new age.

The local government approach to the social dimension of local development has changed over time: from 1979-1986 the strategies were generic and individualised, while from 1986 onwards a more local and political approach was established. That specially meant a reinforcement of the importance of the urban environment and the relational activity.

Local authorities took the responsibility of fostering economic development and fighting poverty and unemployment. Economic competitiveness and social cohesion got together in the concept of **quality of life** understood in a multidimensional way, that included both social welfare issues, physical environment and the full recovery of political rights and cultural practices.

The basic strategies used to support economic recovery and restructuring included rising the level of employability of the local population through the creation of good and attractive urban environments, the promotion of skills, new activities and new firms; the support of existing local firms; the support of new local firms; the attraction of talent to the city; the development of creativity and the attraction of inward investment.

Barcelona's success in improving both social cohesion and economic competitiveness was based on the combination of some elements that were matched in perfect timing and opportunity. Among those we would like to mention the following:

- a city vision based on a good urban plan;
- a strong political leadership;
- a strong citizens support.

City Vision

The vision of Barcelona was one of the strongest assets of the urban governance of these past twenty years. This vision was the result of a long tradition of urban planning and of more than twenty years of previous debates on the future and model of a democratic city.

The City vision was driven by the idea of developing an integrated approach and avoidance of isolated or sectoral strategies and policies. Each action and programme was conceived as part of a larger model in a long-term perspective, and with some value added to the city's future.

In practical terms this basic idea meant that the vision of the city combined both urban development, social cohesion and economic competitiveness as main objectives without conceiving them as separated goals. To overcome the deficits from four decades of unplanned and liberal (in continental European terms) growth was the first objective. Next to the physical regeneration of the old town, (housing, police, basic urban utilities, social services, health provision...), the work on public spaces, the coastal line, the development of infrastructure (express rings, airport, telecoms, the improvement of mobility), strong social strategies and economic promotion programmes were developed.

Barcelona based its strategy in developing what has been termed as urban social policy. Under this title we include the policies of creation of public spaces and facilities in all barrios, and the promotion and decentralisation of cultural policies and social services. During the first years of democratic government, an urban investment programme began in the barrios. Decentralisation began with social services (together with administrative and information offices). This policy was immediately successful, and gained important recognition (internationally as well, for example: Prince of Wales Award for Urbanism for public spaces in the barrios). All of this was decisive for the city's later development. It led to a considerable improvement in the citizen's quality of life, as well as the functioning of the city and its services. It was demonstrated that, in spite of a scarcity of resources, it was possible to do a lot, even in the most deprived areas. The main economic limitation was not investment in construction, but rather in maintenance costs. The outlying barrios were given a city centre like quality, and the projects preserved both functionality as well as aesthetics. The combination of decentralisation of social and cultural services, with urban development, favoured both

internal integration as well as citizen participation. A foundation for strong social consensus was established. Improvements in urban areas (making them more adequate for new tertiary activities) and human resources (giving a sense of citizenship to the inhabitants of the most deprived barrios) indirectly favoured economic recovery as well.

The combination of urban and social² was one of the major successes of the Barcelona policies that succeeded in relating good urban quality to social development and economic growth.

Strong political leadership. The political leadership played a central role in Barcelona's transformation. It was able to be developed because the combination of several factors.

- The election of a strong strategist mayor, able to relate to multiple stakeholders (politicians, business people and citizens) alike.
- A political agreement among all political parties represented in the city council to support the improvement of the city.
- The deployment of a strong devolution of power and services delivery to the sub-city districts. Surely decentralisation has been the most important political project of the first years of municipal democracy, with the urban projects for developing public spaces and facilities in all barrios. Decentralisation had a triple effect: making integrated action possible in the barrios, bringing the Administration closer to the people and their demands, and making city politicians more sensitive to peripheral and poorer areas. Political and administrative decentralisation created the conditions for development of civic participation, facilitated relations with social entities, and multiplied the possibilities of communication with citizens.
- The establishment of several important institutional changes and administrative reform. The administrative reform that was implemented immediately, reduced and professionalised local government functions, rationalised its organisation, and instituted computerised systems, and promoted functional decentralisation through the use of business and autonomous entities. Through these actions, the Administration gained credibility and effectiveness: first, in being able to impose norms and discipline on the private sector (for example builders, contractors, concessionaires, etc.) and later on, in the promotion of co-operation schemes.

Timing and opportunity. Barcelona's change was developed in the overall context of democratisation of the country, Spain's integration into Europe and the consolidation of a socialist government in Spain that allowed for better co-operation with local governments, specially those that were also progressive governments.

2. The social welfare share in the Barcelona city budget increased to 25% of the total.

At the internal level there were several elements that have to be mentioned:

- spread awareness of the existing urban crisis in the early 80s;
- recognition of some potential possibilities of the city;
- certain level of social cohesiveness;
- existence of a common urban culture based of a good understanding between the local authorities and good urban designers and planners;
- change in the industrial base.

The major criteria for the construction of attractive territorial capital and social transformation of the city can be summarised in a number of elements that partly explain the success of Barcelona's transformation.

Integral approach: no action was done in isolation so the investment in urban hardware went hand in hand with investment in urban software. This meant work in public space, quality, urban aesthetics, development of self-esteem, creation of a sense of belonging.

Promotion of private-public partnership to overcome financial and power limitations and to generate complicities and commitment of different stakeholders to a city's project. The partnerships are developed both in investments, in participation councils, in planning. Furthermore the strategy has included the construction of a network of collaborative firms.

Strategic alliances between public, private and social actors through the definition of city project were developed. This was possible because the project included a lot of investments for social improvement (schools, social and cultural facilities, health centers, community centers...) and not only investments for economic growth.

Citizens participation: the commitment and involvement of citizens in the Barcelona transformation has been one of the major keys to action and furthermore to success.

One of the major transformations of the urban governance with the democratisation was to involve citizens in the government process. Barcelona had a long tradition of citizens association contributing to the urban development and the city council took as a major responsibility the development of the participation tools. It established a participation rule, more than 17 territorial and thematic advisory councils that have a strong impact on strategy and policy definition and several other channels of citizens involvement. Strong efforts were made to recover the protagonism of communities in the overall governance of the city: Consell de Seguretat Urbana de Barcelona, Pactes ciutadans, Pactes territorials. The culture of pact was established as the governance trademark of the city.

Citizens support was also gained through the processes of socialisation of use and promotion of the city. The democratic municipal government immediately made special effort in reconstituting or generating a positive civic environment through multiple initiatives: beautification and safety improvement, creation of small public spaces for citizens use, promoting fiestas and festivals both at the barrio level and for the entire city, rescuing traditions (parades, fairs, etc.), etc. The use of public space was increased in the city centre as well as in each barrio. At the same time, marketing campaigns were initiated internally, both of a general nature (Barcelona more than ever), for urban rehabilitation (Barcelona, make yourself beautiful), or for public services (markets, public transportation, cleanliness, etc.). These campaigns were always led by strategic actions, such as the announcement of Olympic candidacy for the generic campaigns, or the improvement of the corresponding services in the more specific campaigns. An especially important aspect of these integrationist and promotional policies were the sports and cultural initiatives (museums, expositions, concerts) that later led to the Games in 1992.

The creative use of existing governing tools. All cities have a broad and sophisticated bunch of tools and instruments to promote growth and change. Barcelona has used this historical asset to generate new ways of action. By and large the Barcelona City Council had neither the powers nor the resources to implement the strategy and policies related to the vision of the city. So it had to build up different institutional, political and social architectures that would allow for the implementation of the different strategies. The city council led the path towards the establishment of a large number of mechanisms for consensus building and co-operation. Pacts, agreements, civic platforms, advisory councils, etc. were used and are still used to sum up energies to identify and define strategies, implement them and finance them.

All those instruments tend to promote this integrative approach that places hand in hand economic competitiveness and social cohesion of the area.

The most recent example. The year 2002 has been declared the Gaudi's year. The strategy placed strong emphasis in the promotion of Gaudi as one of the major attractions for booming the tourist industry (and it worked as proved by the long cues during the Eastern break). While fostering the tourism economy, the strategy has included a city-wide mobilisation that started some months ago mainly addressed to children, teenagers and young people, that included a deep knowledge of Gaudi's work through exercises, visits and also involved parents and families.

The Strategic Plan has been one major tool for building consensus and implementing strategies, those generating a much larger capacity for action than the one steaming from the City Council. Unions, business associations, city councils, enterprises, universities, associations and other major social and cultural not for profit organisations are part of the direction and council of the Plan, that has recently approved the starting of its 4th edition, this time centred on the governance of the metropolitan region.

On another dimension, the promotion of the high tech knowledge-base industrial district shows the creative development of the Master Plan towards the maintenance of industrial land within city limits with the promotion of mixed uses (social housing, industrial space for ICT productions, education facilities...) based on a public-private financing system. The creation of an independent external mixed commission to decide on the feasibility of the new investments and activities shows again the will to involve different stakeholders in the construction of the future of the city.

Several specific strategies are of great importance in the structuring of the overall governance of the urban area.

- Promotion of the importance of urban aesthetics fulfilling three functions:
 - * citizens integration and city identity;
 - * quality of public administration actions: giving public actions a value;
 - * definition and promotion of city's differential elements.
- City marketing with the support of business people and associations.
- Foreign policy, with participation in several cities networks, development of economic promotion tours, signature of agreements with other cities for the joint development of economic and quality of life promotion.
- The draft of a City Charter in consensus with all political parties of Catalonia. The City Charter (which has not been approved by the central government that wants a general law for all Spanish big cities) provides a new and up to date framework of powers and competencies, develops instruments of citizens participation, establishes mechanism of interadministrative governance and promotes the co-operation of different local authorities as well as establishing the basic rules for managing major strategic issues such as public transportation, social services, the educational system, etc. The Charter does not propose any metropolitan governance tool.

Information creation and knowledge base development. Information on the city urban fabric and on the needs, demands and features of its population is a basic issue for the adjustment and definition of urban policies and social transformation. Several tools have been generated to provide ready to do information based on the classical historical statistical registers that the city council and other agencies generate. Along that, a special effort was made to obtain information for the socio-labour transformation of the city and the provision of skills to residents. New potential jobs analysis, new careers, trends and labour market needs have been some of the areas of study to adjust the offer of services to the population needs and labour market

requirements. Along those lines a special council to exchange information between educating institutions, enterprises, unions and public agents has been established.

Territorialisation of policies. Getting closer to citizens through the creation of centres for employment development and firm creation in the most needed *barrios* has been a way to access the deprived population. At the same time major facilities of city-wide dimension such as the Forum Nord (a centre for new technologies development) were located in popular districts.

Innovative test policies. Barcelona Empren or Barcelona Net Activa are two examples of innovative actions with no proven results *a priori* but that test new ways of employment and firms development.

No separation of employment promotion and economic development in policy and action definition. Those two areas go hand in hand with one another and are conceived as different dimensions of the same challenge. More than focusing on unemployment Barcelona has changed by improving the employability of its population, expanding its occupational capacity and enhancing the entrepreneurial capacity.

Some lessons can be drawn from the rapid social and urban transformation of the city of Barcelona and its metropolitan area. Some of those lessons are now also the major unsolved challenges for the near future.

The maintenance of the industrial base. The area of Barcelona has a long industrial tradition and the late transformation process has reinvent its industrial base having in mind the need to transform it but also to maintain it as base for social cohesion and economic development.

The importance of a strong local government. Local leadership has proven vital to the changing features of the city of Barcelona, mainly through its role in building coalitions, alignment of stakeholders to a city's vision and legitimization of difficult decisions. Urban development needs further tools for governance, more inclusive of different stakeholders although still a strong leadership of local government is a must.

The *need of a vision*, that in times of growing uncertainties, needs to be more flexible. Instead of closed finished vision, a process of alignment towards a certain way of doing and certain values becomes more useful. This alignment allows for room for different types of actions and strategies without jeopardising the essential values and civic culture of the city. The definition of a way of doing, of a path towards a destiny without strictly defining it, becomes more and more important.

The importance of timing and opportunity in getting to a successful transformation. Urban cultures and political cultures seize the opportunities that pass by and develop them for their advantage. But cities have cycles too, as Herodote already

once pointed out. To find the ways to live through the difficult and bad times without jeopardising the social and quality of life gains is a must. Strategies such as balanced endogenous development, good public services or construction of social networks and sense of belonging support the actions to overcome downcycles.

Last but not least, success has also a dark side to it. The assessment of the “other side” of successful urban strategies is important to avoid raising of social problems and unsatisfactory feelings among constituencies. Some of the “problems” of success can be listed as shortages of labour, rising housing prices, uncontrolled immigration flows, masses of people and tourist that use the city.

PAPER 5

INFRASTRUCTURE, PUBLIC TRANSPORT AND URBAN REGENERATION REFLECTIONS ON SUSTAINABILITY AND SWEDISH EXPERIENCES

By Lars Berggrund, Senior Advisor, Swedish National Rail Administration

Introduction

Is it possible to put a railway perspective on urban regeneration? Nobody really believes there will be a rail system within a city centre, even if regenerated. This is true, but I still believe it is meaningful to look at urban regeneration also from a rail perspective:

- The importance of a good public transport system to sustainable development, from economical, ecological and social point of view;
- The interplay between the rail infrastructure and land use in the city, station location and points of interest for visitors;
- The implications from a rail system for regional growth and regional well being.

Importance of a good public transport system for sustainable development

Public transport is often more environmentally friendly than private transport. Even if future private vehicles will be as environment friendly, they will never catch up the issues of safety, crowded traffic and physical barriers. But the public transport system cannot settle with being a social alternative. Public transport has to be swift, efficient, comfortable and still inexpensive.

Co-ordination of infrastructure with land use and building

Old railway stations are often monumental and strategically located. But since World War II and the private car explosion, we have tended to forget the central

questions of interplay of land use and the rail infrastructure. The old stations look worn, or have turned into museums.

You have to look at the whole travel chain. It is a question of co-ordination between different transport modes. Where different modes meet, important nodes appear. They must be nourished and pointed out in the cityscape. The bus system has to be co-ordinated with trams, subway and railway. If you have to change mode, shift must be as frictionless as possible.

Design of the station is important -- the building is a landmark and point of attraction. "Here I am starting my journey -- I can see it, I can feel it!" But you also have to use the symbioses of infrastructure and land use, the synergy. Important goals should be within walking distance from the station. In urban regeneration it is often easier to move activities than old infrastructure. Please do! You have to realise that a station generates attraction. Rightly used you utilise the potential of the node, and by doing that you increase it. That's synergy!

Eskilstuna is an old industrial city, some 100 miles west of Stockholm. One-hundred and fifty years ago it was one of the more important Swedish centres of innovation. The adjustable wrench and many other steel-based inventions were born here. But 10 years ago it was a city of recession, with the fastest decreasing population of all Swedish cities.

With the construction of the Svealand rail line in the mid 1990s a complete change took place. Of course the introduction of fast train services to Stockholm, a 60 minutes ride, played a major role. Travel by rail has increased with more than 700 per cent(!), and at the same time car travel has decreased. But other decisions and the very competent and visionary actions by the local authority were equally important:

- Together with the rail investments the central station was renovated and a new passage to the housing area SW of the railway was created. The barrier was broken and a low status area turned into a popular, low cost living area for young people on the move.
- The old regional bus terminal was moved from a two mile distance to a location close to the station. All buses stop at the station going to and from the terminal. All local buses do the same. A real transport node was created.
- When a new college was started in Eskilstuna, it was located within two blocks from the station.
- The new Government Energy Agency was located to Eskilstuna. Many of their employees live in Stockholm and commute by rail.

Eskilstuna is now among the ten fastest growing local authorities in Sweden. Real estate prices are going up, a certain sign of positive growth.

Regional development through rail infrastructure

Large cities are crowded with private cars and can not take more. If you want the city to grow larger you have to find other ways of transportation that are safe, fast and use less space. Thus for the region, rail is the only alternative. (Compare with subway within the city.) With high speeds you can reach commuting distances of 100-150 kilometres (roughly 70-100 miles), in the future even more! This is attractive for the city centre aesthetically, historically and socially.

A larger region constitutes a larger labour force and a larger employment market. This shapes a robust region, attractive for business. The possibility for families where both parents are working to find jobs without moving is increasingly important, and socially very attractive. This development makes better use of earlier infrastructure investment (in the broad sense -- housing, utilities, social service, schools, culture, etc.), which is economically attractive. The latter aspect is often neglected in socio-economic calculations.

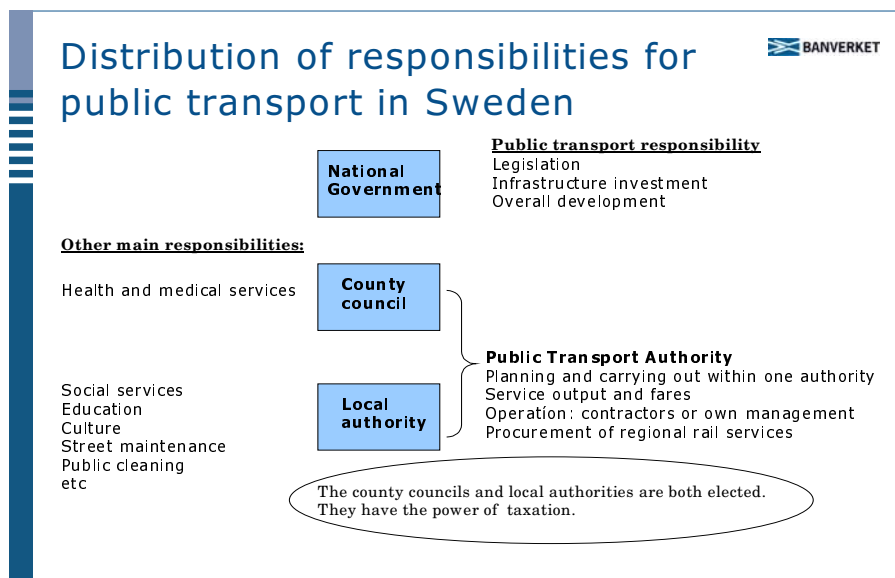
The larger the region, the more villages and small cities with different traditional specialities are knitted together in a network, based upon diversity, with the potential of innovation together with stability. That is attractive for all. With sound environmental considerations this should all sum up as sustainable development, maybe as sustainable growth!

Swedish public transport experiences

The population of Sweden amounts to 9 million unevenly distributed over the country. More than 80 per cent of the population lives in the southern part of the country. Sweden consists of 21 counties with a County Administrative Board (Länsstyrelsen) in each county. In addition, each county has a municipal agency, the County Council (Landstinget), with members elected by the inhabitants. The main task of the county councils are health and medical services but they are also since 1978 partly responsible for public transport in the county.

Each county consists of a number of local authorities, which also have their self-government. The main tasks of the local authorities are social services, education, culture, road and street maintenance, public cleaning, etc. In addition, the local authorities are partly responsible for public transport together with the county council. There are 289 local authorities in Sweden. One thing that differentiates Sweden from many other countries is that both the county council and the local authorities have their own power of taxation. The right to tax gives them a high degree of independence. New legislation makes it possible for the county council and the local authorities to take over certain Government duties from the county administrative board concerning regional development policy.

The responsibility for public transport development is divided among many authorities. The role of Government is mainly to secure that basic transport needs are satisfied and that good conditions for co-ordination and development of public transport are created. This is done mainly through legislation and investments in traffic infrastructure. The Government authorities Vägverket and Banverket, responsible for the road and rail traffic sectors, carry a great responsibility to press on the development of public transport.



However the real responsibility for local and regional public transport lies with the county public transport authorities (PTA) *i.e.* the local authorities and the County Council in each county. Local and regional public transport can be seen as part of basic public services and is of great importance for fulfilment of the transport policy objectives.

A parliamentary resolution was decided in 1978 on public transport authorities. The main task was the right to decide regionally the service output and fares and how public transport should be operated -- by contractors or under own management. The importance of placing the responsibility for planning and carrying out within one and the same authority was strongly emphasised.

The PTAs' were also given the right to operate regional passenger services on the railways. Through a resolution in 1985, services are procured under competition between different operators. This has contributed to substantially lower operational costs. As an example the kilometre costs for traffic were almost halved 1994-1998.

The PTAs have also been able to plan traffic in a better way than before and to co-ordinate rail transports with bus services.

Substantial improvement of public transport took place after the PTA reform. At first there was a levelling out of service standards with regional services in areas where public transport standards previously were not high. Overall, service output in vehicle kilometres increased by 20 per cent and travelling in passenger kilometres by around 30 per cent during 1980-1984.

Then a more market-oriented output took place, aimed at satisfying also other travel needs. Development was facilitated by the fact that there was one responsible authority with which discussions could take place. A substantial part of the local authorities' costs for school transport was transformed into the activities of the public transport authorities. Regardless of this, the degree of self-financing increased from 38 per cent in 1980 to 54 per cent in 1999. This improvement must primarily be credited to the procurement of services under competitive market conditions.

The resolution 1985 concerning procurement under competition was mainly in line with the proposal on "controlled competition" that the European Union recently, 25 years later, has drawn up to improve the attractiveness of public transport. Procurement under competition has resulted in cost reductions of between 10-20 per cent. It is difficult to calculate net results since other changes have influenced the financial outcome. An example can be taken from Stockholm Transport, the PTA of the Greater Stockholm area: The need for tax financing has during the 1990s been reduced by more than 30 per cent. At the same time traffic output has increased by approximately 20 per cent.

To overcome the problems of co-ordination between county services and the long-distance trains, an agreement has been reached about a co-ordinated public transport tariff. This enables a traveller to purchase a ticket for a complete trip chain, consisting of one or more county public transport sections, by bus or train, combined with one or more rail sections operated by Swedish Rail.

The PTAs have the possibility -- but not the obligation -- to manage transportation of the disabled services and national mobility services. Many of the disabled have good possibilities to travel by public transport if only the means of transport and the different kinds of stations and stops become more adapted to their needs. In some cases as many as half of them. The costs for these measures will indeed increase but this is more than compensated by lower costs for the transportation of the disabled services.

The county councils are financially responsible for transportation of patients. To an increasing extent the PTAs are participating in the patient transportation services. Since buses operated in scheduled services become more and more accessible to the disabled, the possibilities to transfer costly patient transports by taxi to public transport will increase.

(This section is based on the report “*Public transport in Sweden -- co-ordination and competition*” from the Swedish Public Transport Association (SLTF). The whole report can be read in an English version on www.slutf.se).

Swedish example?

So the solution is to copy the perfect Swedish example? Not at all! We are all depending on our local history, traditions and possibilities. The Swedish example can only be an example – but hopefully inspire somebody!

Conclusions

- Transport infrastructure is vital to urban development.
- City regeneration and regional network are linked together.
- Transport is a door-to-door issue.
- Public transport has to turn customer focussed.

PAPER 6

NOT JUST A LUXURY... THE MUSEUM AS URBAN CATALYST

By Dr. James M. Bradburne, Director, Museum für Angewandte Kunst

Dedicated to Friedrich von Metzler, who has done more than anyone to prepare his city for the challenges of the 21st century

Although the purpose of this meeting is to discuss the role of culture as part of the overall challenge of urban renewal, as Director of Frankfurt's museum of applied art (mak.frankfurt) I hope you will forgive me when I speak only of museums and not about theatre, dance, cinema, and music. I would like to talk in particular about the role of the museum in today's globalised economy. More importantly, I would like to underline the role museums could play -- if they are able to redefine their missions -- in order to respond to the rapidly-changing world. In particular, I would like to address two related questions -- first, in what way are museums potentially poised to play a role in urban renewal, and second, how can a city justify spending millions of Euros annually to support its museums?

Museums are often seen as stuffy, traditional, and inflexible -- and indeed they often are. Nevertheless, this is not a necessary part of a museum's definition, rather, it is a feature that has developed in the affluent years after the Second World War. On the contrary, museums have always been a part of the society they serve, and as society changes -- for political, economic, or social reasons -- museums too must change to serve society's new needs. Now more than ever, society needs to use its museums as a 'motor for the learning society' -- and as a key means of attracting new businesses -- and thereby new tax revenue -- to the City. If we fail to meet the challenge of renewing and revitalising our museums, they risk becoming a marginalised and irrelevant burden on the taxpayer.

Museums in a learning society -- A short history

What is a museum? According to Joseph Veach Noble (Head of Education at the Metropolitan Museum of Art and later President of the American Association of Museums) the purpose of the museum is '*to collect, to conserve, to study, to interpret*

and to exhibit.’ These, he said, ‘are like the five fingers of a hand, each independent, but united for a common purpose.’

If one defines the museum largely as the first three fingers of the hand, its history is linked to that of the collection, and the museum has its roots in the Classical past. The earliest museum of which we can speak was actually a library: the ‘mousseion’ of Alexandria, the institutional sibling of the famous library that flourished three centuries before Christ. Since the Renaissance, the dominant model of the museum has been the collection, and the demands of the collection have taken precedence in the museum’s organisation.

If one puts the emphasis on the last two fingers, the museum’s history can be traced to the late 18th century. By the end of the 18th century, the political situation was extremely volatile, and the demands for access to social, political and cultural machinery found decisive political expression. Following the French Revolution in 1789, the very existence of private collections was called into question. Out of the passionate defence of the need for collections to the Convention of 1793 and 1794, the first modern museums were born: the Louvre, the Musée de l’Histoire Naturelle, and the Musée des Arts et Métiers.

The arguments for founding Museums were linked to their ability to teach new skills -- not just convey information about the distant past or amuse idler time-wasters. Justifying the creation of the Musée des Arts et Métiers, arguably one of the first museums of applied arts, the Abbé Gregoire summarised his proposal to the Convention by saying, *‘I have just disclosed to you the means of developing the national industry.’* Faced with a substantial delay in catching up with English, apprentices were to be routinely brought to the Conservatory to study machines and working models of machines, in order to make up the French deficit in technology speedily.

Nearly all new museums had as their mission to educate the public -- notably the labouring classes -- often with the explicit expectation that an increased exposure to the arts would be translated into better products. Museums were no longer to be the preserve of the few -- they were to open Sundays and evenings for the many. Workers newly sensitive to beauty would give industry the competitive edge. This was the Golden Age of the Industrial Revolution, and industry needed a visually literate public -- to buy its goods, and to produce them. The Museum was an important part of a broad social, economic, and cultural strategy. The importance to industry of museums -- particularly museums of applied art -- can be seen in the early exhibitions at London’s Victoria and Albert Museum, and indeed the museum I currently direct, which was founded in 1877 as a collections of samples for craftworkers to imitate.

The times continue to change, and our museums must continue to change with the times -- at least if they are to meet the challenges of the 21st century -- and the key to change is to embrace a museology that looks to the future, not just to the past. Just as in the last decades of the 19th century, we are now seeing an immense museum-building boom -- but now the challenge is to sustain the relevance of our

museums as we enter the 21st century. The challenges are substantial. In the past ten years the world economy has globalised at a dizzying rate, largely due to new information technologies. Those growing up today must be prepared for rapid technological change, to change jobs more often than their parents, and to add value to their work as a condition of economic survival. A federal Europe is in the making, but it needs a population for whom learning is a way of life, not an isolated event. We must — at all costs — become a learning society, and the museum has the chance to become the institution at the heart of that society. The museum is part of preparing us to be part of a ‘community of learners’ — or as Jonathan Miller once said, the museum prepare us, ‘for a world in which the life of the mind is a pleasure.’ Museums have not always been merely repositories of the past, enormous storehouses of potentially useful things. In the Renaissance they were instruments of power, in the early days of the French Revolution they were the key to economic competition, in the late 19th century they were the means to increase the quality of industrial production. Museums have always been instruments of social and educational policy, and in particular, the museum setting has been used as the site of informal learning *par excellence*. In particular, museums have been preferred sites for communicating new skills — the skills required by contemporary society.

Informal learning as part of economic strategy

Education is rapidly becoming a big business, and the failure of the public school system is becoming a major political issue. As Marjorie Scardino, CEO of Pearson says, ‘*Education is one of the great growth industries of our time.*’ In America the crisis in the school system is being compared to the crisis in the American auto industry in the 1970s — and the consequence is the same — America now has to import more and more creative brains from outside the country. It is also creating a whole new market for remedial education, and for corporate universities and colleges. But are schools and universities the only place we learn? Or even the best places to learn? Where do we learn the joy that comes from unforced learning — the pleasure that comes from discovery, from self-initiated and self-directed exploration? Almost certainly not at school. But where?

Traditionally museums have considered their visitors — when they considered them at all — as ignorant, or at best, as blank slates on which to write new information. In fact, the opposite is true. Far from being ignorant, our visitors are competent and intelligent, if we are to believe countless visitor surveys, often highly educated. Far from being blank slates our visitors come with existing experience, education, and opinions. Visitors create their own understanding, and the Museum gives them opportunities to create new knowledge during and after their visit. We cannot insist on dictating the specific new knowledge they create — a museum is an informal learning environment — not a school classroom. The role of the museum is to create an environment where the visitor can explore the ways in which she can actively modify her relationship with culture, by enhancing her knowledge, piquing her curiosity, by honing her critical judgement. Learning is not an undifferentiated concept — learning can either be seen as the acquisition of new information, transmission from

those who know to those who do not — or it can be the acquisition of new skills, directed by the learner and serving the learner's own needs.

As an instrument of informal learning — lifelong learning is the expression currently in vogue — museums are an investment in creating a future workforce that is able to respond to change, and able to meet the challenges of new ideas, new working relationships, and new technologies. In the last two years, especially after the downturn provoked by the collapse of the dot.com bubble and exacerbated by the attacks of September 11th, it has become painfully clear that businesses — and the people who work for them — must be prepared to face sudden and often unpleasant changes. Workplaces are being transformed, new efficiencies being sought, and employees in once secure positions forced to seek new jobs from one week to the next. These challenges mean that increasingly the economy needs places where its citizens learn to enjoy the pleasure that comes from learning outside the school.

The success of mak.frankfurt is evidence for this approach. The mak.frankfurt experiment is based entirely on partnerships with the private sector, for whom mak.frankfurt represents both short-term value in terms of marketing, and long-term value in terms of preparing the next generation for change. With the support of some of the city's leading bankers, notably Friedrich von Metzler, who first introduced the North American 'matching funds' model to the Frankfurt, the partnership model has become a mainstay of the museum's activities. Moreover, the Metzler family's success in leveraging private support for Frankfurt's entire cultural sector has already become known as the 'Metzler effect'. The museum now has twelve museum three-year partners, including Nokia, Sun Microsystems, Deutsche Telekom, Deutsche Börse, JP Morgan Chase, Braun, Publicis, the Messe Frankfurt and the FAZ, and is in discussions with several more. Partnership revenue now accounts for nearly 20 per cent of the museum's annual budget, and well over half of the museum's non-City revenue. This has the advantage of making the museum less dependent on City funding, and giving the museum greater autonomy to develop new programmes and activities to reach new target groups and address new issues. Without any exaggeration, partnership is at the heart of the museum's ability to deliver on its claim to be a 'motor of the learning society'. The next step is to convince the City of Frankfurt — in the spirit of a true partnership — to 'match' the partner revenue with an equal amount of city revenue, thus creating a true 'public-private partnership.'

Museums -- Not 'edutainment', not attractions, not theme parks

If museums are to fulfil their promise as privileged sites for learning in the 21st century, they must rethink the way in which they function, and become increasingly user-driven -- a word, more 'bottom-up'. In abstract terms this means taking the visitor's competence and abilities seriously, and creating opportunities for the visitor to actively shape their experience in the museum. It has long been my conviction that -- contrary to the belief among some museum professionals -- that our visitors derive real pleasure from confronting material that makes them think about the world in which

they live. Baxandall writes of the importance of 'patterns of intention',³ and it is the invitation to create a meaning that seduces us in certain museums. Making meaning -- the central task of every child -- is able to provide an almost sensual delight. It is the key to engagement and interactivity. That people find pleasure in using their minds can be found everywhere -- from the sales figures for murder mysteries and science fiction, to the membership in chess clubs. The term 'edutainment' has always seemed to me a pernicious nonsense, a puritan prejudice that associates pain with gain, and pleasure with frivolity. The fact that many 'couch potatoes' are as well informed as coaches about their favourite team's past performance speaks for the willingness of people to engage with material that matters to them. The fact that many museums are under-attended is witness, not to the inability of the visitors to appreciate the material, but more often than not of the museum's inability to make it relevant. As a privileged site for informal learning, the museum can only add real value to society by preparing a new generation for a life of learning. In this way it not only helps create a flexible and motivated workforce, but can also help those without access to technology -- such as older people and socially excluded populations -- learn new skills.

Many museums are trapped in the assumption that their main task is to display -- to exhibit. Other museums, however, take seriously Nelson Goodman's contention that museums should be '*institutions for the prevention of blindness.*' He goes on, "*the museum has to function as an institution for the prevention of blindness in order to make works work. And making works work is the museum's major mission. Works work when, by stimulating inquisitive looking, sharpening perception, raising visual intelligence, widening perspectives, and marking off neglected significant kinds, they participate in the organisation and reorganisation of experience, in the making and re-making of our worlds*".⁴ Museums such as London's National Gallery, despite the enormous pressure of tourist crowds, continue to produce thought-provoking and intelligent exhibitions. Jonathan Miller's 'Mirror Image'⁵ and Neil McGregor's 'The Image of Christ'⁶ challenged the visitor to come to grips with difficult ideas, and savour the delight of thinking about familiar topics in unfamiliar ways. In a recent exhibition treating the subject of time in painting, the National Gallery allowed visitors to participate in an eye-trace experiment, and placed a small camera next to Van Gogh's 'Sunflowers' to allow visitors to look at other visitors looking at Van Gogh. These initiatives show the enormous range of possibilities open to museums if they are willing to rethink their traditional role. Instead of being large sheds for the display of desirable objects, museums can become places to excite minds to culture -- to become 'learning platforms'.

3. Michael Baxandall (1985), *Patterns of Intention*, Yale University Press, New Haven.

4. Nelson Goodman (1980), address to the American Museums Association.

5. See the accompanying book, Jonathan Miller (1998), *On Reflection*, National Gallery Publications, London.

6. Neil McGregor (2000), *The Image of Christ*, National Gallery Publications, London.

The museum specialist Kenneth Hudson⁷ was clear about his position: ‘When I am in a museum’ he wrote in 1999, ‘I like to look at an object and let my imagination work on it. I like to say to myself *What am I learning from this object that kicks my imagination into life, that helps me to have a better understanding of the world in which we live and a better understanding of history?* I see museums as places with that as their main function.’⁸ [italics in original]

The mak.Frankfurt experiment

If the museum is to play its role as a new learning platform, it must have new facilities. I will cite the museum I currently direct as an example of the direction in which I believe museums must move if they are to survive relegation. With the support of its partners, mak.frankfurt now features two computer labs (the Andersen Computer Lab and the Nokia Lab), a permanent collection of ‘Digital Craft’ where teenagers test new computer games and websites (supported by Sun Microsystems, the Deutsche Börse, Deutsche Telekom, Nokia and Andersen), wireless Internet throughout the museum, a multi-purpose reading room -- the so-called ‘FAZ Leselounge’ (after Germany’s leading newspaper and museum partner, the Frankfurter Allgemeine Zeitung), and a learning lab (the JP Morgan Lern.labor) where children can create their own robot choreography -- ROBO.mak -- in addition to its design and applied arts workshop (the Braun Lab). It is not enough to have the facilities alone, however, they must be used. The museum has already developed a strong reputation for its courses and workshops, and these will remain a central part of mak.frankfurt’s activities. As the museum’s mission grows, however, so do its possibilities.

Museums have traditionally been the domain of a privileged few, and despite many attempts to change the audience mix, museums as institutions are still seen by many to be instruments of social exclusion. During the course of the past two decades much has been done to reduce barriers to participation in the museum’s activities. Frankfurt is the German city with the greatest percentage of non-German nationals in its population -- over 30 per cent of Frankfurt’s residents do not hold a German passport. On the one hand, this brings a refreshing multi-cultural dimension to the city, but on the other, it makes even more remarkable the degree to which these publics are not taken into consideration in most of Frankfurt’s museums. Since its relaunch in May 2000, mak.Frankfurt has been a pioneer in making the museum more accessible -- in creating

7. Kenneth Hudson (1916–1999). During the course of his long career Hudson authored over 50 books (including the *The Social History of Museums* and *Museums of Influence*), and was a pioneer in championing the cause of industrial archaeology. He lectured extensively, and despite his natural suspicion of large organisations, advised both ICOM and UNESCO. He helped found in 1977 the European Museum of the Year Award (EMYA), and later, the European Museum Forum. The award and the forum gave Kenneth a platform from which he could promote and recognise what he considered best museum practice.

8. *op.cit.*

an international 'piazza' in the heart of Frankfurt's museum mile. The vision of mak.Frankfurt as piazza can be seen in nearly every aspect of the museum's activities.

The mak.Frankfurt strategy begins with the ticket⁹. We are open daily until 8 p.m., and every ticket is valid for one month from the date of purchase, transferable, and admits a child free. There is a group of specially trained interpretive staff -- the so-called 'mak.crew' -- ready to provide information, explanation, or even tours on demand. On every floor there are reading tables stocked with books, magazines, newspapers, and Internet access. There are small ladders to help children look into the taller vitrines. All the museum's wall texts are in German and in English -- and in our East Asian collection also in Japanese and Chinese. The majority of Frankfurt's non-German population are Turkish, and mak.frankfurt's Islamic collection they are also in Turkish and Arabic -- a first for Germany. In May 2001, mak.Frankfurt hosted a collection of Ottoman calligraphy, and over 25.000 visitors -- most of them Turks -- came to the museum for the first time. With the museum's partner the Nassauische Heimstätte (the local social housing developer) we have developed special programmes in the museum for Turkish-speaking visitors, and outreach programmes that encourage Turkish tenants to create their own exhibitions in the museum. The museum also places an emphasis on children and families, and special children's labelling is being implemented throughout the museum. Special hands-on activities are mixed in with the museum's traditional collections, and ladders allow small children to look into tall vitrines.

Many vitrines are designed with integral bench seating. The museum supports wireless Internet throughout, which means you can wander around with a laptop (available from the info counter) and access in-depth information about museum object -- whilst sitting beside the object! With Nokia's help the museum visitors can now play a discovery quiz in the museum using any WAP-enabled mobile 'phone -- in German, English or Turkish. The museum's 'mak.3' shop is not just a shop -- it is an integral part of our education programme. The objects in the shop have interpretive labels -- and we sell objects that can be found in our collections and exhibitions. Even the museum bistro is not just a bistro -- it is part of the museum¹⁰, with objects from our collections on display. It is open until midnight, offers over 50 wines by the glass, and features designer porcelain and glasses -- after all, in a museum of applied art, you have to be able to see the collection in action! And of course there are chairs everywhere. Throughout the museum there are chairs -- lightweight and elegant portable stools that can be picked up, carried, and left. The configurations in which they are left tell a story of how people stop to chat, to talk with one another, to discuss what they have seen.

9. For a complete description of the mak.frankfurt experiment to date, see "Laboratory for Change", *Alliage No. 44*, Fall 2001, and "A New Strategic Approach to the Museum and its Relationship to Society", *The Journal of Museum Management and Curatorship*, Fall 2001.

10. See *Salon of the future*, mak.frankfurt, Frankfurt, 2000.

At first glance, the issue of chairs may seem irrelevant to the experiment outlined above. On the contrary, chairs are at the heart of the museum enterprise. Normally we find chairs where we think it is appropriate to sit — in waiting rooms, in restaurants, in libraries. But what about museums? What is appropriate behaviour in the museum? Looking at most museums, the prevailing assumption seems to be that museums are places for looking at things, and that the relatively short period spent looking at any particular object, combined with the large number of objects to look at, means that museums are places for standing, not sitting. Sitting is of course allowed, but only grudgingly as a concession to those with weak backs and weak moral fibre, unable to soldier on for two hours of uninterrupted cultural ecstasy. It is not generally known that some of the first visitor studies, conducted at the beginning of the last century, were addressing the problem of so-called ‘museum fatigue’.¹¹ If we expect the museum experience to be defined by a series of small epiphanies of short duration, then it is neither inconsistent nor surprising that we expect the museum visitor to be in a state of almost perpetual motion, not dissimilar to a bumblebee flitting from flower to flower. Nor is it surprising that we create museum spaces as long series of passages, along which the visitor can flit, or shuffle, depending on the crowds.

But what if we don’t think that the museum experience is defined by periods of relatively short engagement, one-on-one, with objects of putative desire? What if we believe that the museum experience is marked by affective moments with others -- with friends, parents, grandparents, classmates? What if the binome of viewer and artwork is in fact, as Michael Baxandall argues, a triangle that includes others?¹² What if we believe that the museum is a privileged site for informal learning, not the cognitive learning of the classroom, but the realisation that, as Jonathan Miller says ‘*the life of the mind is a pleasure*’? If we believe that these moments tend to be sustained, social, marked by discussion and exchange — in short, take time — then the chairless museum suddenly begins to look slightly misguided. Kenneth Hudson puts it quite succinctly. He writes ‘*I believe that the real barrier too museums developing in a balanced and creative way is their tradition of pedestrianism*’.¹³ The Frankfurt experiment is as much about sitting on chairs as it is about displaying chairs.

Are museums the key to an urban renaissance?

Since the 1960s, new museum building has been an integral part of the urban development strategy of cities throughout the world. From Basel to Bilbao, from Frankfurt to San Francisco, new buildings by famous architects have been seen as a way of revitalising older museums or making space for new collections. Many — the so-called Kunsthalle — have been built expressly to house blockbuster temporary exhibitions, while nearly all new building includes large areas dedicated to temporary

11. B. Gilman (1916), "Museum Fatigue", *Scientific Monthly*, 2: pp. 62-74.

12. In Karp and Levine (1990), *Exhibiting Cultures*, Smithsonian, Washington.

13. Kenneth Hudson (1995), *The Right and Wrong Road for Museums*.

displays. Many of the new buildings are recognised as architectural masterpieces – from Louis I. Kahn’s Kimbell Art Gallery in Fort Worth and Renzo Piano’s Pompidou Centre, to Frankfurt’s Museum für angewandte Kunst (formerly Kunsthandwerk) by Richard Meier, Stuttgart’s Staatsgalerie by James Stirling, Piano’s De Menil Collection and Beyeler Foundation, Gehry’s Bilbao. Due to their striking architecture, the new buildings also draw huge numbers of visitors – often hundreds of thousands per year – visitors whose main interest is in the building’s architecture, not necessarily the museum’s collections.

What is clear, however, is that with certain notable exceptions such as the Centre Pompidou, the visitor numbers generated by new buildings start to drop off after the third year – the well-documented ‘S’-curve, and in the case of some museums, the drop in visitor numbers can be vertiginous.¹⁴ At the same time, new buildings often bring substantially increased operating costs in terms of overhead, maintenance, and staff. Increased operating costs combined with drastically reduced visitor revenue can injure – or even kill – a new institution,¹⁵ and paralyse an older one.¹⁶ Building new museums in and of itself is not the answer to revitalising a city or a neighbourhood. A new museum building will bring visitors to an area on a one-time basis, generating interest that generally peaks after three years. If the operational costs of the museum are not adequately funded in the long-term, museum building is urban suicide. Even the Bilbao effect – once a byword for urban regeneration – will soon be a symbol of the failure of short-term urban planning. The once full flights are even now fewer, cancelled for lack of interest in seeing the same exhibitions that the international visitor has already seen in New York, Berlin or Venice. Those who wished to see Gehry’s architectural wonder have largely done so. What will remain is a forlorn outpost of the McGuggenheim, its titanium petals rusting in the Spanish sun, its exhibition halls empty.

Even the museum I currently direct is an example of the short-sightedness of museum building without considering its long-term sustainability. For the first few years, the Museum für Kunsthandwerk (as it was called from 1935-2000) basked in the sun of public attention due to its world-renowned Richard Meier architecture. The visitors came in droves, from both Frankfurt and abroad, largely to see the new building – an architectural landmark. The Director responsible for guiding Meier’s work retired in 1987. By 1989, with the only change being in the form of temporary exhibitions, visitor numbers had fallen predictably (following the so-called ‘S’-curve), although the quality of the Museum’s exhibitions continued to draw a loyal local following. Unfortunately, in 1994, the City began to feel the pinch of their generous support of the cultural sector (at its peak, Frankfurt’s cultural budget exceeded the cultural budget for all of Holland). Abruptly the money supply was turned off. Exhibition projects went

14. For instance at the Rotterdam Kunsthalle.

15. For instance the Discovery Centre in Baltimore, which closed after a year due to low attendance.

16. For instance Frankfurt’s Museum für Kunsthandwerk, which saw visitor numbers of over 350 000 in 1986 fall to a more or less stable base of 85 000 by 1996.

unfunded, positions went unfilled, building maintenance went undone. For the first time, Frankfurt's museums had to charge admission, but this brought in no more than 10 per cent of the amount slashed from the budget, and as a consequence the visitor numbers halved again. To this date, the museum has no City budget for exhibitions, education, publications, or publicity. Not surprisingly, given the double impact of diminishing value and increased prices, visitor numbers plummeted.

Better museums -- Not new museums

As opposed to those who claim that new museum building is the secret to economic and urban renewal, I would argue that the opposite is in fact true. The market for new museums -- at least as currently defined -- is over saturated, and the resulting bubble is unsustainable and set to collapse. In particular, by overbuilding, the museum is forced to over-trade, thereby compromising its institutional mission. In order to pay the costs of maintaining expensive buildings with a large staff, the museum is forced to move away from its traditional role as an essential supplement to formal education. Instead, to appeal to new audiences, it must either become a provider of remedial education, or compete in the leisure sector against films, television and events. On the one hand, providing remedial education entails greatly increased costs, without a convincing increase in effectiveness, calling into question the museum's claim to be supported as part of the educational system. On the other hand, if educational goals are sacrificed in order to compete as entertainment with other 'leisure activities', the museum's high operating costs make it uncompetitive, and the museum is only saved from bankruptcy by continuous infusions of tax revenue. The current demographic and political trends would suggest that this form of support -- and hence the museum itself -- is not sustainable in its current form. The answer would seem to lie in a freeze on new museum building, a consolidation of existing institutions, and a return to the museum's core values. Key among these values is the museum's mission to be a public informal learning environment.

Kenneth Hudson put the importance of the museum's public mission more bluntly. *'Nowadays, if museums do not exist mainly for the benefit of the visitors who go there, they are not doing their job. A museum that believes its justification to exist is based only or mainly on its ability to provide a living for the people who work there has no right to exist under today's conditions'*.¹⁷ Kenneth Hudson was intolerant of museums that shamelessly took advantage the generosity of the public purse by not taking seriously their mission to serve the public. A museum had to be paid for -- and money didn't just fall from the sky. *'A museum has to have money in order to survive. And where is that money going to come from? The money will come, directly or indirectly, from the people who come to see the museums.'*¹⁸ Or put another way, *'It comes from the taxes paid by poor widows'*¹⁹. A museum that only displays its

17. Kenneth Hudson, *op.cit.*

18. Kenneth Hudson, *op.cit.*

19. Kenneth Hudson, *op.cit.*

treasures, but cannot make them relevant to its visitors, cannot justify its existence. Display is not enough — the museum must excite minds to engage with the world they live in.

Since the 1960s the overall political landscape — especially in the United States — has shifted dramatically to the Right. In the museum field, this can be seen in the trend towards unreflectively importing business models from the private sector. This means that the museum sector is increasingly described as part of the ‘leisure industry’, that informal education is increasing presented as ‘edutainment’ (just as the news has become ‘infotainment’, with ‘reality shows’ and re-enacted events). Museums are told they must compete in the marketplace with other leisure activities such as baseball games, theme parks, visits to the shopping mall and performances of light opera. Museums are exhorted to codify and imitate ‘best practice’, and the diminishing subsidy from the public purse is measured by ‘performance indicators’, ‘value for money’ and ‘best value’. As McGuigan noted in 1996, *‘the public sector has been required increasingly to function pseudo-capitalistically, which is not only an organisational phenomenon but a deeply imbibed ideological phenomenon and one which has had enormous impact on cultural agencies... and the network of arts-subsidising bodies.’* Most pernicious among the rhetorical shifts is that museums are now encouraged to treat their visitors as ‘clients.’

This innocuous change masks a far deeper shift towards a society in which our agency is defined increasingly in terms of choices we make as consumers — and not as social and political actors empowered to democratically determine the conditions under which we live together, and co-incidentally, produce, distribute and consume. As McCullough says looking back to the transformations wrought by the Industrial Revolution, *‘just as artisans had become labourers, now citizens became mere consumers.’* *‘I shop therefore I am’*, says Barbara Kruger, but surely citizens are more than merely consumers — and museum users are more than ‘clients’, purchasing an experience. Consumption plays an increasingly important role in contemporary society, a consequence of late industrial economics, but surely the challenge is, on the one hand, to educate a generation of critical consumers. On the other hand, a museum must recognise and encourage a model of citizenship that includes the right to challenge, debate, question, and ultimately restructure the terms of the social contract. The museum is a privileged site for informal learning, potentially an important environment in which one can discover new cultures, test one’s assumptions against the material evidence of the past, explore the differences that stem from different times and places. It is a place where a person can ultimately feel the uncommodified experience of wonder and inspiration while confronting the best expressions of human culture. Although it would be naïve to think that the museum is completely neutral, and that markets, politics and ideology play no part in the museum experience, nevertheless, facing a Book of Hours, a Vermeer, or a Beuys, one is a long way from being a just a ‘satisfied customer.’ If the customer doesn’t experience epiphany — can she demand her money back? If the user is a client, it is not clear what the museum client is buying, what is being consumed, and what measures one could use to assess its value. Instead, I would argue that museums are not to be seen as sites of consumption at all, but as ‘motors of the learning society’, whereby the better the learning environment, the more

the critical agency of the user is enhanced. In modern American, museums are places to 'empower' the user — not just as a consumer of pre-determined choices, but as an active member of society — as much a generator of experience as a receiver.

What makes a museum worth the widow's taxes?

It is completely unrealistic to imagine that the private sector can and will finance the museum entirely. Even in the United States where the number of private museums is far greater than in Europe, it is a rare museum that can survive only from earned revenue and sponsors. In reality, even in the US model, financial sustainability is largely ensured by the tax system (which by giving tax incentives supports a form of self-directed taxation), trust funds, and government grants. Regardless of the degree to which museums are exhorted to adopt private sector business models, few museums are a genuine business, and without the means to generate revenue in excess of costs, cannot be entirely run as one. This inability stems in part from the fact that certain key museum functions (the first three fingers of the museum hand described above) are long-term investments that can only be financed by the society as a whole by means of its taxes. As tax revenue is withdrawn, or inadequate provision made to sustain the museum's underlying activities of collection, preservation and study, the remaining two functions — interpretation and exhibition — are not able to generate enough revenue to cover the costs of the museum. Private sector partners can — and will — support museum activities that create value for them in terms of media exposure, brand positioning, and even knowledge and skills transfer, but few firms will invest in the preservation and study of objects for posterity. Museums, like universities and libraries, must be financed in part from the public purse. And like museums and libraries, museums can only justify using widows' taxes if they are seen first and foremost as an educational resource, and financed as such.

This argument for government support makes a plea for the universal values that museums and similar institutions represent — the acquisition of knowledge, the need to preserve and nurture culture, the necessity of education for a democratic society. These arguments are worthy ones, and convincing in abstract and idealistic terms. They plead the wisdom of investment today in the hopes of realising broad social gains in twenty or more years. As the public purse is squeezed by falling tax revenue (regardless of whether caused by economic or ideological circumstances), governments are increasingly driven by short-term considerations, in a democratic society rarely extending beyond the current term in office. In order to ensure continued financing, cultural institutions must supplement their usual arguments to the head and the heart with arguments to the pocketbook — in the short-term. Not all taxes come from poor widows, in fact, a goodly portion of any city's tax revenue comes from business. Museums aren't just good in themselves, they are good for business, and business is good for taxes.

The short-term argument for sustained support of the cultural sector can be summarised as follows. Cities and regions compete with other cities and regions to attract new businesses. Every head office that builds an office tower, every firm that

locates in Frankfurt, every business that opens a dependence, brings revenue to the City. They bring revenue in the form of direct investment, they bring revenue in the form of taxes, they bring business, and they bring employees. Employees buy houses, pay taxes, and buy groceries. Most importantly perhaps, employees rarely come alone -- they come with husbands, wives, and families. Attracting new business -- and new employees -- is not always easy. On the one hand the Internet means that we are seeing a return to 'cottage industry'. With a computer and an ISDN line many have chosen to work directly from home -- and home can be a villa in Tuscany as easily as a bungalow in the Taunus. On the other hand, young people are returning to the cities, and the major exchanges are still located in world capitals. But the city has to compete to attract and keep the young and mobile. It is easier than ever to move, and cities such as Paris and London have a lot to offer in the way of nightlife, culture, and cuisine.

If a city such as Frankfurt expects to play a role as the centre of European finance, if it hopes to attract new industry to the region, if it hopes to seduce young talent from cities such as London, New York, Paris, or Milan, it must offer something more than a good job. It must offer a vital urban experience to the young, a rich learning environment for families, a wide spectrum of cultural activities for adults. A city needs more than just workplaces, it needs schools, shops, cinemas, theatre -- and museums. In the city of the future -- and Frankfurt is certainly poised to be such a city -- the battleground for talent and investment will be fought on the grounds of amenities -- 'liveability' -- not on the basis of tax breaks or easy access to the sea. And while liveability includes much more than just museums, if museums have the courage and vision to play their part, providing a wide variety of opportunities for children, students, and families to discover and shape the world around them, the vitality of the museum sector can play a decisive role in attracting new investment to a city. The argument for Frankfurt applies equally well to other cities such as Milan, Lyon, Birmingham and Glasgow. Seen in this way, museums are not merely a luxury, icing on the cake of commerce, but an essential ingredient in a city's offer to investors -- and possibly, a city's 'sustainable competitive advantage' in a rapidly changing, innovation-driven society.

The argument for both private and public sector support for museums that truly function as privileged places for informal learning, as multi-cultural 'piazzas', as repositories for our common culture past, present and future is a strong one. However, to realise the promise our museums hold out, we must have the courage not to build yet more monuments to political egos, but to concentrate on initiatives that deliver on their educational promises, that serve their existing publics, and most importantly that reach new publics. Only by investing in the institutions we have, will we be able to fully enjoy the return on investment in terms of a society prepared to meet the challenges of change head on with new skills, new knowledge and a deep-rooted passion for learning.

PAPER 7

GLASGOW'S URBAN RENAISSANCE

By Bob Downes, Director, BT Scotland

What do we envisage when we think about the private sector in the city of the 21st century? Is it about investment returns and jobs — maybe more? Is it only for the elected government to think about Glasgow in a wider deeper context? Our cities are beset by many challenges and Glasgow is no exception. Our city government take direct action to solve problems whether it is drugs, crime vandalism or river regeneration. The problems seem to defy solution. Their scale and intensity maybe invites us to consider the context of cities and what purpose they actually serve. Is a city vision a 'now' thing? Do we invest in the real future where generations count? Great visions draw from the past, transcend the present and generate confidence to reach out for the future.

It was Lewis Mumford in the *City is History* who said, “*When we finally reach our own age, we shall find that urban society has come to a parting of the ways...*” He described the immediate dilemma facing human kind. “*Will we devote ourselves to the development of our own deepest humanity or will we surrender ourselves to the now almost automatic forces that we have set in motion which lead to our dehumanised alter ego -- post historic man. Post historic man brings with him progressive loss of feelings, emotions, creative audacity and finally consciousness. Mumford concluded the City is History*” -- The final mission of the city is to foster man's conscious participation in the cosmic and the historic process through its own complex and enduring structure, the city vastly augments man's ability to interpret the processes and take an active, formative part in them, so that every phase of the drama shall have the illumination of consciousness, the stamp of purpose, the colour of love, that imagination of all dimensions of life through emotional communion, rational communication, technological mastery and above all, dramatic reputation, has been the supreme office of the city history. And it remains the chief reason for the city's continued existence. So what might progressive loss of feelings, emotions, creative audacity and finally consciousness look like?

If we take a glance at the US we can see some arresting images. For example, Anthem is a community up route 1-17 past Happy Valley Road and Carefree Highway. Anthem is a new community boasting a water park, a children's railway,

hiking trails, tennis courts, a rock climbing wall, two golf courses, several strolled paths but Anthem is a gated and guarded community. It opened in 1999, has 12 500 homes and is spotless. Everyone who lives there has to follow a set of rules as part of a covenant when they buy. This is not unusual. It is part of a movement.

Already some 47 million people (1 in 6) in the US live in managed communities. In Nevada there is even a community for gun enthusiasts. Front sight offers an acre plot per resident, an UZI machine gun and lifetime membership of 22 shooting ranges -- with an African Safari thrown in. Why do people want these communities? According to the citizens of Anthem -- "*Because its safe, because there are activities, because its well, like US!!!*"

So the question for *all* of us in Glasgow is -- Will we devote ourselves to the magnification of all the dimensions of life through emotional communion, rational communication, technological mastery and, above all dramatic representation?

Glasgow's past provides enough inspiration for a continent of cities. Arthur Herman in his wonderful book -- *The Scottish Enlightenment -- The Scots Invention of the Modern World* has provided a stirring Exposition. After 1745 Scotland witnessed an explosion of cultural and economic activity which incited the beginning of a new Europe. It was indeed first real demonstration of globalisation as we know it today. This was the new capitalist future of the world and the heart of the new future was Glasgow. In 1771 the tobacco trade was incredible -- a staggering 41M pounds. That represented one-third of Scottish imports and two-thirds of exports.

Scots merchants were familiar in New York, Philadelphia, Baltimore and Virginia. Business rather than birth bestowed on them an almost aristocratic status -- the tobacco lords. Cunningham, Spiers and Glassford were some of the most notable.

How did they do it? It was not geography, it was partly capitalisation but the key factor was that Glaswegian merchants ranked education almost as high as business. Many read Latin and Greek as well as a balance sheet and they sat in on lectures on philosophy and jurisprudence by the likes of Adam Smith. By 1790 half of the students enrolled were the sons of industry and commerce while Cambridge struggled to attain 8 per cent. This was the informing link between commerce (which did not exist in its own right) and 'polite' society which guided motivation and purpose -- man's conscious participation in the cosmic and historic process. The intermingling of the practical and the intellectual was a keynote of the Glasgow Enlightenment. Britain's first academic school for design was launched by Andrew Foulis in 1753.

There was a birth of new creative industries in the city. The number of books published increased by 500 per cent. During the 1770s the city had 14 bookshops as well as engravers, 4 architects, two marble cutters, an imported carpet warehouse, two coach builders, 14 saddlers, 3 fine jewellers, 23 cabinet makers -- a veritable cluster indeed. More than anything this great Glasgow enlightenment experience begs us to enquire about our version of the city's 21st century enlightenment.

How do we find common cause with all our diverse richness? In the communications business many of the seeds of the next generations of the internet are scattered literally around many parts of the city of Glasgow and BT is part of that richness. But what is the essence of private and public communion in this new era? Why do we in the private sector struggle to engage or be engaged?

Tables 1 and 2 show the bald facts of British Telecommunications involvement in the city of Glasgow.

It is substantial, it is varied and it also reflects the contribution of 3000 BT people who live and work in the city. But is there more? Should there be more?

Achieving more may be about common cause and higher purpose but our behaviour is partly determined by the experience of the worlds we inhabit and also by our perception of the other worlds we see but don't directly experience. Being in one sector (public or private) has particular experiences. Where are the edges of our responsibilities, demands obligations or expectations? Our experiences and perceptions create behaviour and attitudes. These in turn can create gaps in understanding and frustrated expectations. We need to be prepared to explore the edge of our responsibilities and obligations to see genuine shared opportunity.

The diagrams illustrate a very simple starter for model of common visualisation of our perceived uncommon positions.

Table 1

BT Scotland in Glasgow

Private Sector Contribution

- Communication infrastructure, e-business, connectivity, broadband services
- Support for city organisations e.g Chamber of Commerce
- Skills and expertise
- Innovation
 - Glasgow Software Centre
 - University R & D
 - Spin-out businesses
- Regeneration partner
 - Alexander Bain House
 - International Financial Service Centre

bigger / is that it.....??




BT Scotland in Glasgow

Private Sector Contribution

• Jobs	Direct	Indirect	
	3100	1400	

Capital	Salaries	Suppliers
£250m	£100m	£30m
(Scotland)		

Environmental policy

- Diversity Policy
- Investment
- Community Investment
 - BT Education Programme
 - 5.8m on arts and Sport (Scotland)
 - 3m Community activities (Scotland)
 - BT Volunteering
- Social Inclusion
 - Working Links
 - Big Issue Web site
- Plus local taxation

and.....??






Table 2



Technologies for the ‘Good’ city	
WI -FI	<ul style="list-style-type: none">•Instant internet in public places.•The wired campus
EXTREME PROGRAMMING	<ul style="list-style-type: none">•Software to go•enterprise applications•rapid prototyping design
X INTERNET	<ul style="list-style-type: none">•instant messaging•animation applications•live education•info traffic
PERSONALISED GENETICS	<ul style="list-style-type: none">•walk in health services•early warnings

BT Scotland

BT

Failing the credibility test

Everything we *do* sends a signal to others *and* for the same reason everything we *don't do* sends a signal too!!!

In *Silver blaze* S Holmes is called to investigate the disappearance of a race horse days before a big race. Someone had somehow managed to spirit the horse away eluding a guard dog in the process.

Inspector Gregory: Is there any point in which you would wish to draw my attention?

Holmes: To the curious incident of the dog in the night time.

Gregory: The dog did nothing in the night time.

Holmes: That was the curious incident. *The dog didn't bark.*

We have to learn to listen to what it is that we haven't heard. We tend at present to caricature ourselves. We in the private sector know what we do, what we are responsible for and we think we know what to expect of the public sector. The public sector equally knows what it does, what its responsibilities are and believes it knows what to expect of the private sector. But how much do we think we know and how much do we actually know? Further more how much of what we might do are we really prepared to expose to creative debate and 'to busting a gut' for positive outcome. Surely we can be prepared to explore our possibilities for Glasgow together without the blinkers of our respective bias. In our exploration we freshly adopt positive disruptive thinking for the enrichment of Glasgow's spirit.

We cannot recreate the past -- who would want to? We can use it to understand the tools that we have at our disposal and thereby achieve our desires to be innovative, to solve problems on the back of shared values and genuine expectations. And lets remember we all see the world in different ways, with different temperaments and emotions.

Will we for Glasgow devote ourselves to the magnification of all the dimensions of life offered by the rich diversity that presently divisure. But could so easily become common cause.

PAPER 8

GLASGOW'S CLYDE WATERFRONT

*By Vincent Goodstadt, Structure Plan Manager,
The Glasgow and Clyde Valley Joint Structure Plan Committee*

Context

During the past two decades the urban renaissance of Glasgow has transformed it into one of Britain's most vital and successful city centres in terms of retail and service sectors aligned to being a growing cultural and commercial location. This has been complemented by achieving the highest rates of urban renewal over the last twenty years, with nearly 70 per cent of all housing development throughout the conurbation being on brownfield land.

However this renaissance coexists with persistent problems of poverty and environmental blight. This is reflected along the River Clyde Waterfront where parts have been successfully redeveloped to extend the City Centre office quarter and create the national exhibition and conference complex, whilst other major stretches of waterfront downstream remain a derelict post industrial landscape sitting alongside some of the most disadvantaged communities in Scotland.

After periodic interest in the development potential of the waterfront, policy makers are now focussing their attention on the waterfront as a national opportunity for promoting sustainable urban development in line with the principles set out in the European Spatial Development Perspective and UK government planning policy guidance. This process has been underpinned by the strategic plan for the Metropolitan Area, the Glasgow and Clyde Valley Joint Structure Plan, which has set the context for the promotion of the redevelopment of the River Clyde.

Glasgow and Clyde Valley Structure Plan

The Structure Plan is the statutory plan approved by Ministers of State with which local plans and development proposals must conform. It has been prepared following a three staged public consultation involving individuals and community

groups, the private sector, government agencies, universities and non-governmental organisations. This plan has been part of the statutory planning system since the mid 1970s and has been critical in setting the priority for developing brownfield land and sustaining town centres. It has been reviewed and updated regularly, at least every five years since 1979 and its contribution to the urban renewal process has been recognised internationally.

In 1996 responsibility for preparing the Plan was transferred following the abolition of Strathclyde Regional Council to eight Local Authorities for the Glasgow and Clyde Valley area (East Dunbartonshire, East Renfrewshire, Glasgow, Inverclyde, North Lanarkshire, Renfrewshire, South Lanarkshire and West Dunbartonshire). Their area provides homes for 1.8 million people and forms the coherent labour market of the Glasgow metropolitan area.

These eight councils agreed to work in partnership through a Joint Committee. They also seized the opportunity to prepare an new and updated Structure Plan in order to provide a vehicle for delivering a renewed agenda for the Metropolitan Area of West Central Scotland. Right from the start of the process of developing the new Plan there was a strong conviction of the need to prepare a plan that was quite different from its predecessor which, whilst being comprehensive and thorough, required a greater sense of focus, a 20 year vision, with specific priorities for joint action. As a result it was recognised as being essential that a set of Flagship projects should be identified as the focus for the long term renewal of the Metropolitan area.

In addition since the earlier plans did not always carry the support of key players when it came to implementation, initiatives were promoted to engage process partners stakeholders agencies in the plan making. In particular, this involved the creation of a Strategic Futures Group including Scottish Enterprise, the local enterprise companies, water authorities and other infrastructure agencies, Scottish Homes, Scottish Natural Heritage and the Scottish Environmental Protection Agency. In addition it was seen as important to link the plan to the production of the European Single Programme Document for 2000-2007 as the spatial development framework to guide the allocation of EU structural funds.

The purpose of the Strategic Futures Group was to develop a common understanding of the future and to generate ownership of the Plan itself. This involved, amongst other things, agreeing assumptions, building scenarios and developing shared policy targets for the plan. It became clear that these agencies saw the potential of the Structure Plan because of the mutual dependency between them and the fact that the structure planning process presented the only mechanism for strategic planning that looked beyond the 3-5 years typically covered by their respective investment programmes. Much of the discussions within this Group went beyond the scope of land use planning (*e.g.*, health and economic development) and as such, provided a more rounded basis for the decisions that the Joint Committee would have to make in preparing the Structure Plan.

The result has been a shorter, more focused plan which concentrates on the key strategic issues and is more consistent with the principles of Best Value than previous plans. This Plan was awarded the prize for innovation in planning by the Royal Town Planning Institute in January 2002 and was approved by the Scottish Ministers in May 2002, and successfully defending legal court challenges.

The Strategic Planning challenge

The central challenge to developing any sustainable metropolitan development strategy is the need for a more integrated approach to economic growth, social inclusion and sustainable environment. This is particularly challenging in the west of Scotland given the facts that it has a high levels of unemployment, 9 per cent of all urban areas vacant or derelict and the highly polarised nature of the society, with 80 per cent of Scotland's disadvantaged communities, SIP areas (Social Inclusion Partnership), being within Glasgow City itself.

These problems are being reinforced by the development trends. In particular, there is a growing separation of people and jobs. This has arisen from the geography of industrial change. Major industrial plants (*e.g.*, shipyards, car plants and steel works) with their tight labour markets have closed down in the core of the urban areas, leaving high levels of inner city unemployment and dereliction. In contrast new employment growth has been more dispersed, fragmented and decentralised. This social and economic division is also resulting in unsustainable patterns of movement especially travel to work. These are increasingly car based, dispersed and circumferential -- therefore very difficult to serve by public transport.

The problems facing the west of Scotland are typical of most European metropolitan areas. They have been driven by two short term processes which dominate decision making. Firstly, a short term approach to economic decisions often reacting to current inward investment demands has tended to favour greenfield motorway located business parks. Secondly, urban renewal decisions have generally cherry-picked the easier development options leaving a hard core of sites which have been vacant or derelict for more than ten years.

The strategic planning response to these processes has been very robust in three respects. Priority has continued to be given to controlling urban expansion; future economic growth is now being focussed into inner urban areas by tackling some of the key long term derelict sites; and setting specific long term targets for the strategy. These targets for the Plan seek to achieve : a 20 per cent increase in the scale of industrial and business development; and doubling of the proportion of new development opportunities that are well located in public transport terms; and a 30 per cent increase in the rate of treatment of vacant and derelict land.

Corridor of growth

It was also recognised in the Plan that the main opportunities and future development problems for the area lay along a central corridor transport corridor which contained the main centres of employment, community facilities and services with Glasgow City Centre at its core and the River Clyde at its heart. These areas of opportunities also are the main focus on the problems facing the area, for example, with 60 per cent Of the SIP areas and 30 per cent of the long term vacant and derelict land.

The framework and strategic policies of the Plan was therefore developed around the promotion of a 'Corridor of Growth' which aims to link the major centres of employment and services to all communities with the areas of social and environmental need. A core strategic proposals within the Plan is therefore the promotion of the Clyde Waterfront as a key Flagship Initiative in the development of a 'Corridor of Growth' at the heart of the Structure Plan area. This also reflected the priorities that were being promoted by all parties either individual or as joint projects.

Clyde Waterfront

The aim of the Clyde Waterfront Flagship Initiative is to reclaim for Communities the River Clyde Waterfront, extending from Glasgow City Centre westwards to Greenock, and to restore the reputation of the Clyde as a centre of economic activity and high-tech quality economic activity by:

- capitalising on the existing economic clustering, particularly in terms of electronics, multimedia, tourism and education through the creation of high quality development for over 30 000 jobs form new industrial and business development;
- developing mixed use developments, including up to 10,000 additional houses, to 'reclaim the waterfront' for local communities and reduce the rate of loss of population from the inner City in particular;
- linking in the Green Network of walkways, cycleways, rivers and greenspaces through the heart of the Metropolitan Area through to the national and regional parks that provide 'lungs' for the conurbation;
- capitalising upon the rail, ferry and cycle way network that serves the river frontage by developing interchange facilities;
- improving transport links to 'open up' the waterfront and ferry services across the river, including a light rapid transit network;
- accommodating national visitor and recreational attractions, and capitalising on the industrial heritage associated with the river.

Progress

From an early stage it was recognised that the practical issues involved in implementing this initiative went beyond individual projects and required the development of a joint vision and a jointly agreed approach by partners, aligning policies and programmes of action rather relying than a market-led series of individual or joint projects. This recognition was based around a desire to achieve complementarity of developments, rather than competition, for example, in terms of linking the development projects to the Scottish Enterprise strategy for the promotion of specific economic clusters. Similarly there is a need for co-operation in the provision of major infrastructure, *e.g.*, Light Rapid transit systems and flood prevention. It was recognised that any projects would be reinforced by wider co-operation between the Scottish Enterprise Network, the Local Authorities, and other interest groups within the Glasgow and Clyde Valley Structure Plan area.

At the instigation of the former Minister of Enterprise and Lifelong Learning, Wendy Alexander, and following a River Clyde Regeneration Summit (November 2001) a Clyde Waterfront Working Group was established. This Group brought together representatives from the Local Authorities, Scottish Enterprise and the Local Enterprise Company network, the Glasgow and Clyde Valley Structure Plan Joint Committee and the Scottish Executive and was tasked with exploring some of the key issues surrounding the regeneration potential of the River Clyde.

A series of studies were undertaken to inform the process and these will be presented to Scottish Ministers at a meeting to be held in June 2002.

These studies have concluded that there is a case for strategic intervention by local partners, national bodies and the Scottish Executive to transform the River Clyde Waterfront. It is recognised that there is a need to develop a detailed and deliverable strategy to create the conditions for success. To achieve this the partners are committed to:

- continuing to work together in a city-region context;
- establishing a visioning process;
- preparing a development framework; and
- developing a delivery mechanism to implement the proposals.

Next steps

A number of important issues need to be addressed in the detailed planning stage. These include major infrastructure projects for example the development of a rapid transit system for the Clyde Corridor and options for investment in river engineering and flood prevention for which significant feasibility studies are underway.

Consideration will also be given to connecting and supporting local regeneration initiatives so that the benefits of growth can be spread to all communities. The wider issue of priorities and resources for urban renewal including examining ground conditions and contaminated land has been raised as part of the separate government policy Cities Review which is due to report in 2002. Other initiatives which need to be examined involve developing a business model for a fast ferry service and marketing and attracting investment.

The strategic context for the redevelopment for the River Clyde has been established in the Structure Plan and it is now for its partners to turn this context into reality. The regeneration of the Clyde Waterfront will be a massive undertaking requiring vision, leadership and sustained commitment to seize this historic opportunity. The conditions for success can be created by treating the Clyde Waterfront as a national priority and ensuring that policy priorities and spending plans of particularly the public sector agencies are aligned.

Although the Clyde Waterfront Initiative was promoted by the local authorities it is essential if the wider international and national agenda for a reduction in social polarisation and environmental degradation is to be achieved in Scotland. The critical task has been to align economic policy with these other agenda. At its heart therefore the Clyde Waterfront Initiative is a national priority and not merely a bottom up bid for extra resources. As such the debate about the future of the Clyde has highlighted the need for greater clarity about national development priorities and the need for the National Spatial Development Framework to provide confidence for investment and partnership in the future of Scotland.

PAPER 9

GLASGOW'S URBAN RENAISSANCE: MAKING BIG SHIFTS IN HOUSING ASSISTANCE

LESSONS FROM NEW ZEALAND

By Michael Lennon, CEO, Housing New Zealand Corporation

(The views expressed in this paper are those of the author)

1. Overview

Housing has always been a fundamental part of the growth and decline of cities. It represents the greatest land use in urban areas. Household formation, housing investment and development standards also represent dominant economic and social characteristics of societies as they grow and change.

The reforms of Scottish public housing are bold and ambitious by any standard. Whilst in the United Kingdom in recent years government has shown a clear preference for private ownership and alternative social landlords rather than municipal housing, the scale of change embarked upon in Glasgow is unparalleled. More than 80 000 units are to be transferred from the Council's current ownership and management to a new Glasgow Housing Association. This stock transfer is the biggest to date in the United Kingdom and arguably in Europe. Around such changes are major opportunities and risks.

The paper presented at the conference seeks to contrast the bold and ambitious housing reforms which were introduced in New Zealand in 1992. Whilst differing in direction, the scale of the change is similar. There are lessons in public policy to be learned from that experience which can be applied to the experience of Glasgow.

2. Relevance of New Zealand

In the last 10-15 years market-based liberal economic theory and elements of public choice theory have been applied to public sector policies across much of the Western world. Whilst there are debates around the motives for these reforms -- ranging from tackling the inefficiency of mass public organisations through to efficiency and effectiveness measures -- there are a number of similar characteristics which have been applied to service provision. These include:

- the separation of purchase interests from ownership interests;
- contestability;
- outsourcing of non-core functions;
- benchmarking with appropriate market comparisons.

Together the range of reforms has transformed much of the public institutional base towards the end of the 20th century.

Despite their geographical separation, there are significant similarities between Scotland and New Zealand:

- relative isolation from growth markets;
- relatively narrow economic base, etc.;
- bi/multi-culturalism.

From the mid-1980s through to the late 1990s, New Zealand underwent a programme of economic and public sector reform unparalleled in most Western countries. Much of this was due to a reaction to the “Think Big” programme of the Muldoon Government. This resulted in a number of overly ambitious and financially disastrous projects implemented by the then National Government. A new Labour Government elected in the mid-1980s uncharacteristically embarked upon and intensified market-based reforms.

The following outlines a summary of their application to the housing system.

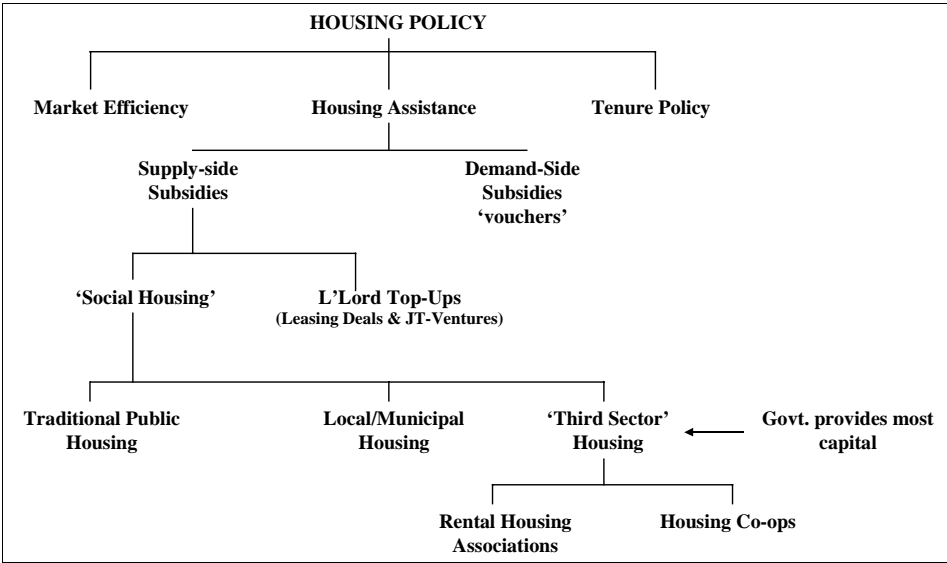
3. Housing systems

In much of the developed world, the provision of housing assistance by the State has been accepted as part of the basic platform of social policy and welfare. Since the ‘New Deal’ and the post-WWII introduction of the welfare state, there has been explicit recognition that housing markets do not function well for the poor, for broader low income groups or for people with special needs. The purpose behind government interventions may be grouped into three broad streams (Spiller, 2001):

- Measures to improve the efficiency of housing markets, that typically relate to costs and the affordability of housing in general;
- Measures to target assistance to particular groups – housing assistance – designed to ensure payment levels, usually as a percentage of an individual’s income; and
- Measures to promote particular tenures (*e.g.*, community housing, home ownership, etc.).

The potential scope of housing policy interventions is summarised below:

Figure 1



Housing assistance and hence the public debate fall broadly into two categories.

On the supply side, the government is involved in the provision and often ownership of housing stock. This can take many forms, spanning from traditional public housing, to local government housing, through to 'third sector' intermediate organisations in the form of housing associations and co-operatives.

On the demand side, governments intervene by providing a direct income transfer with individuals then being responsible for purchasing housing direct from the market. These 'voucher-based' schemes are seen to provide greater choice and control for consumers. They allow consumers greater flexibility particularly by not tying them to fixed long-term tenures, thereby supporting labour market aims and allowing access to as many options as possible.

Supply side responses tend to focus upon stability of tenure and affordability by a government subsidy of the rent payable.

The Glasgow decision represents a significant supply-side 'variant', in contrast to debates elsewhere focussed on the merits or otherwise of voucher systems.

4. Public sector restructuring of governance, management and delivery

The housing reforms of the 1990s were shaped by two streams of analysis that can be traced to a convergence of views held by a handful of newly elected Labour Ministers in 1984 and Treasury officials.²⁰ They concluded, firstly, that both the structure of governance and the existing approaches to budgeting, accounting and financial management in the public sector needed overhauling. After Labour was returned with a stronger majority in 1987 they went even further in their efforts to improve the efficiency and effectiveness of public management. The State Sector Act 1988 changed the relationships and responsibilities between ministers and chief executives and their departments.

The Public Finance Act 1989 was the second piece of legislation. It changed accountabilities and requirements for managing financial matters in the public sector and made explicit the distinction between the government's purchase interests and ownership interests within a department (Scott, 2001, pp. 11-37). This established the framework for Ministerial Purchase Agreements and a new appropriation process that allocates funds to votes on the basis of output classes. The broad purpose behind the

20. Graeme Scott (2001, 25-36) provides an assessment of the extent to which the Treasury advice was grounded in ideas from the economics of institutions, accounting and management theory. 'Agency theory', the estimation of transaction costs, and the methodologies of 'value adding', accrual accounting, and output-based (v. input-based) budgeting, all played their part.

Act was refined in 1994 following the introduction of a private member's bill by *'another articulate and forceful reformer, the Hon Ruth Richardson, after her departure from her position as finance minister between 1990 and 1993'* (Scott, 2001, p. 19). The Fiscal Responsibility Act (1994) requires the reporting of the Crown's net financial position alongside the conventional measures of fiscal performance that focus on cash flows. These were the public sector reforms, that provided the enabling framework when the decision was taken by a National Government in the early 1990s to radically change housing assistance in New Zealand.

The pressure for housing reforms in the 1990s also grew out of the disillusion surrounding the record of state intervention in welfare state societies. This shift in sentiment, which was spread by those on both the Left and the Right -- though for different ideological reasons -- convinced many working in the public policy arena in New Zealand of the inherent superiority of markets. A strong argument was mounted for the state to get out of those activities where it ran the risk of 'crowding out' private providers, and to restrict its involvement to *'filling the gaps that the private market cannot or is unwilling to fill'* (Thorns, 1988, p. 8).

Critics of state housing argued that despite the level of public investment in housing,²¹ *'housing assistance programmes are fragmented, uncoordinated, inefficient and unfair'* (Luxton, 1991, p. i). For example, the Department of Social Welfare undertook three working reviews of the Accommodation Benefit in the late 1980s in an effort to iron out affordability and equity issues. Treasury wanted to see the monolithic Housing Corporation run along the lines of a State Owned Enterprise. There was also a belief that government expenditure as a share of GDP should be lower, and this meant shifting as much activity as possible off the balance sheet. It was also felt that voucher-based, income-support would open up housing choice and help to move people off dependency on state housing. These pressures for change came together in the early 1990s to help shape the housing reforms enacted as part of the Housing Restructuring Act (1992).

5. The housing reforms

5.1. Application of the rationale to housing

The Housing Restructuring Act (1992) comprehensively reorganised management and delivery systems, and forms of housing assistance in New Zealand. At the heart of these reforms lay a conviction that:

- state housing should operate as a business and compete with the private sector;

21. At the beginning of the 1990s, the old Housing Corporation's level of investment in rental and lending activities stood at around \$7.6 billion.

- there should be a clear-cut demarcation between the funding of housing assistance and the delivery mechanisms (the funder-provider split); and that
- income support as opposed to direct provision was a better way to tackle affordability issues.

5.2. Reorganisation of housing

In 1991 almost 70 000 state houses were transferred to a new State Owned Enterprise to be managed on a commercial basis (Luxton, 1991, p. 3).

The Housing Corporation of New Zealand was left to restructure the Government's mortgage portfolio that made low cost loans available to low income homebuyers.

The policy function of the old Housing Corporation (HCNZ), along with the administration of the Residential Tenancies Act, was placed within the Ministry of Housing. In 1998, housing policy was subsequently transferred from the Ministry of Housing to a new Ministry of Social Policy with a view to co-ordinating broad social policy development²²

In mid-1995, Community Housing Ltd (CHL) was formed as a subsidiary company of HNZ in response to gaps in the supply of housing to people with specialised needs.

5.3. The Accommodation Supplement (AS) and market-related rents for HNZ tenants

On July 1, 1993 a broadly based housing voucher system known as the Accommodation Supplement (AS) was introduced in conjunction with a move to a market related-rent regime for Housing New Zealand (HNZ) tenants. The introduction of market related rents for HNZ tenants, other than the 10 per cent already paying a 'fair market rent', began in October 1991. The adjustments were to be phased in to coincide with the availability of the AS in mid-1993. Tenure neutrality and the exercise of choice with respect to renting publicly or privately, and home purchase were the key rationale.

Although conceived as a universal form of housing assistance, eligibility is restricted to low-income households with disproportionately high housing costs. The AS cuts out at 70 per cent of rental or mortgage outgoings over the relevant threshold set for region and house size. The thresholds for beneficiaries are > 25 per cent of the

22. Though this was never fully realised with educational and health policy remaining with their respective sectors.

relevant benefit for those renting and > 30 per cent of the relevant benefit for those buying.

5.4. Sales of public rental stock

With the pressure upon HNZ to operate on a commercial basis and pay dividends to the Crown-owning Ministers, the Board embarked upon a managed programme of sales, new acquisitions, and Home Leasing (from 1995) with the aim of reconfiguring the portfolio to better match demand. The policy was to divert the proceeds from sales in provincial centres to the Auckland region, and to a lesser extent to other high demand areas like Hamilton and Tauranga. Nevertheless, while 2 574 additional dwellings were acquired in these high demand areas between 1996-1999, overall stock numbers fell in net terms due to the remorselessness of the sales programme from the mid-1990s onwards. Approximately 13 500 dwellings were sold by HNZ between 1995-1999, leaving the public housing agency with 59 579 rental units by the beginning of 2001 when the pipeline effect of Home Buy²³ finally subsided.

5.5. Disposal of the mortgage portfolio

Over a period between 1992 and 1999, \$2.4 billion of HCNZ prime-rate mortgages, which had been progressively adjusted upwards to prevailing market rates, were on-sold to private investment houses. By 1998-1999 the writing off of Housing Corporation loans had almost ceased, apart from a few hundred suspensory loans available under a Low Deposit Rural Lending programme for housing upgrades in rural areas in the Far North and East Coast regions.

6. The legacy of the housing reforms

6.1. Consequences for low-income households

6.1.1. Deterioration in affordability

Between December 1993 and December 1997 home purchase costs rose at 1.76 times the rate of the CPI, while rents increased at 2.94 times the rate of the CPI. Part of this increase in the housing costs index was due to the changeover to market-related rents for HNZ tenants which, in turn, were progressively inflated by an overheated property market between 1993-1997.

23. A Home Buy programme operated by HNZ between 1996-1999 enabled some tenants to be purchasing their home with the aid of a suspensory loan from the Housing Corporation up to a maximum of \$15 000. During the programme 1 770 HNZ dwellings were sold to sitting tenants.

HNZ tenants were further disadvantaged because, unlike the Accommodation Benefit that it replaced, the AS only funds 70 per cent of the gap between benefit levels and market rents. As a consequence in 1996 at the end of the phase in of the AS, only one in three HNZ tenants, and one in five private tenants had rent to income ratios below a 30 per cent threshold. On average, the housing costs-to-income ratios for the lowest two deciles of Auckland households rose from 33-35 per cent in 1995-1996 to 55-58 per cent in 1997-1998 (Business and Economic Research Ltd, 1999).

Analysis shows that the proportion of households in the bottom quintile paying more than 30 per cent of their disposable income on housing climbed from 17 per cent in 1988 to 52 per cent in 1994, before easing to 44 per cent in 1998 (Mowbray, 2001, pp. 43-44). Furthermore, as a result of the introduction of the AS, combined with HNZ's move to market-related rents, the proportion of households in the bottom income quintile in public rental housing fell from 19 per cent in 1992 to 10 per cent in 1998.²⁴

6.1.2. Soaring HNZ turnover rates

Since the reforms, HNZ annual allocations (excluding transfers) increased from about 9 800, representing a turnover rate of 14 per cent in 1991, to nearly 17 000, or a turnover rate of 24 per cent in 1996. Turnover rates peaked at 35 per cent in August 2000 before the introduction of income-related rents. Since then they have been halved. These extraordinary turnover rates have been attributed to the disappearance of any price advantage between HNZ and similar housing in the private rental sector as well as the avoidance of rent arrears and other debt, and domestic disputes leading to the break-up of households. (It also raises a question about the importance of secure tenure when public rents are no longer affordable for beneficiaries or the working poor).

6.1.3. Overcrowding and housing-related health problems

Notwithstanding a customary preference on the part of Pacific People for living together in extended families, crippling housing costs in the mid-1990s undoubtedly led to 'doubling up' by many households. This indirectly contributed to serious overcrowding and associated health problems in areas like South Auckland. For example, additional numbers of people living in close proximity led to an increased incidence of respiratory and transmittable diseases like tuberculosis and meningococcal.

In summary, recourse to an Accommodation Supplement and market-related rents for public tenants unnecessarily imposed considerable additional hardship upon an already vulnerable segment of New Zealand's population.

24. This suggests that possibly poorer quality dwellings, and therefore cheaper rents, were available in the private sector; and that some of the better located HNZ stock commanded rents that only better-off tenants could afford.

6.2. Consequences for the government

6.2.1. 'Blow-out' in the AS outlay

Although the Accommodation Supplement was intended to be fiscally neutral, in the first year of operation (1993-1994) AS payments worth \$351 million were made to 251 000 recipients. By 1998-1999, the number of AS recipients (332 000) had risen by about a third, while the outlay had almost trebled. By June 1998, additional housing assistance over and above the AS worth about \$90 million was being paid to 125 000 poor households to meet chronic accommodation-related shortfalls in living expenses.

Due to the susceptibility of AS payments to economic conditions (*e.g.*, unemployment levels; interest rates on mortgages) it is difficult to predict or contain the size of the AS outlay.

6.2.2. Impact upon the balance sheet of the new housing organisation

The sale of Housing Corporation mortgages forfeited any future opportunity to raise finance against the value of the portfolio.

6.2.3. Back-log of modernisation

Despite the selective nature of the sales programme during the second half of the 1990s, the average age of the remaining stock is 33 years and much of it is no longer suited to the needs of tenants on the current waiting list. Although HNZ received a one-off grant of \$420 million in 1993-1994 to augment ongoing maintenance, much of the stock still needs modernising.

Hence, a combination of divestment and unsustainable dividend payments to the Crown during the second half of the 1990s has left the restructured Housing New Zealand Corporation without adequate resources to meet the capital costs of deferred maintenance and requisite modernisation which are conservatively estimated at \$1.2 billion (Deloitte Touche Tohmatsu 2000).

6.2.4. Social purpose subjugated by commercial criteria

Housing New Zealand cultivated an ethos consistent with its business focus as a Crown-owned enterprise. In measuring performance, for example, a criterion like the 'weighted average cost of capital' was consistently applied to asset management decisions. The requirement to pay annual dividends to the Crown completely transformed the operational approach of what had traditionally been a 'not-for-profit'

housing agency. In adopting a competitive approach, HNZ shut itself off from other social housing providers, including the local government sector with its 15 000 rental dwellings. viz., 'we were never kept informed or involved'.

7. The Scottish housing reforms -- Lessons from New Zealand

The Glasgow stock transfer from the municipality to the Glasgow Housing Association is now proceeding having won support from the Council, the Scottish Executive and, through a referendum, the tenants. It is the most ambitious transfer of its kind and confirms a UK trend away from local government housing towards 'Registered Social Landlords' supported in policy and in financial terms by central government.

The ability of the Glasgow Housing Association to attract (and sustain) private funding is central to the proposal, if not the driving force. A funding prospectus has (at the time of writing, June 2002) not been prepared. It is clear that the proposal will not be 'commercial' in that it stands on its own merits. It depends substantially on government grants (£230 million over 10 years.) Moreover, significant efficiencies are required over time (principally through staff reductions) which will challenge employment guarantees.

Whilst these will impact upon the initial purchase price, of deeper concern is whether in the flurry to get the proposal agreed and underway the viability of the Glasgow Housing Association has been undermined. From the Council's perspective £900 million of debt will be removed. However, the prospective funders of the Glasgow Housing Association will approach their investment with caution knowing that assumptions and variables (such as success in attracting government grants, containing costs, etc.) will critically impact on the viability of the enterprise.

Amongst the reasons frequently given for extending the stock transfer process in the United Kingdom are:

- the relative inefficiency of municipal housing management;
- interference in the letting process; and most importantly
- the liability for future capital costs represented in the condition of the assets.

It is the latter issue more than any other which requires particular attention. Arising from this are two fundamental points:

- for the change to succeed, efficiencies need to be generated in the operation and management of the stock;
- the balance sheet and financial presentation of the entity must be capable of attracting private funding.

Whilst there were many unintended consequences of the New Zealand reforms, there is little doubt that substantial management efficiency was generated along the way. Attached is a brief comparison of the New Zealand housing system against those of the Australian State Governments (Appendix 1). As can be seen on a number of criteria, especially staffing and overhead costs, the New Zealand system performs very well. Much of this is due to the opportunity which was presented *once* in 1992 in the creation of a new organisation for a fresh look at the organisational structure, the business model and the attendant cost structures.

The Glasgow Housing Association therefore should be wary of transitional arrangements and seize this opportunity to review the most efficient management and institutional framework which may be appropriate for their circumstances. In particular, carry-over arrangements which guarantee positions (and therefore costs), should be avoided. In addition this single opportunity presents a major chance to challenge the traditional cultures which tend to surround the management of Council housing -- poor customer service, poor asset management, limited cost control, etc.

The alternative is that if the existing management, staffing and cost structures are simply transferred to the new association, a major opportunity will be lost. Whilst the Council and unions may wish to preserve staff entitlements and positions it is not reasonable for the Glasgow Housing Association to be saddled with inherited costs.

There is a need to make performance expectations clear and transparent. In any housing system, there is a tendency to blur the distinctions between the objectives being pursued. Housing tends to have both social and economic objectives, *e.g.*, housing targeted at need is clearly part of a welfare framework. The accumulation of housing assets is part of a public balance sheet and therefore is of major financial and asset management significance to government. These two forces continually pitch against each other. It will be critical for the new association to reconcile the balance between social and economic aims.

A simple transfer of private sector property management and property investment techniques will not suffice. Applying an investment framework which meets the weighted average cost of capital makes sense if the aim is to preserve shareholders' funds; however the application of this criteria can easily lead to under-investment in property standards, *e.g.*, investing in property upgrades in housing markets which are static or in decline simply will not occur in light of future capital growth. The investment framework therefore must deal with both investment returns and with due regard to the targeting and social policy aims of the Association. At the risk of being unduly pessimistic the Council (and the Scottish Executive) should anticipate the further subsidy may be required in future. The situation will need to be monitored carefully.

As part of the New Zealand public sector reforms, a particularly useful measure was introduced whereby state owned entities are required to produce an annual 'Statement of Intent'. The Statement of Intent (a requirement of the New Zealand Public Finance Act 1989) sets out:

- the objectives of the Corporation;
- the nature and scope of activities to be undertaken;
- the performance targets and other measures by which the performance may be judged in relation to its objectives; and
- information about the Corporation's financial structure and accounting policies.

The statement of intent then sets out:

- the exercise by the Corporation of its powers, functions and discretions;
- the procedures to be followed before the Corporation or any subsidiary acquires shares in any company or other organisation;
- the output objectives and classes of outputs to be produced; and
- any activities for which the Corporation will be seeking compensation from the Crown.

Whilst this may sound like 'managerialism', it forces Corporations to very finely target their efforts to key areas of performance. In particular the requirement for the activities of state owned enterprises to be annually reviewed by Parliament ensures that not only is there a financial review of activity, the performance of state owned enterprises in a qualitative sense is also analysed. Attached is a summary of the current statement of intent requirements for Housing New Zealand Corporation (Appendix 2).

This framework may well be a useful one for the Corporation of the City of Glasgow to consider in measuring the implementation of change. Important characteristics include:

- the ongoing measurement of achievement against targets;
- the identification of new corporate structures which may further dilute the public policy interests of the overall programme (*e.g.*, the ability to form companies may mitigate against public aims where conflicts between directors' duties and public need exist);
- investment in monitoring and evaluation.

In these circumstances, reporting systems are crucial. It would be a mistake for monitoring and evaluation in the early years of the stock transfer process to be carried out by the Glasgow Housing Association. A third party, whether it be the Corporation itself or an independent body, should be set up to monitor the change.

“Industry regulators” are common in circumstances where for example electricity markets have been privatised or following privatisation of major transport infrastructure. The relatively modest cost against the value of the asset being transferred justifies expenditure on such monitoring. In addition the influence of the Corporation and of the Scottish Executive on independent housing research should be exercised to encourage academic monitoring and research of the change as it occurs.

8. Conclusion

The New Zealand experience has demonstrated that a major reform process can quickly and easily get out of hand. This is not a new experience -- throughout history reform ideals have quickly dissipated under the day-to-day pressure of events and other circumstances. The experience of Robspierre in the French Revolution through to current debates on the long-term consequences of the privatisation of British Rail point to the need for a sceptical eye to be kept on the real impacts of major reform, rather than on their intended objectives.

It should be remembered that housing, more than any other land use and any other activity, creates the *places* within which communities form and grow, where cities grow and prosper.

The decision to transfer the Glasgow Municipal Housing to the new Glasgow Housing Association is truly a historic one. When the towers of public housing are demolished, new places will be created. This is therefore a ‘once in a generation’ chance. In many ways the decision to make the change was the easy part – the real work starts now.

Appendix 1

Australian and New Zealand housing systems comparison

	Victoria	New South Wales	Queensland	Western Australia	South Australia	
Population in millions	4.8 m	6.5 m	3.6 m	1.9 m	1.5 m	
Corporate Form	Dept.	Dept.	Dept.	Dept.	Dept.	
Stock Numbers	65 996	127 513	50 662	32 697	53 485	
Balance Sheet Value	6.9b	16.6b	4.4b	2.9b	2.7b	
Waiting times						
Less than 3 months	600	516	1250	487	523	
3 months to less than 6 months	336	652	1477	518	586	
6 months to less than 1 year	108	625	1503	568	475	
1 year to less than 2 years	13	2436	1572	922	1025	
2 years or more	8 809	6 680	8 813	3 938	4 888	
Tenant turnover	8 809	10 600	8 813	3 938	4 888	
Size of waiting list	40 969	98 337	23 924	11 869	30 991	
Rents (% of tenants on rent rebates)	89.7	90.5	93.0	90.9	82.1	
Staff	985	2 296	1 182	966	751	
Current priorities	– Encouraging diversity of providers – Developing partnerships – Developing successful tenancies and com-munities	– Maintenance – Building Communities – Complex need tenants	– Aboriginal and Torres Strait Islander Housing			– Improved service co-ordination – Affordable housing for people with special needs – Home finance initiatives – Home ownership – Urban regeneration
			– Community Housing			
			– Home loans			
			– Community Housing			
			– Aboriginal Housing			
			– Govt. projects			
– Land development						
– Home Purchase Assistance						
– Private Housing						

Australian and New Zealand housing systems comparison (continued)

	Tasmania	Northern Territory	Australian Capital Territory	New Zealand
Population in millions	0.5 m	0.2 m	0.3 m	3.8 m
Corporate Form	Dept.	Dept.	Dept.	Statutory Corporation with subsidiary
Stock Numbers	13 405	7 451	11 758	59 759
Balance Sheet Value	0.5b	1.3b	0.7b	4.8b
	Waiting times			
Less than 3 months	230	197	121	5 552
3 months to less than 6 months	108	148	129	1 990
6 months to less than 1 year	54	177	231	2 425
1 year to less than 2 years	7	192	179	75
2 years or more	2 261	1 041	1 090	0
Tenant turnover	2 261	1 041	1 090	11 128
Size of waiting list	1 536	2 055	3 360	10 042
Rents (% of tenants on rent rebates)	88.5	86.5	81.6	89.0
Staff	239	139	230	650
Current priorities	– Public rental assistance	– Home Ownership	– Transitional Accommodation	– Rental Homes
	– Home Ownership Assistance	– Public Housing	– Community Sector Housing	– Community Group Housing
	– Community Housing	– Govt. Employee Housing	– Complex high need tenants (e.g., disability)	– Home Ownership
	– Sector Housing	– Indigenous Housing		– Community Renewal
	– Private Rental Assistance			– Housing Partnerships

Appendix 2

Summarised statement of corporate objectives & outputs

Strategic Objective	Corporation's Activities	Output Classes	Output Objective	Specific Outputs
1. Provide access to sustainable housing solutions through the social allocation system, to those who need it that are affordable and of good quality. Appropriate housing to those in greatest need.	Good quality, affordable and secure rental accommodation through the social allocation system, to those who need it most. Appropriate housing to community organisations providing residential support services for people with special needs.	1. Housing Services	Deliver all frontline housing services and core functions associated with providing solutions for people with housing need as well as managing the state housing portfolio.	<ul style="list-style-type: none"> – Needs Assessment – Housing Assistance Service – Waiting List Management – Tenancy Management – High Needs Tenancy Management – IRR Administration – Suitable Homes – Community Housing Group
		2. Asset Management	Provide, maintain and redevelop housing stock to meet customer needs.	<ul style="list-style-type: none"> – Access to appropriate stock to meet need – Modernisation and housing improvement including Healthy Housing and Community Renewal projects
		3. Housing Partnerships	Develop and manage initiatives that expand housing options, choices of housing and housing service providers.	<ul style="list-style-type: none"> – Develop partnerships to deliver additional housing supply and services
2. Establish partnerships with community organisations, Local Government and providers to deliver locally based housing solutions.		4. Home Ownership	Provide a range of home ownership products and services that assist people in low and moderate incomes to achieve and sustain home ownership.	<ul style="list-style-type: none"> – Home Ownership Assistance – Home Ownership Finance

Summarised statement of corporate objectives & outputs (continued)

Strategic Objective	Corporation's Activities	Output Classes	Output Objective	Specific Outputs
3. Provide assistance to households on low and modest incomes who wish to become home owners.	Assistance and advice to households on low and modest incomes who wish to become home owners but who are finding it difficult to achieve home ownership.	5. Policy Advice	Provide the Minister of Housing with policy advice, research and evaluation relating to the development of sustainable housing solutions that are affordable and of good quality; and contribute to the development of wider social policy advice impacting on housing outcomes.	<ul style="list-style-type: none"> – Strategic Policy – Sectoral Policy – Operational Policy – Housing Research Capability
4. Provide advice to the Minister of Housing on housing policy matters.	Quality advice to the Minister of Housing on the formation of housing policy based on ongoing consultation with all parts of the housing sector	6. Ministerial Services	Provide high quality Ministerial support to enable the Minister to discharge his parliamentary and executive duties effectively.	<ul style="list-style-type: none"> – Response to Parliamentary Questions – Ministerial correspondence – Select Committee requests – Speech notes for Minister – Replies required by Legislation – Cabinet Committee papers

PAPER 10

URBAN GOVERNANCE AND URBAN COMPETITIVENESS: EUROPEAN TRENDS

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Introduction

This paper reviews a series of challenges and opportunities facing European cities and the ways in which they, their national governments and the European Commission have responded to them. In particular, it identifies the dynamics underlying the changes that are taking place in decision-making in cities and the gradual shift from a decision-making model based on government to one which rests more on governance. It ends with some reflections on the implications of the European experience for the UK, Scotland and Glasgow.

1. Governance, competitiveness and cohesion: challenges and responses in European cities

The changing perceptions and conditions of cities

1.1. In the last decade there has been a transformation in the perceptions of the role cities play within Europe. They are now high on the European agenda for a variety of reasons:

- Traditionally cities have been seen in their respective national economic hierarchies. Increasingly they are seen in a wider European economic context at least.
- There has been a rapid growth in the development of networks between cities at a European level designed to promote trading links, exchange good practice and promote the interests of cities at a European level.
- There has been growing awareness of the contribution and potential of cities to Europe's economic competitiveness. Cities are increasingly seen

as economic assets, not liabilities, which need to be exploited not only at a national but also at a European level.

- But there has also been growing recognition of the double-edged character of much economic change in cities during this period. The search for economic growth has not always led to social equity; indeed it has often contributed to increased social exclusion.

1.2. As we approach the millennium, cities are the best of places and the worst of places. We see prosperity, energy, creativity and innovation cheek by jowl with poverty, exclusion and deteriorating neighbourhoods. The concentration of economic, physical and intellectual resources makes many of them centres of prosperity, creativity, culture, communication and innovation -- the dynamos of the European economy. Some of Europe's larger cities play important roles as the command and control centres of a rapidly developing global economy. But at the same time many cities are experiencing declining economic competitiveness, growing social exclusion and physical and environmental deterioration -- making them a drain on Europe's potential economic performance and its social stability. The key social face of cities and regions is the emergence of social exclusion in which individuals, groups and communities are locked out of the labour or housing market, receive inadequate public services, face racial discrimination and as a result experience poverty, unemployment or precarious employment, poor educational qualifications and training, crime, or ill health. Social exclusion is growing in rich as well as poor areas, in growing as well as declining areas. The growth in social exclusion is intimately connected to, and partly caused by, the search for economic competitiveness. But at the same time the growth in social exclusion is limiting the economic competitiveness of Europe's cities and regions.

Diversity and commonality

1.3. Of course, urban Europe remains enormously diverse. There is not a single model of a European city and the challenges are not the same in every city. Important differences in their economic structure and functions, social composition, size and geographical location shape the challenges cities face. Equally, national differences in traditions and cultures, economic performance, institutional arrangements and government policy have an important impact upon cities. The problems of global cities like London or Paris are not those of medium-sized cities. Declining large industrial cities with exhausted manufacturing economies, less skilled work forces and substantial immigrant communities face different dilemmas from fast growing cities based upon high tech industries. Cities in the periphery face different economic, social and environmental challenges than those at the centre of Europe.

1.4. Nevertheless, despite the differences between them, cities are affected by common trends and face common challenges. In particular, the key challenge they face is to develop new models of decision-making which will increase their economic competitiveness but at the same time to reduce social exclusion. Cities face this dilemma whether they are large or small, growing or declining economically, at the core

or periphery of the European territory. And the challenge confronts decision-makers at all government levels -- European, national, regional and local -- and in all three sectors -- government, private sector and civil society. Indeed this is the crucial challenge -- to develop new processes of decision-making which will achieve solidarity, encourage participation and strengthen partnerships but at the same time reinforce the democratic process.

The causes of change

1.5. However, although the challenges are faced by and within cities, they are caused by a number of structural changes which are taking place outside cities and are primarily beyond their control. They are:

- economic globalisation -- with power going upwards from the nation state and the loss of local control;
- economic restructuring -- which is creating divided labour markets and the Porsche-hamburger economy;
- competition between cities, regions and nations as well as firms, with winners and losers within an as well as between cities;
- the restructuring of welfare states with the loss of support for already vulnerable individuals, communities and areas.

1.6. Rapid changes in the economic environment caused by internationalisation and industrial and corporate restructuring have transformed the character of local economies. They have brought a more fragmented labour market, a decline in manufacturing and rise in the service sector, high levels of structural unemployment, an increase in part time, insecure and low paid employment, a shift in the balance of male and female employment and a growing gap between the highest and lowest household incomes. These changes are not only found in cities where the economy is in decline or during periods of recession. They are also a feature of booming economies. Growth does not guarantee an increase in the number of jobs. Instead, capital-intensive production methods reduce them. And many potential workers in the most successful cities lack the skills needed in modern industries. Growing polarisation in incomes, employment quality and job security has occurred in cities with very different economic trajectories across the European Union. These structural changes are being exacerbated by cyclical factors like global recession as well as by the enlargement of the Union through membership of the accession states in the east.

1.7. These forces have encouraged uneven social development which is increasingly played out on a spatial level in our cities and regions. This involves not only labour markets but housing markets and social welfare systems. It has to be tackled through many policy areas. It needs an integrated rather than a sectoral approach. Achieving the latter -- an integrated approach -- remains a key challenge for all governments at city, regional, national and European level. Many have not yet

addressed the challenge. Some have attempted to do so. A few are succeeding. But much more needs to be done.

1.8. The precise forms these developments take vary by country, region and city. But they pose similar challenges to decision-makers at urban, national and European level. As a result, the major challenge for European cities into the next millennium will be to increase their economic competitiveness without at the same time increasing social exclusion. Cities, national governments and the European Commission will need to determine which urban strategies they wish to pursue and how to reconcile the two goals of competitiveness and cohesion. In the recent past governments have alternated between policies either seeking to promote social welfare or strengthening individual's or area's economies. In many countries the realisation is now growing that the two goals of cohesion and competitiveness are not mutually exclusive and that urban strategies need to focus both upon social need and economic opportunity.

How well have European cities responded to the challenge?

1.9. Despite the challenges presented by globalisation, economic restructuring and institutional change, European cities have substantial economic, social and cultural assets -- and potential. Much remains to be done -- but already much has been achieved which can be built upon. Many of the factors which attract investment and people to particular places -- the quality of labour, education and training, the cultural, residential and physical environment, the planning and fiscal regimes, the communication and transportation infrastructure remain under the influence -- if not sole control -- of cities. They can be affected by city policies, although increasingly in particular with other actors. And there are many examples of successful responses to the new challenges. Despite the fact that levels of social exclusion in European cities may be less than in their American counterparts, a tradition of social democracy and welfare state provision, greater national governmental intervention, less fragmented urban governance and a greater role for political parties at urban level has meant that the impulse to address social exclusion is greater in European than American cities.

1.10. Many cities have achieved substantial physical regeneration, especially through the renovation of their city centres which offer impressive commercial, residential, cultural and retail facilities. Many cities have concentrations of intellectual resources in universities and research institutions which encourage high levels of innovation. Many play important roles as centres of communication, decision-making and exchange. Many have substantial cultural resources which are increasingly the source of economic growth and job creation. Cities also have enormous integrative potential with the capacity to encourage community participation and civic identity. And despite the growth of exclusion, many cities remain ethnically and socially diverse and offer vibrant cultural opportunities which attract visitors and residents. Within many cities there are flourishing neighbourhoods and communities with extensive levels of social capital which are the source of community empowerment.

1.11. Across Europe there have been many successful efforts to make cities more sustainable through innovative environmental and transportation schemes. Also, there is a range of innovative initiatives to develop partnerships and achieve integrated responses to social exclusion in many cities. And despite the growth of economic competition between cities, there has been an important growth in networking between them as they seek to trade, exchange ideas and information and share good practice.

The sources of urban competitiveness?

1.12. The evidence across Europe is that the competitive city can be judged in terms of six criteria. The successful, competitive city will have more rather than less of the following characteristics:

- economic diversity both in manufacturing as well as the service sector, especially in the high value added sector;
- a supply of skilled labour to operate in the knowledge based industries which give cities a competitive edge;
- good linkages and networks between the suppliers and consumers of that skilled labour in the universities, research institutions, the government and private sector;
- the quality of environment -- social, cultural as well as physical -- which will allow a city to attract and retain the potentially mobile workforce needed to operate modern industries;
- good communications, including not only physical communication in terms of airports, highways, rail and information technology but also a culture of openness and internationalisation;
- the strategic capacity to mobilise the social, cultural and political resources from the public, private and community sectors to create and implement a long-term economic development strategy for the city.

2. Constraints upon the search for good urban governance

2.1. The challenge of achieving good urban governance does not take the same form or intensity in every European city. The precise patterns vary from country to country and city to city partly depending upon national economic trajectory, labour market policies, welfare state policies and citizenship rights. However, despite such differences, there are a number of common financial and institutional trends which affect the capacity of cities to achieve good governance. These include:

- Growing political and public concern about rising levels of public expenditure and taxation which has made national governments anxious

to reduce levels of public expenditure. The pressure for financial orthodoxy has been increased by the needs of EU member states to meet the convergence criteria for EMU. There will be fewer public resources available in future -- and cities will have to shoulder their share of the burden.

- As national governments attempt to roll back the public sector, there has been the increasing substitution of private for public provision in many policy sectors -- in housing, welfare, training and education, transportation, infrastructure and communications.
- A decline in service provision by single public agencies and the growth in mixed models of service delivery and public provision.
- Increasing decentralisation of responsibilities -- if not always resources -- away from central government to regional and city governments.
- Paradoxically, despite, the first four trends, the pressure for increased public services and expenditure is growing. Social and demographic changes mean there will be more old people, more single parent families, more women in the labour force, growing social exclusion. In the countries of the former Eastern bloc, in addition to problems on revenue budgets, there will be huge pressures to modernise and upgrade their physical stock which will affect budgets at national government and European level.

2.2. The combination of these trends means that cities will face growing social exclusion but increasing financial pressures in a more complex, fragmented institutional environment. Cities will need to be more creative, more institutionally innovative in finding financial packages which will allow them to fund programmes and projects which will contribute to their economic competitiveness but reduce social exclusion. Increasingly partnership models will be required. The challenge of devising effective models of governance will become increasingly urgent.

2.3. A recent OECD report identifies a variety of key dilemmas faced in achieving better urban governance. It notes that most metropolitan areas are still governed through outdated and overly complex institutional and financial structures, which are often operated by hierarchical, rule-driven public sectors. These structures discourage the emergence of new processes of locally led governance where government, in concert with business and other social partners, pursues strategies to achieve democratically designated priority outcomes. The report cites three main obstacles to better governance:

- The fragmentation of administrative jurisdictions within metropolitan areas which results in lack of correspondence between administrative and functional territories. This creates a complex policy environment in which area-wide consensus is difficult to reach on medium and long-term goals such as environmental quality; economic development and

competitiveness, social cohesion, equitable public finance, and the level and quality of public services across the urban region.

- Increasing strain on the financial/fiscal ability of local authorities in metropolitan areas who face additional charges at a time when economic and social conditions have deteriorated for many groups of the population, and when major investments in infrastructure are required to enable metropolitan areas to compete in the global economy. In many countries, decentralisation has been used as an opportunity for upper levels of government to download responsibilities to the local level without introducing the corresponding, but politically difficult, financial and fiscal reforms. The reform of urban public finance -- the backbone of good governance -- is lagging behind the institutional changes in metropolitan areas.
- A lack of transparent, accountable decision making processes and of clear political leadership at the local level. There is a growing demand for more democratic, less hierarchical, more flexible, transparent and accountable systems of governance, based on more horizontal networking with a wide range of partners from the private sector and community groups. But decentralisation and rationalisation is not enough. It should be accompanied by modernisation of the public sector, making full use of new information technologies and based on a new culture of governance which is more people centred -- demand rather than supply-driven -- and which can cope better with the increasing complexity and diversity of urban populations.

3. The spatial architecture of urban governance

3.1. European countries have different economic and social trajectories, different institutional frameworks and cultures and different urban systems and policies. But despite this diversity, during recent years there has been a convergence of views about the problems they face and the kinds of policy responses they should be adopting. In all countries, policy-makers are confronting growing social exclusion in urban areas created by globalisation, economic restructuring, technological change, institutional restructuring and urban competition. All are grappling with the need to reduce centralisation, improve the performance of national and local governments, de-bureaucratise delivery systems and create partnership mechanisms and cultures.

3.2. The trend is most marked in northern European countries which urbanised first and experienced economic, social and environmental decline earliest -- Britain, France, the Netherlands. Policy approaches vary between countries but most attempt to promote innovation in the preparation, packaging and delivery of services to particular groups, often concentrated within particular areas and neighbourhoods. They attempt to:

- improve the integration of policy making at European, national, regional and local levels;
- promote the horizontal integration of policies across different policy sectors;
- link mainstream government policies with specific anti-poverty or area-based initiatives;
- develop new cross-sectoral institutional arrangements for the delivery of programmes which widens the range of actors involved.

3.3. Typically new institutional arrangements have had to be created to achieve this integration process including new central-local partnership mechanisms or the creation of national government inter-departmental committees with political support from the top of national government. But there are several challenges faced in this process. For example, underpinning most of these initiatives is the concept of partnership. Partnership is a vogue word. Governments, business, local authorities, the community and voluntary sectors increasingly subscribe to the value and virtues of partnership. The principle has been extended to a wide range of policy sectors -- training, housing, community care, social services, community and urban regeneration. This growth of interest in partnerships is uncontested. But its virtues and achievements are not. The concept is ambiguous. It means different things to different people. Some regard the idea as a uniquely valuable way of addressing the changing world that local institutions face. Others see it as a way of distracting attention from many economic, legal, institutional and financial constraints that cities face.

3.4. The question of what is in Partnership for the private sector and why would they invest their scarce resources in the partnership process is also critical. For partnerships to work, the private sector must either be convinced that there is an immediate advantage in terms of the services, programmes and projects that are being delivered through the partnership mechanism that would not be delivered without the partnership. Alternatively, the private sector must be persuaded that the long term goals of the partnership the reduction of school exclusion or increase in competitiveness overall will make the city more attractive to the private sector on the long term, even if the immediate benefits are not apparent and the costs in terms of partnership working are.

3.5 But whatever its virtues, achieving partnerships is not easy. It requires integration between:

- the public, private and community sectors;
- different policy sectors including housing, education, training, welfare taxation and benefit systems, economic development;
- different parts of the public sector, especially within national government administration.

Achieving this integration and creating partnerships between key agencies remains a major problem in many countries and cities.

3.6. Equally, this debate also raises the question of what is the right spatial scale at which to intervene -- the region, the city or the neighbourhood? This may vary across policy sectors. For example, in terms of economic policy -- labour market, transport, infrastructure, planning issues -- the wider regional framework might be the most appropriate spatial level. By contrast, for addressing social exclusion, the neighbourhood might be the most appropriate level. Just as policy cannot be confined to neighbourhood initiatives but must connect to the wider city, the fate of urban areas cannot be considered outside their regional context. This is particularly the case in terms of labour market. It may never be possible to find enough jobs for excluded people within the excluded community. There needs to be a strategy for the wider labour market. If area-based approaches towards excluded communities are adopted, there is still a need to develop mechanisms which link them strategically to the economic and social mainstream of the wider urban and regional areas.

3.7. In addition, the relationship between cities and regions is crucial -- they can not and must not be separated. There is a growing recognition that economic, social and institutional links between cities and regions are becoming more complex. Just as urban regeneration cannot be confined to neighbourhood initiatives but must connect to the wider city, the fate of urban areas cannot be considered outside their regional context. The threats and opportunities faced by cities are similar to those faced by regions and equally the challenges for regional policy are similar to those for urban policy. A recent OECD review of developments in regional policy, for example, identified the following trends:

- a shift in the goal of policy away from the simple goal of achieving regional equality to one of economic competitiveness;
- new territorial bases for regional policy, with a greater recognition not only of sub-national territories but of the role of regions in their national and international contexts;
- the state is ceasing to be the lead actor in policy with the move towards the enabling state and broad partnerships between state, industry, and community involving the transfer of skills, new forms of joint financing and new structures based on equality rather than hierarchy.

3.8 These trends in regions are identical to those faced by cities and by urban policy. But in the past governments have not recognised the scope for institutional and policy collaboration between cities and regions. Cities and regions often do not function well together even though problems and opportunities typically cross urban and regional boundaries. There is not an artificial distinction between them. But typically this is not recognised which gives rise to such problems as:

- fiscal exploitation with the region using but not paying for services provided by the city;
- the physical segregation of excluded communities with an unwillingness across the region to collaborate and share services and financial responsibility for those communities;
- local tax regimes which encourage municipalities to compete against each other;
- administrative boundaries which are often too narrowly drawn to make economic or social sense.

4. Improving urban areas: the European Commission's contribution

4.1. During the past decade, the European Commission has played a bigger and bigger part in trying to increase the economic competitiveness of cities but reducing social exclusion in them. Its policy has broadened and deepened to grapple with the complex mix of opportunities and problems different European cities face. Its most coherent policy statement is still 'Sustainable urban development in the European Union: a framework for action' launched in 1998.

4.2 The Commission proposed 24 actions to meet four broad challenges faced in European cities: strengthening economic prosperity and employment; promoting equality, social inclusion and regeneration; protecting and improving the urban environment; contributing to good urban governance and empowerment. It plans to respond to them by encouraging and financing more integrated, area-based and partnership actions at national and local level and facilitating the exchange of good practice about urban regeneration through a range of institutions and networks.

4.3 The document received a good reception. But the Commission's plans raise some big issues which we have to face.

- making sure we mainstream urban issues in wider EU policies;
- integrating the policies of key partners;
- bringing in important missing policy issues like housing;
- building bridges between cities and the Commission;
- getting the right spatial architecture for urban policy.

Beyond initiatives to mainstreaming the urban agenda

4.4. The URBAN initiative is still a significant part of the Commission's urban policy. Many people believe that URBAN has delivered high quality projects; encouraged the principles of integration, partnership, targeting and subsidiarity in member states which do not always practice those principles themselves; forged valuable direct links between the Commission and cities; had given Commission support to cities outside Objective 1 and 2 regions.

4.5. However, even if we recognise the value of projects supported by URBAN, the evidence from many countries is that the economic and political weight of special initiatives like URBAN, are relatively modest in relation to need or to the resources being invested in cities. As a result, however good individual URBAN projects are, they have a relatively minor impact overall upon cities. We must concentrate our energies upon the Commission's mainstream programmes and making them more sensitive to cities through revised guidelines.

Improved governance -- achieving integration

4.6. It is clear that the Commission has much further to go, including linking ESF and ERDF, to achieve a more integrated approach. Indeed, many argue that we need a Commissioner for Urban Affairs to really achieve such integration. This idea has received a mixed response from European politicians, whose national experiences of such an initiative are mixed. But the idea is unlikely to go away. Whatever happens, the Commission will have to begin to deliver on the expectations of greater integration raised by the document.

4.7. At the same time, it is very clear that member states and local authorities still have to get rid of their traditional functional and departmental boundaries and their sectoral approach to policy making to deliver a more integrated approach to urban policy. In particular, many member states have yet to accept the key policy principles is encouraging. It is important that when revising the guidelines the Commission should insist that member states endorse those principles when applying for structural funds so that cities' interests cannot be ignored by unsympathetic national or regional governments.

Housing -- a missing link between competitiveness and cohesion?

4.8. Housing remains a central issue for urban policy. There is a huge demand for the Commission to recognise that next to jobs -- for which it has responsibility -- that housing -- for which it does not -- was the most important element of urban policy. There is substantial support for the view that if it cannot finance mainstream housing activities, the Commission should at least support housing related regeneration

activities, including for example, training programmes, community capacity building, the provision of community facilities and environmental improvements. Again there is considerable experience to build upon in different countries which cities and the Commission could pull together so that we do not reinvent the wheel.

Building bridges between cities and the Commission

4.9. To sustain the gains of the past years, cities will need to find a new way of putting their case directly to the Commission. In turn, the Commission will have to find a way of receiving and negotiating cities' demands. This will demand political goodwill and institutional creativity at both local and national level.

4.10. However, cities will also need to develop better links with their own national governments. Cities cannot expect the Commission to deal with all the problems or opportunities that European cities face. These will have to remain essentially a national responsibility. The crucial issue is to determine where the Commission can genuinely add value to cities, rather than adopting the begging bowl policy which demands European money simply because social exclusion exists in cities. Also, the cities must pull more together in their common cause rather than asking for special attention for the interests of large, or the medium sized or the smaller cities as they sometimes do.

The right spatial architecture of urban policy

4.11. Arguably the most significant part of the framework document were the Commission plans to introduce Integrated Urban Development Plans. These will require that cities are integrated into regional development plans, as a central feature of structural fund negotiations in future. Although confined to Objective 1 and 2 regions, this is an important breakthrough which places cities at the centre of regional policy. In the short-term, they would attract more support and resources for cities. But in the longer term the plans could be a lever to achieve much better working relationships between cities and their regions. This idea has enormous potential whose implications have not yet been explored. The challenge is to develop the right spatial architecture for urban policy so that different levels of government -- European, national, regional and local -- can make the best intervention -- whether at neighbourhood, city, sub-regional or regional level. There is much to be worked out. That must be part of the next phase of work.

5. So what for the UK, Scotland and Glasgow?

It seems to me that there are a series of key messages from the wider European experience for the UK and Scotland.

So what for the UK?

Government or governance? It is clear that the role of the state has changed in all European countries. But the continental European experience is that the national state remains a critical player in the role and future of cities. National frameworks for cities still matters. The UK has shifted away from that European model to a neo-liberal market oriented US model. In the shift from government to governance in the UK we may have reduced the power of one critical level to improve cities.

Balancing competitiveness and cohesion, efficiency and equity. All European governments have to find ways of reconciling these two policy goals. But the evidence is the UK has moved further towards the economic competitiveness model than many of its European counterparts. And in the process levels of inequality have increased and are greater here than in many of our European counterparts.

The welfare state matters. The UK is probably ahead of many European countries in devising area based and neighbourhood programmes to reduce inequalities between areas and individuals. Indeed many European countries imitate the UK model in this respect. But the bigger lesson is that more expansive welfare state system in a number of European countries, often the richest -- has prevented the emergence of such inequalities in the first instance. The simple lesson -- prevention is better than cure.

National-local relations matter. Despite some improvements in recent years, relations between the nation state and cities in the UK are not that good. Many European countries have devised more grown up relations between cities and the centre. The UK still needs to work out that relationship to make our cities more powerful and more efficient.

Spatial architecture of urban policy. The scope of action is beyond city limits. Many European countries have recognised the limits of area-based programmes and neighbourhoods and are trying to work with wider functional urban regions. And this often produces more successful economies. The UK should recognise and build on that -- as it is now beginning to do.

Financial powers matter. Many European cities have more robust sources of income than British cities and in some places it is being strengthened. The UK could learn from this.

Europe lags. It is not all bad news. The UK has done more to engage communities and the private sector than many European countries. It should build upon that asset.

Who does what? Governments must help cities by aligning their urban policies better. But equally important cities must help themselves. The European cities

which have flourished have developed clear vision, strategy and partnership models which they have stuck to over a long time.

Culture and ideology matter. Formal arrangements are important. But more important are the ways in which people behave to make them work. Institutions matter. But processes, culture and ideology matter just as much. Much of Continental Europe still has a vision of the good city and the importance of the urban dimension that the UK has lost if it ever had it. Cities which are nourished more, flourish more. We need to reaffirm our commitment to them as the democratic motors of our national economies.

The EU matters -- but it is a not a milch cow. There will always be too many demands upon the Commission and hence to many limits and constraints upon it. We need to see them as an ally to improve cities not simply as an organisation to exploit financially. The Commission should only act where it adds value. And anyway nation states are still more important to the future of cities.

So what for Scotland?

In many ways Scotland is better prepared to face these realities than the rest of the UK.

- It has a powerful central state.
- It has a more coherent political culture, which seems to me more democratic and more egalitarian than the English does.
- It has a more integrated set of elites public and private than England.
- It is more committed to the urban ideal than England.
- It has recognised the virtues and limitations of the EU more than the English have.

So what for Glasgow?

If the arguments made in this paper are true, at least three things seem clear to me:

- Glasgow needs to be brought into the centre of government strategy and policy. And the central belt linking it to Edinburgh must be more clearly addressed in future.
- Government has an obligation to help Glasgow. It lags behind the national capital cannot be expected face all its problems on its own.
- But if government must help, Glasgow must help itself by pulling together. A narrower Glasgow cannot resolve its challenges or realise its opportunities. The wider urban area must be the basis for future action.

PAPER 11

IMAGINEERING CITIES:

CREATING FUTURE ‘PROSPECTIVES’
FOR PRESENT PLANNING

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&
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The context

Cities are moving centre-stage. At the same time, the global backcloth is changing. There is a widespread recognition that we live in an era of rapid change in which new discoveries, philosophies and technologies play an ever more prominent part in shaping social and economic development. The world is becoming increasingly complex, more competitive and better connected. There is economic internationalisation on the one hand, yet cultural decentralisation on the other. Society has shifted from an industrial base to an information and knowledge orientation. Advances in genetics, materials, energy, computing, robotics, miniaturisation, medicines, therapies and communication proceed apace. The developed world is getting smaller, older and wealthier, whilst the developing world grows bigger, younger and relatively poorer. A blurring of boundaries between disciplines, industries and social enterprises is taking place. And, as those boundaries fade, the lines connecting the constituent parts become more critical, so that networks, systems and holistic thinking are more meaningful. Moreover, crucial issues on a global level -- demographic, natural resources, the environment and human culture -- have to be addressed. All in all, a veritable transformation, or great disruption, is occurring. Something old is coming apart at the seams, and something new is emerging.

For city planning, this transformation demands a more imaginative approach towards the way communities think, talk, plan and act creatively in tackling the urban issues they face. This paper argues that the futures field through such visioning methods as foresighting and ‘prospectives’, using techniques like environmental

scanning, scenario learning and planning and other forms of structured 'brainstorming' and collaborative decision-making can provide a more valid conceptual framework and greater operational effectiveness through collaborative processes in addressing the challenges that confront cities today.

Striking a somewhat pejorative note, it can be argued that over the past forty years or so city planning has abrogated its role as a visionary profession concerned with creating better alternatives for the future. The complexity of urban planning, together with the contentious nature of radical reforming proposals, has defeated it. Uncertainty, diversity and dispute have forced planning into retreat. Short-term compromise decisions with limited impact upon longer-term innate betterment have seemed to predominate. A camouflage of public relations masquerading as public participation on the one hand, together with a refuge behind the restrictions imposed by a methodological rationale favouring reliance upon past data and current reaction on the other, has precluded the assiduous search for a preferred future.

In particular, the planning field has been criticised over recent years for neglecting time and the future in favour of present -- focused decisions about space (APAJ, 2001). Spatial analysis and territorial planning techniques have advanced considerably. Methods for tackling the time dimension in planning, however, are far less developed than those for addressing the spatial dimension, and it becomes increasingly obvious that the town planners toolkit for exploring the future needs to be upgraded and expanded. Interdisciplinary connections, moreover, lie at the heart of city planning, and here the urban planning field is further exposed to criticism from more narrowly trained experts in contributing disciplines, for the future is the only topic that other professions have ceded to planners as relatively uncontested turf (Myers, 2001). Certainly, very little attention has been paid by the planning profession to developing a more informed, structured, collaborative and imaginative approach towards the study of the future, in growing contrast to other sectors of society such as science, technology, business, the military and, of late, even central government.

What follows, in promoting a futures perspective for city planning, falls into three parts:

- i) A brief review of the futures field.
- ii) An explanation of how futures thinking relates to strategic planning.
- iii) A simple commentary, with specific examples, of how urban planning might benefit from a 'futures' approach.

The futures field

Back in the 1960s, and early 1970s, it seemed possible to keep an overview of developments, take future changes into account and make five to ten year planning proposals based on ten to twenty year forecasts. It was a period of trend projection, time series, network analysis and mathematical modelling. Above all, perhaps, it was

an era with a belief that tomorrow would mostly resemble today. The future was a given, and planning of all kinds sought to adapt current trends to meet that predestined condition. City planning was no exception.

During the 1970s, and into the 1980s, however, the view of the future changed. With sudden and significant economic disruptions and social upheavals the future did not seem as predictable as had been previously imagined. Indeed, it became recognised as uncertain. There was no longer only one likely future path of development, but several different and possible futures. The corporate world of big business was relatively quick to realise this, and develop techniques that could handle dynamic uncertainty. The professions of the built environment in general and urban planning in particular far less so.

There is little doubt that at the most general level the next few decades will be marked by a continuation of rapid and fundamental change. The nature and performance of the built environment will be affected by changing demographics, economic circumstances, environmental imperatives, political institutions, technological innovations and cultural attitudes. Moreover, of course, these changing sectors of society are not independent of each other. They act and interact upon each other in many complex ways. Above all, cities are complex adaptive systems.

Complexity, however, arises not only from the number of things that have to be taken into account in a planning or decision-making process, but also by the speed at which events occur. Connectivity and speed are guaranteed features of the future. Increasingly, moreover, the people who must oversee and systematise this complexity are not a special cadre of planners, but comprise all of the professionals who are working in a given field, on a particular problem. They form a network, and such networks sprawl across boundaries of ownership, responsibility, timeframe and interest. At issue, is the means by which all of this can be harmonised and orchestrated. City planning must be an integrated and multi-disciplinary process.

The means, it is argued, is by way of futures studies through such methods and techniques as environmental scanning, foresighting, prospectives and scenario planning.

The futures concept

There is a growing realisation, in all areas of life, that the future is not fixed. The notion that the future can be 'shaped' or 'created' has gained currency over the past decade, and is increasingly the basis upon which organisations of all kinds make their plans. As Charles Handy (1989) put it:

"The future is not inevitable. We can influence it if we know what we want it to be."

By trying to make things happen, rather than guess what might happen, organisations, and individuals for that matter, have to embrace uncertainty, and deal with it by continually reviewing a wide range of policy options. This is the business of discovery and the concept of futures.

The crucial questions most usually facing those working in the futures field in the examination of an issue or policy include.

- What are the main continuities?
- What are the major trends?
- What are the most important change processes?
- What are the most serious problems?
- What are the new factors ‘in the pipeline?’
- What are the main sources of inspiration and hope?

A similar set of issues is faced by city planners.

A useful metaphor to describe the aim of the futures field is to provide a ‘map of the future.’ In essence, futures studies supplies policy makers and others with views, images and alternatives about futures in order to inform and protect decisions in the present. It is important to note, that the underlying purpose of future studies is not to make predictions, but rather to gain an overview of the present human context in order to illuminate alternative futures. Interpretation not forecast. So too with city planning.

Put very simply, the purposes of future studies are to discover or invent, examine or evaluate, and propose possible, probable and preferable futures. They may, however, be more usefully summarised as (Slaughter, 1995):

- Raising issues of common concern that may be overlooked in the conventional short-term view.
- Highlighting dangers, alternatives and choices that need to be considered before they become urgent.
- Publicising the emerging picture of the medium-term future in order to involve the public in the decision-making process.
- Identifying the dynamics and policy implications of the transition to a sustainable world and placing them on the political agenda.
- Facilitating the development of social innovations.

- Helping people to become genuinely empowered to participate in creating the future.
- Helping organisations to evolve in response to the changing global and local outlook.

Clearly, these prime aims are shared with the goals of urban planning.

Futures Methodology

This paper draws a hierarchical distinction between methodology and techniques. Methodology is taken to be the overall activity or discipline, with an associated intellectual domain, by which to approach a subject or problem. Techniques are the tools by which the methodology is applied. Several techniques, for example, can be used in applying the same methodology. The methodologies described below are:

- Futures Studies
 - Futures Research
 - Foresight
 - Prospective
- i) **Futures studies** can simply mean any exploration of what might happen and what we might want to become. It contributes to an overall understanding of an approach to the future and its methods. Future studies is subject or question oriented. For example, what are the critical technologies that will have the greatest influence over the next 25 years? Here, a range of technologies would be identified and forecasted and their impacts assessed against a set of assumptions (Glenn, 1994). The purpose of such an exercise being to explore all possibilities fully so that others can find specific insights to their needs.
 - ii) **Futures research**, in contrast, means the use of techniques to identify systematically the consequences of policy options and to identify alternative futures with policy implications for decision-makers. It is decision oriented, in that it seeks to identify and describe current forces that should be understood in order to make more intelligent decisions. Futures research tends to create a broad set of issues and questions to address policy problems and to seek insight from an extraordinary diverse variety of sources using a broad set of techniques. An essential difference between futures studies and futures research is that when conducting futures research for policymakers, the futurist must continually ask the question “What difference does it make?”, not just “How well do you know it?”
 - iii) **Foresight** is a systematic, participatory, future-intelligence-gathering and medium-to-long-term vision building process aimed at present day decisions and mobilising joint actions (Foren, 2001). It arises from a convergence of trends and

underlying recent development in the fields of ‘policy analysis’ and ‘strategic planning’, as well as futures studies. Foresight brings together key agents of change and various sources of knowledge in order to develop strategic visions and anticipatory intelligence. In this way, there are said to be five essential elements of foresight – anticipation, participation, networking, vision and action (*Ibid*). The most important aspects of the Foresight process have been summarised as being (Irvine & Martin, 1984)

- communication between the parties concerned;
- concentration on the longer term;
- co-ordination of research and development;
- consensus created on future directions and policies;
- commitment generated among those responsible for implementation of policy.

A defining characteristic of foresight is that, in essence, it is a human capacity to think ahead and to forecast possible outcomes of present decisions.

- iv) **The prospective**, or more familiarly “la prospective”, has French origins, but is now being more popularly applied across Europe in a variety of strategic planning settings. In the francophone context, however, ‘prospective’ refers to a much wider approach and activity than other futures methodologies as it comprises not only the study of the future, and an evaluation of alternative outcomes against given policy decisions, but also the will to influence the future and to shape it according to society’s wishes. Furthermore, it is a very formalised, inclusive, comprehensive and rigorous methodology when compared to futures studies. In many ways, it is similar to foresighting, but would be better understood as a specific means of applying the foresight approach. The two methodologies have been contrasted as: foresight would be the capacity to hear, but prospective would refer to the proficiency to listen to particular things (Serra, 2001). Put another way, prospective covers the concepts of ‘preactivity’ (understanding) and ‘proactivity’ (influencing), whereas foresight concerns itself with ‘preactivity’, but the idea of ‘proactivity’ is missing (Godet, 2001). In any event, the term prospective and its application across a broad range of policy issues on a wider territorial basis than hitherto is likely to gain greater currency over the next few years.

Futures Techniques

In describing the methods and techniques used for exploring the future, Exhibit 1 outlines the generalised process for conducting a futures study.

Below are some of the main techniques commonly employed in future studies work. It should be appreciated that futurists use methods from many fields, and no method has a monopoly on producing good -- or bad -- work.

- i) **Environmental scanning** is a prerequisite of virtually all serious futures work. In essence, this involves a broad scrutiny of all major trends, issues, innovations, events and ideas across a wide spectrum of activities. The objective of environmental scanning is not to predict the future but to help decision-makers in situations of increased uncertainty. It has become increasingly important, mainly as a consequence of the growing need for planners and policy makers to have information on the general environment outside their specific area of interest as well as within it. The perspective gained is thus more of an outside-in than an inside-out one. Careful scanning results in the development of a body of information with a range of uses, and the process of scanning itself has the value of sharpening observation and analytic skills while providing opportunities to hone discrimination, judgement and expression.
- ii) **The Delphi Survey Technique** is a popular method in futures studies. Developed initially at RAND in 1953 by Gordon and Helmer (1964) and elaborated by them in 1964, it uses a panel of experts to judge the timing, probability, importance and implications of factors, trends and events in respect of the problem in question. Invariably, the Delphi method involves an iterative research and communications process. The primary abuse of the Delphi technique is to confuse its responses with answers. Delphi is best used as an input to a larger forecasting and futures process. It produces judgements or estimates of probabilities, rather than objective or factual information, and also tends towards consensus as opposed to innovative change.
- iii) **Cross-impact analysis** is a technique recognising that “everything affects everything else”, and shows how the interaction or interdependence of trends or events upon each other can be identified and evaluated. It is most often used as part of an expert-opinion study and can, therefore, be appropriately thought of as an extension of the Delphi method. The results of a standard Delphi study may conclude with a set of forecasted events or trends that will occur with some estimated probability at some forecasted future times. But there are all kinds of contingencies and dependencies that may affect such forecasts. Put another way, the occurrence of particular events may depend on the occurrence of other events. Cross impact analysis is designed to deal with this by constructing a matrix showing the interdependencies of different events.
- iv) The technique is commonly used to explore assumptions and to identify significant points of divergence and agreement. It can also be the driver of further directed study, evaluation and research. Moreover, it is more frequently used in a qualitative rather than a quantitative way, and is a technique which should be used as part of a larger system. In this way, cross impact analysis illustrates a common feature of future tools, in that they rarely stand alone, and

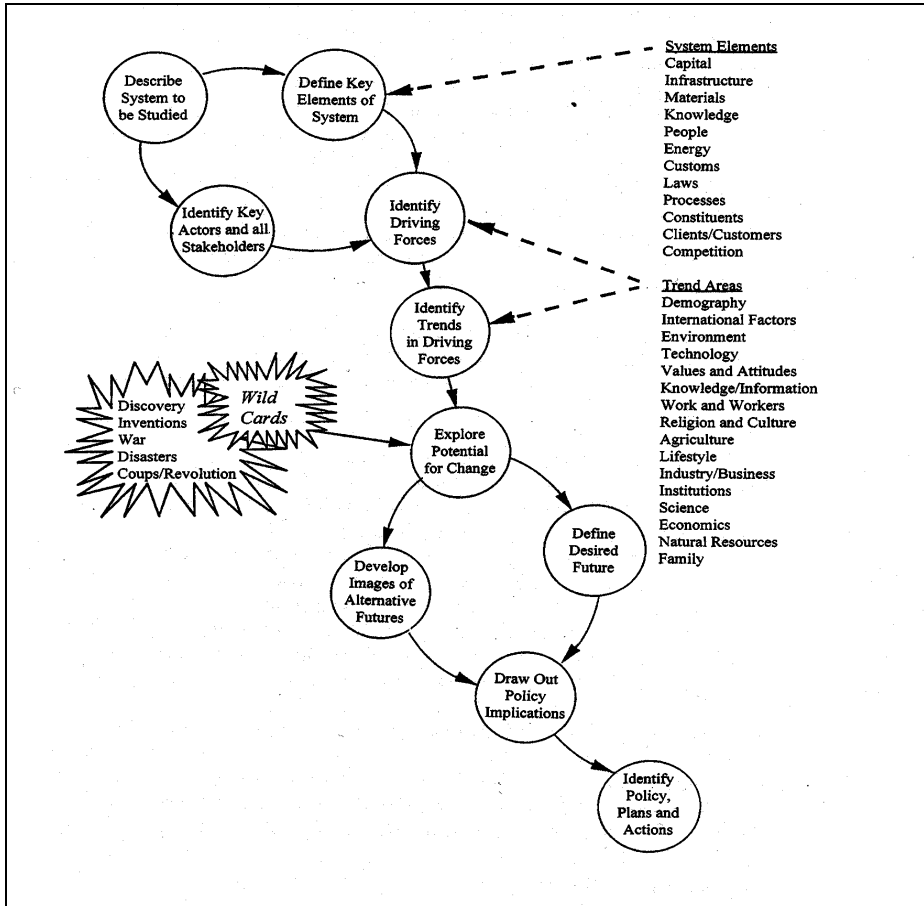
are best employed as part of a continuing chain of interactive processes (Coates, *op cit*).

- v) **Scenario Planning** is one of the most popular and persuasive techniques used in futures studies and foresighting. Scenarios have long been used by government planners, corporate strategists and military analysts as powerful tools to aid in decision making in the face of uncertainty. They are instruments for ordering people's perceptions about alternative future environments in which today's decisions might play out. In practice, scenarios resemble a set of stories built around carefully constructed plots. Such stories can express multiple perspectives on complex events, with the scenarios themselves giving meaning to these events.
- vi) Despite their story-like qualities, scenarios follow systematic and recognisable phases. The process is highly interactive, intense and imaginative. It begins by isolating the decision to be made, rigorously challenging the mental maps that shape people's perceptions, and hunting and gathering information, often from unorthodox sources. The next steps are more analytical: identifying the driving forces, the predetermined elements and the critical uncertainties. These factors are then prioritised according to importance and uncertainty. Subsequently, three or four thoughtfully composed scenario 'plots', each representing a plausible alternative future, against which policy options can be tested and implications identified, are developed. Then, the deeper structures and systems behind the scenario stories, and their underlying logics, are elaborated to explain them and reveal their crucial differences. Finally, the key events, or turning points, that would channel the future towards one scenario rather than another are identified.

Explicitly or implicitly, structured or unstructured, the underlying *modus operandi* of all the techniques employed in the study of futures is that of '**brainstorming**'. Brainstorming is, at heart, a structured process for having ideas, and rests upon the notion that imagination is the cornerstone of human endeavour. Brainstorming has prospered and developed in many ways, becoming a prime component in foresighting, prospectives and scenario planning.

There are a host of other related techniques that can be applied to the study of futures. Some of the most commonly applied can simply be listed as follows: Monitoring, Content Analysis, Precursor Analysis, Polls and Surveys, Participatory Action Research, Layered Futures Methodologies, Timelining, Backcasting, Critical Futures Study, Divergence Mapping, Relevance Tree and Decision Tree, Morphological Box, Futures Wheel (or Web).

Exhibit 1. Studying the Future



Source: Joseph Coates: An Overview of Futures Methods (1996).

Futures thinking and strategic planning

It should be recognised that futures studies, through the various futures methodologies and by the use of the range of futures techniques described in the previous section, is inextricably linked with strategic planning. Good strategy has been stated to be based on the following elements (van der Heijden, 1996):

- Acknowledgement of aims, either through an external mandate, or through the organismic purpose of survival and self-development.

- Assessment of the organisation's characteristics, including its capacity to change.
- Assessment of the environment, current and future.
- Assessment of the fit between the two.
- Development of policies and, following from this, decisions and actions to improve the fit.

Foresighting and prospectives as methodological approaches, and scenario planning as a particular technique, directly address all these five steps, but with an explicit attitude towards ambiguity and uncertainty.

The relationship between futures and planning is an important one to understand. Futures, through foresight and prospective is a discipline with an intellectual domain and the tools to apply it. Planning is first and foremost a technique. Indeed, it is one of the tools or techniques that can be used in foresight or prospective to implement the preferred future. Conceptually, moreover, foresight or prospective are previous steps to planning (Serra, *op cit*). Strategic thinking should proceed strategic planning.

Planning, by definition, is to conceive an objective and the means to achieve it. It is less helpful when it comes to determining which is the best objective and how that objective can reasonably be attained. Planning, furthermore, will fall short of foreseeing the potential obstacles or pitfalls that might prevent the attainment of that desired future. This is because foresighting or prospective and planning have a completely different theoretical approach: foresight/prospective wants to open the scope to look further into the future, and in different mental contexts, to improve the chances of detecting all the conceivable variables and project them as far as possible; planning, on the contrary, aims to reduce and concentrate the scope, focussing efforts to converge in a concrete objective and place it near enough in the future so as to be quite sure of its accomplishment. It has been suggested that this is why in the business world planning has a better image than futures (*Ibid*).

Futures methodologies, however, are different from long-range planning in at least three distinct areas.

- They recognise that the future will not be an extension of the past. Futures methods and techniques expect events that cause discontinuities to occur.
- There may be numerous possible futures. The future will be a function of various factors as well as various possible relationships among those factors.
- Innovation has the potential to accelerate the rate of change and to cause fundamental shifts in the nature of business and life.

Conventional planning techniques developed in a lineal and incremental world do not have the flexibility needed to address multi-faceted and rapidly paced change. They also fail to incorporate entrepreneurial forces that change what it takes for organisations to succeed.

Urban planning and a futures approach

Almost by definition, the core concern of urban planning is the future. The forces of change, complexity and uncertainty, however, all conspire to reinforce the need for a more systemic, holistic and integrated approach towards urban planning relying more on intuition, participation and adaptability, as opposed to the traditional mechanistic, empirical and rationalist approach based on observation, measurement and logical analysis. The former seeing the town or city more as an organism and being process-oriented, and the latter a machine being more goal-oriented.

Added to the ‘chaos’ of the urban context is the contentious nature of the decision making process in planning where dispute, dissent and disagreement are inherent ingredients in the mix of ideas and views that constitute the community of stakeholders seeking to shape and direct the future for their own designs. To deal with this, the reigning metaphor among the planning fraternity is fast becoming that of “collaborative planning”, where the aim is to build a convergence of values and meanings that go beyond the specialised knowledge and language of experts. Such collaborative planning provides an umbrella for a range of different perspectives and seeks to investigate the diversity of experience, attitudes and values in different groups and communities. According to this approach, it is knowledge, and the ways in which varying forms of knowledge are integrated, rather than the straightforward transmission of information, that increasingly is seen as being necessary in responding to the complexity of spatial land use planning decisions (Puglisi, 2000). To achieve this level of collaboration, through effective communication and productive interaction, whilst tackling the complexity and uncertainty of continuous change that besets urban planning and development, a futures approach is progressively being seen as a powerful way in which towns and cities can picture, shape and direct their preferred prospective.

Grand Lyon prospective

One of the most notable city planning projects in recent years to adopt a futures oriented approach is that for Grand Lyon, where French experience of using the ‘prospective’ method has been brought to bear in producing *Millénaire Trois: A United Competitive Conurbation* for the city region of Lyon. Set in train in late 1967 by Raymond Barre, the then President of Greater Lyon, the task of the ‘Mission Prospective et Stratégie’ was to prepare a comprehensive global project for the Lyon

conurbation for the beginning of the new millennium. The collaborative approach is described first by Raymond Barre himself, as follows (Millénaire 3, 2000):

“In launching Millennium 3 I saw myself, as a politician, called on to set a clear course, to affirm long-term commitment to a conurbation project based on real political vision. At the same time I saw myself as drawing up the project in association with the various social actors, the driving forces of our society and the community -- and thus restoring public debate to its rightful place.

There can be no dissociating the fundamental role of the politician from openness towards society. If one part of the equation is dropped, the whole process comes to a halt.”

Then, the prospective process has since been described in these words (*Ibid*):

“Planning for the future can no longer be left entirely to specialists, and the necessary process of de-mystification was a central feature of Millennium 3. When preparation of a people-based project got under way in December 1967, the aim was to identify firstly the challenges facing the conurbation if it was to play its rightful part in the new millennium, and secondly the checks, obstacles and dangers of social division to be dealt with in achieving this role internationally. Hopes were high, but the level of receptivity and mobilisation attained went far beyond all expectations.”

After eighteen months of intensive collaborative initiatives, with extensive consultation and communication, five strategic lines of action describe the collective vision for the future of Lyon. They are:

- *An International, Culturally Receptive City* -- accepting people in terms of their cultures, identities and collective and personal histories.
- *An Attractive Liveable City* -- attentive to people's everyday needs.
- *A City that Fosters the Spirit of Enterprise* -- by helping people put their ideas into practice.
- *A City Conducive to Lifetime Learning* -- preparing people for a new future.
- *A City Putting Consultative Democracy to Work* -- in the interests of People as citizens.

The participatory approach generated widespread enthusiasm, both during the 'prospection' sessions devoted to the main social problems, and at the meetings of the working parties created to suggest strategies for addressing the challenges and formulating concrete policies. In the interests of shaping a common background and standpoint, the approach was implemented in partnership with all the representatives of a highly varied conurbation: official bodies, economic circles, the universities and community groups. Thus, with over 1 500 people giving of their time and making personal contributions to the collective process, shared attitudes to the future emerged

and an exemplary exercise in participation provided the metropolis with a badly-needed citizen forum.

Regional foresight

At the regional scale there has been considerable interest and activity in using a futures approach through ‘foresighting’ to provide valuable inputs into all forms of strategy and policy planning. This is well recorded elsewhere (Foren, *op cit*). Suffice it to state, however, that foresight brings together the agents of change and various sources of knowledge in order to develop strategic visions and anticipatory intelligence. The essential difference between foresighting and other planning approaches relates to the participatory dimension of foresight, which is seen to be well adapted to the regional level.

Successful exercises have been conducted in Catalonia (Spain), Uusimaa (Finland), Limousin (France), Liege (Belgium), Lombardy (Italy), North East England (UK) and along the ‘Baltic String’ (Denmark, Sweden, Germany). Common features of these foresight projects include: a long-term orientation, the examination of a wide range of factors, the drawing on widely-distributed knowledge, the institutionalisation and creation of networks, and the use of special exploratory and normative methods. Nevertheless, while it can be used to inform policymaking, build networks and enhance local capabilities for tackling long-term issues, it is not a magic solution that can solve all social, economic or political problems of regions (*Ibid*).

Dublin City foresight: a pilot project

During late 2001 and early 2002 the first phase of a pilot project entitled *Dublin City Foresight* was conducted by the author and colleagues, in conjunction with Dublin City Council, to explore alternative futures for the Greater Dublin Area and identify selected priority issues for action. The foresighting task was centred around a scenario planning exercise which proceeded along the following lines.

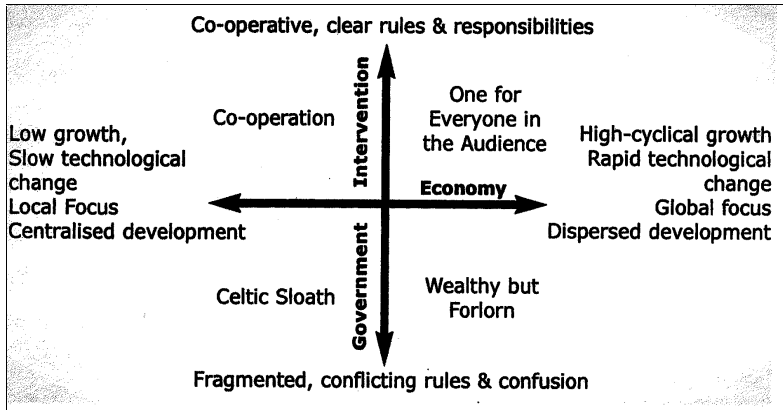
- **Stage 1: Set the Strategic Question** -- Resulting from a series of ‘strategic conversations’ with leading actors and a workshop this was formulated as: “What policy measures should be implemented now in order to secure the sustainable planning and development of Greater Dublin?”
- **Stage 2: Identification of the Driving Forces of Change** -- A combination of environmental scanning, strategic conversations and a brainstorming workshop identified these forces, using the ‘six sector system’ widely used in strategic planning to classify them into: Cultural, Demographic, Economic, Environmental, Governance and Technological.

- **Stage 3: Determine the Main Issues and Trends** -- In excess of 160 main issues and trends were diagnosed from interviews, questionnaires and a special workshop.
- **Stage 4: Clarify Level of Impact and Degree of Uncertainty** -- A selected panel of leading players evaluated the main issues and trends for the level of impact and degree of uncertainty they would have on prospective priorities, policies and plans. For simplicity these were plotted on a quadrant grid to group as: Context Shapers, Significant Trends, Pivotal Uncertainties and Potential Jokers. The Pivotal Uncertainties being central to the construction of alternative scenarios.
- **Stage 5: Create Alternative Scenarios** -- Four plausible, differentiated, internally consistent, yet challenging scenarios for the future of Dublin in 2015 were developed against two major axes of economic growth and government intervention, as shown in Exhibit 2.
- **Stage 6: Scenario Testing and Interpretation** -- As a kind of ‘windtunnel test’, a policy option workshop was held for the planning and development departments of Dublin City Council, augmented by a number of ‘remarkable people’, at which current proposals were tested against the various future scenarios.

Fifteen strategies were identified for testing, and the four policy options deemed critical in all scenarios concerned: Effective Subsidiarity, Appropriate Fiscal Measures, Audit of Resources and Access to Education.

- **Stage 7: Agree Priorities** -- At a subsequent workshop, an initial attempt was made to establish a number of priority objectives for Dublin. These can succinctly be summarised as follows:
 - Clean - Agile
 - Green - Compact
 - Mobile - Inclusive
 - Knowledgeable - Cultured
 - Safe - Fun

Exhibit 2: Dublin City foresight: four scenarios



Resulting from this pilot study, it is now hoped to promote the use of some form of foresighting or prospective process to stimulate, facilitate and guide the formation of the Greater Dublin Authority when it is constituted in 2003.

Conclusion

One of the main criticisms of conventional urban planning is that the concepts, methods and techniques employed tend to re-inforce the present. This makes it difficult for towns and cities to contemplate, design and build alternative visions of the future more suited to their true desires. What is needed is the conception and development of alternative scenarios, and the adoption of longer perspectives than those commonly afforded by traditional planning approaches. The 'prospective' process provides this. This is not to say that the prospective approach completely replaces the familiar planning process, but rather that it would be of much greater effect if a prospective exercise were conducted at the initial stage of considering a preferred future for a given urban area. Strategic thinking before strategic planning. This would enhance the capacity of communities to address complexity, uncertainty and change, as well as determine a shared view of the desired future.

It is argued that within the next couple of decades, one of the most noticeable changes in the field of urban affairs will be the disappearance of the 'Plan' as it is currently perceived -- specific, fixed and agreed -- and its replacement with more open-ended land-use control systems for the management and control of resources, as well as mechanisms for conflict avoidance and resolution. Planning will increasingly make use of the 'preferred option' path nested within a series of plausible contingency options that would continuously be reviewed and updated. Furthermore, such scenario-based plans will progressively become integrated forums where the objectives of many sectors are synergised and synchronised. Monitoring and review procedures and techniques will acquire very different roles in the planning process so that

eventually the whole cycle of evaluation, planning and implementation, followed by further evaluations and so on, will become a self-renewing system with no clear distinction between the present, the future and the past.

Perhaps the most fundamental change of all in the future of urban planning over the next 20 years or so, however, will be the transition from quantitatively based drivers -- economic, physical and scientific -- towards the qualitatively based drivers of value systems, beliefs, ethics and aspirations. Just imagine?

“*Imagination*”, as Albert Einstein declared, “*is more important than knowledge*”.

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PAPER 12

LAGANSIDE -- A BILLION DOLLAR ACHIEVEMENT!

By Michael Smith, Chief Executive, Lagside Corporation

The achievement

The River Lagan is Belfast's finest natural asset. Yet ten years ago its riverbanks close to the city centre were neglected, vacant, derelict brownfields overlooking polluted mud flats at low tide. The city had turned its back on the river. The city centre bore the scars of twenty years of conflict, and was dominated by security measures and empty outside shopping hours.

Today Lagside is a vibrant symbol of Belfast's urban renaissance. By March 2002, £720 million (\$1+ Billion) will have been invested in the area. Major companies such as Hilton, Halifax, BT, Prudential and Abbey National are present. The Waterfront Hall, opened is portraying a new image of Belfast on world-wide television.

The river is now a destination place for festivals and celebrations. Seals chase salmon up river.

Local communities are involved and supportive with local residents finding employment, encouraged by training initiatives. The waterfront is a destination and meeting place, shared space in a divided city.

An independent international evaluation by the Organisation for Economic Co-operation and Development (OECD) concluded:

"Lagside has redefined a sense of what is possible in Belfast. This is the very essence of what sustainable development involves"

Lagside Corporation, set up by government in 1989, has been the driving force behind regeneration. Whilst based on the model of urban development corporations there were significant differences in the political context, the approach and powers. Lagside does not own all the land and does not have statutory planning powers. The key to Lagside's approach has been in developing partnerships with

Belfast City Council, with major landowners such as Belfast Harbour Commission, with the private sector and local communities.

Keys to successful regeneration have been:

- a focused, area-based proactive agency;
- partnership;
- a concept plan providing a vision and framework for development;
- an infrastructure-led approach overcoming environmental constraints, creating high quality public realm and providing the setting for private investment;
- an integrated approach recognising the inter-relationship of physical, economic, social inclusion aspects of sustainable regeneration.

The approach

A comprehensive and integrated approach has created a vibrant waterfront, which is not merely an investment, and development opportunity but a ‘people place’ where people live, work and enjoy leisure and recreation. A multi-dimensional strategy has weaved together many aspects:

Development / investment

Along both banks of the river a series of mixed-use business and residential quarters have been developed in high quality landscaped settings. Each has its own character and identity. The regenerated waterfront has become a significant focus of economic growth and inward investment.

The river

The river itself is now a focus of activity. Impoundment by a new weir along with river management has achieved enhanced water quality. The river is stocked with fish to the extent that fishing stands have been provided as part of a community training initiative. A river boat/river bus began in 1999 and operates throughout the year. Recreational activity is promoted and accessible to local communities. Riverside pathways provide public access and are an integral part of the National Cycle route through the city centre.

Environmental aspects

Significant environmental enhancement has been achieved:

- remediation of contaminated land;
- upgrading of river water quality;
- protection of wildlife on river banks;
- stocking of river with fish;
- provision of pedestrian and cyclist network;
- high quality landscaped public realm.

The community

Ensuring community involvement and benefit and addressing social inclusion and social disadvantage is a priority. Laganside works in partnership with other agencies and local communities to improve access to employment and training. Communities are involved in planning and implementation of regeneration projects.

Integrating with surrounding city

As new quarters emerge within Laganside a linkages strategy ensures that the waterfront is integrated into the surrounding city and community. Two new footbridges completed in January 2000 have created a new link across the Lagan and from Lanyon Place to the central railway station.

Respecting heritage

Restoration of historic buildings for new uses ensures continuity and a sense of identity and has added richness and character to the built environment.

Connecting people, places & art

Art is recognised as a vital and energising element of the public realm. An arts strategy has guided the commissioning of several projects. Some have involved developer/private sector contributions. Community art is also encouraged and pieces have been incorporated into riverside walkways.

Festivals & events

Laganside is becoming a destination place for riverside festivals, carnivals, outdoor music and performance. A Community Events Grants Fund encourages a wide range of small local events.

The way forward

Laganside Corporation is now in its twelfth year of regeneration activity around the heart of the city. Significantly, a total of £720M of investment and 10 000 new jobs has been achieved. As each year unfolds, new ideas emerge, new buildings are completed and more parts of the inner city benefit from regeneration and environmental improvement. The completed developments have created a sense of confidence and pride in Belfast. The Laganside vision is now becoming a reality.

PAPER 13

UNIVERSITIES AND REGENERATION

*By Professor Rick Trainor, Vice-Chancellor and Professor of Social History,
and Pauline Forrester, Head of the Business and Community Unit,
University of Greenwich, UK*

Introduction

Universities are increasingly seen to have a critical role in responding to a range of regional agendas. These include skills development and social inclusion; knowledge transfer, innovation and competitiveness; and the promotion of civic and cultural values. In particular, universities are viewed as a central element in the revival of areas attempting to move beyond deep-seated economic and social problems to regeneration. This paper explores the regional and regeneration roles of universities, drawing on case study examples from the University of Greenwich to illustrate the breadth of initiatives being undertaken under the current regeneration agenda.

The paper will first consider the changing perceptions of the higher education mission in regional and regeneration activities. It will then move on to consider the Thames Gateway -- a priority area for regeneration in the UK. This second part of the paper explores case study material from the University of Greenwich illustrating the wide-ranging roles and interactions with 'Zones of Change' within this primary regeneration area. This section of the paper will also serve to highlight the notion of the University of Greenwich as '*the Thames Gateway University*' -- a university embedded in a regeneration milieu. More generally, the paper discusses the problems, as well as the opportunities, of the burgeoning regional agenda for universities with limited resources and pressing issues in other areas of policy.

Changing perceptions

During the last twenty or so years, there has been a notable change in the perception of the role of higher education and its potential to contribute to social and economic good. Attitudes have shifted from a somewhat residualised model, predominant in the nineteen seventies. This early view tended to focus on two key

themes: firstly, the difficulties of university expansion, in the face of global economic uncertainty and financial constraint in the higher education sector; and, secondly, the key role of universities in research and development in the dawning age of new technology.

As early as the nineteen eighties the need for universities to rediscover their ‘social legitimacy’ was being highlighted (OECD, 1982). This notion of social, and economic, legitimacy is now being embedded as an intrinsic element of the mission of most higher education institutions as a consequence of successive policy (and funding) shifts especially the increasing emphasis on the ‘knowledge economy’ and ‘social inclusion’.

There is a growing convergence around the expanding regional agenda for universities. The National Committee of Enquiry into Higher Education (1997) observed the variable pattern of local and regional engagement existing across the HE sector, making a number of specific recommendations aimed at enhancing these roles. Following on from this, the need for more effective exploitation of the knowledge base in universities was particularly highlighted in the Competitiveness White Paper -- *Building the Knowledge Economy* (DTi, 1998). Nor has this been a peculiarly British issue. As Goddard and Chatterton (1999) have highlighted, the interest in the regional role of universities is a world-wide phenomenon. Observing also that there are implications in terms of organisational cultures they suggest that universities are shifting from a collegial to a corporate culture, in responding to the demands of “*a new and diverse set of clients and agencies ... many of whom are directly or indirectly concerned with regional development*” (Goddard and Chatterton, pp. 688-689).

The new regional agenda in higher education has also witnessed the emergence of strategic alliances, mergers and consortia as universities start to adapt to the rapid pace of external change and funding environments. One particular feature has been the growth in representative groupings of higher education stakeholders, able to forward the collective interests of the sector at a regional and national level via interest groups, notably in the London region (Beneworth and Charles in Syrett and Baldock, 2001).

The availability of enhanced funding streams for regionally focussed outreach²⁵, the so called ‘third leg’ activities, have served to underline the higher education role in regional economic development and regeneration. Clearly, as the recent Higher Education Funding Council for England (HEFCE) report on the regional contribution of the sector highlighted, there has been a “renaissance of the regional and civic mission of higher education.” This, the report suggests, has been underpinned by: the growth of regionalism and regional awareness; a renewed focus on innovation, knowledge and culture in regional development; and changes in the structure, roles and scale of higher education generally (HEFCE, 2001b). Further focus on the university

25. Higher Education Reach-out to Business and the Community Funds (HEFCE, 1999a and 1999b) and the Higher Education Innovation Fund (HEFCE, 2001a).

role in terms of 'regional mission' has been provided through recent good practice guidance from the Funding Council, which provides a benchmarking tool through which universities can assess the contributions they are making to the economic and social development of their region (HEFCE, 2002). This process has been underpinned by the growing political importance of the regional and regeneration agenda and by a process of incremental policy development, which has served to expand the responsibilities of regional governance, including the development agencies and government offices. For example, the regional focus of the 2001 White Paper on Enterprise, Skills and Innovation (DTi, 2001) has served to emphasise the role of universities in supporting innovation and knowledge transfer at the regional level.

Contemporary expectations see universities as key local strategic partners delivering across the broad range of regional, regeneration, economic and cultural activities. At the heart of this new vision is the belief that universities can simultaneously develop and sustain business competitiveness whilst developing the regional skills base and strengthening citizenship. This includes promoting regional competitiveness, physical regeneration and cultural projects through core business, (including teaching and learning and research), third leg activities, and associated estates strategies. Yet, this rapidly expanding agenda poses significant challenges for universities given the limited resources currently being allocated to them.

The paper will now turn to examine the vision of the key regeneration roles of universities, looking more closely at the University of Greenwich's role in the Thames Gateway, which is a priority area for regeneration for the current UK government.

The University of Greenwich in the Thames Gateway

The Thames Gateway is Europe's largest and most ambitious regeneration initiative. The area concerned extends eastwards from Tower Bridge in the City of London, north and south of the Thames estuary, crossing three regional development agencies²⁶ and some eighteen local authority boundaries. The initiative was first launched as the East Thames Corridor in 1991 by the then Secretary of State, Michael Heseltine. Subsequently, the project was re-branded the Thames Gateway -- a title chosen to reflect the area's proximity to Europe and its capacity to act as a 'gateway' to 'new' European markets. The Government has reiterated its implicit support for this area. More recently the area was expanded to draw in additional local authorities in the east of the sub-region. The Gateway has also established a high level strategic partnership, under a ministerial chair, to oversee the development of an investment framework and spatial planning prioritisation for the area.

26. The London Development Agency; The South East England Development Agency and the East of England Development Agency.

In particular, the Thames Gateway offers an abundance of brown-field development²⁷ opportunities for both commercial and residential use. The resulting new employment opportunities are intended to help take some of the heat out of the economy in and around west London. This process, it is hoped, will accelerate the eastwards development of London and counter the long-term de-industrialisation and environmental degradation which has occurred along the Thames. A further imperative for the Thames Gateway development is to manage London's expanding population, which is growing at a scale outside the experience of any other UK country or region²⁸ (Greater London Authority, 2002).

The Gateway aims to promote social as well as economic and environmental regeneration. The area is characterised by low educational attainment and below average participation rates, which are so often experienced by transitional areas with a strong industrial heritage. Moving eastwards down the Gateway, communities also suffer the typical problems associated with peripheral/coastal fringe areas.

For a university such as Greenwich, whose campuses lie at the centre of one of the UK Government's primary regeneration initiatives, the regional agenda and the mission for regeneration are in many ways inseparable. The overall mission of the University of Greenwich places an emphasis on social and economic regeneration and can be summarised as nurturing excellence by combining the best of the 'old' and the 'new' universities²⁹, building on a strong research base and a long-term commitment to lifelong learning.

The University has a significant student and staff base³⁰ with a diverse student population – in terms of its social, ethnic and economic backgrounds and many non-traditional/part time learners³¹. The institution has an extensive network of seven partner colleges, stretching across and beyond the Thames Gateway; these provide higher education programmes leading to university degree pathways. The University of

27 4 000 ha of contaminated land have been identified as requiring redevelopment.

28. London's population has increased by almost 600 000 since 1989 -- the equivalent of a City the size of Sheffield. Greater London Authority (GLA) estimates, suggest that London's population (an estimated 7.47 million this year) will grow by a further 0.68 million to 8.15 million by 2016.

29. In 1992 the Further and Higher Education Act unified higher education in England and Wales (corresponding legislation was also introduced in Scotland). This was intended to remove barriers between academic and vocational streams and to end the so-called 'binary divide' between 'old', academically focused, *universities* and 'new' vocationally focused *polytechnics*. The legislation enabled polytechnics to use the title university and also introduced new funding frameworks. Thames Polytechnic, which had its origins in Woolwich Polytechnic, founded in 1890, became the University of Greenwich in 1992.

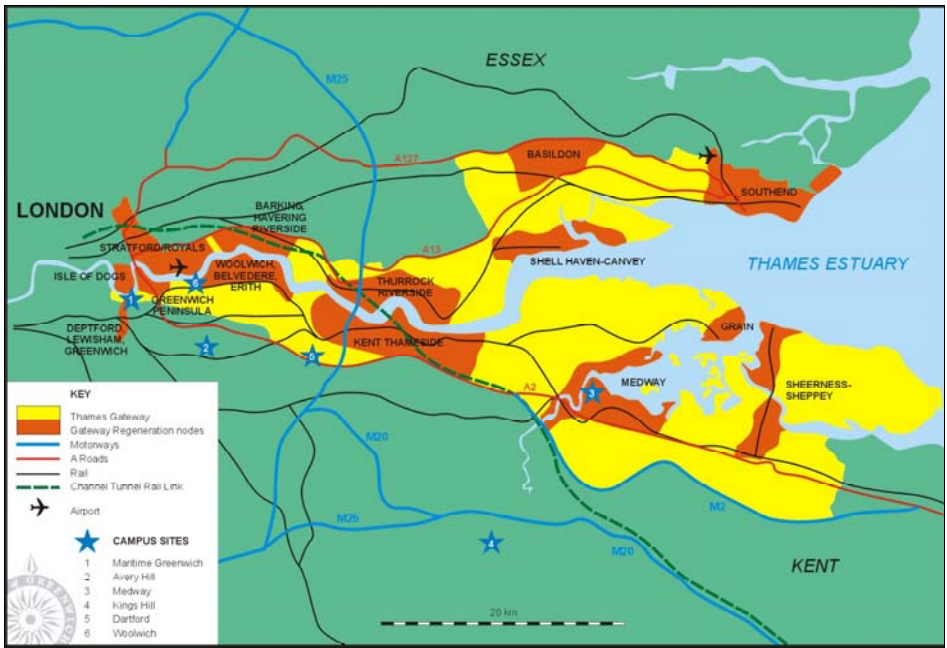
30. Over 18 000 students and 732 academic staff (as at April 2002).

31. As is the case with most universities, the institutions territorial reach operates at several levels.

Greenwich has an international reach, both through its ‘European Gateway’ location and its research links, including 125 researchers working on sustainable development projects world-wide; and commercial research and consultancy contracts totalling over £20 million in the academic year 2000-2001. The University’s teaching and research specialisms are aligned with regional priorities, stretching across both technology and creative subject areas and including also a strong focus on professional disciplines notably: architecture and construction, education and health care as well as engineering many of which are highly relevant to public policy aimed at regeneration.

The University of Greenwich is one of thirteen higher education institutions in the Thames Gateway. The University’s major campuses at Greenwich Maritime, Avery Hill and Medway, and its academic and outreach support base in Woolwich, lie at the heart of major Zones of Change in the Thames Gateway, which have been identified as those expected to experience the most development growth (Thames Gateway Strategic Executive, 2001). Its Kings Hill continuing professional development Centre is situated in the West Kent Corridor, outside the Thames Gateway but within a key economic corridor in Kent. As Map 1 shows, the University of Greenwich operates within the regeneration milieu of the Thames Gateway.

Map 1. The University of Greenwich in the Thames Gateway



New transport infrastructure including new light railway and underground connections and the developing regional paradigm of the Gateway³² are providing an extended footprint for the University of Greenwich, and are increasingly informing the way in which it views outreach and other collaborative partnerships.

With its strategic locations, extensive partner network and size, combined with the breadth of its offer and commitment to widening participation it could be argued that the University is the quintessential *Gateway University*. Arguably, it is only by combining the best of the ‘old’ and the ‘new’ higher education systems that a university such as Greenwich can respond to the challenges posed through its situation at the heart of a sub-region which is destined for significant change.

Zones of change and university interactions

The paper will now turn to evaluate some of the major Zones of Change in the Thames Gateway, providing a context for case studies which serve to illustrate how the University is linking into these regeneration initiatives.

The University operates across a sub-region which faces profound challenges in developing major parts of its existing communities to equip them for change, in terms of widening participation, lifelong learning, and tackling a poverty of aspirations. The University also needs to support business competitiveness and innovation. Clearly, responding to sub-regional needs across two regional territorial areas requires the University to interface with a complex partnership network. In particular, it demands that the University works effectively outside of its physical centres.

Furthermore, regional structures (notably the regional development agencies) and the increased regional focus of government, have caused the University to rethink the territorial logic of its outreach functions. This has caused it to further expand its outreach presence and activities in the London area (where it has two of its three major teaching campuses). For the University, responding to the “*new regionalism*” and the regeneration agenda has posed a significant challenge in terms of resources.

The paper will now turn to look in more detail at case study examples of the University’s engagement around its campuses, looking first at its Maritime Greenwich Campus at the London end of operations and then moving on to look at interactions in its North Kent regeneration activities.

32. For example the new Thames Gateway governance structures and policy focus.

University of Greenwich regional engagement in the London Thames Gateway

Heritage management

The University occupies a major part of the Maritime Greenwich World Heritage Site, which has an outstanding heritage of historic buildings, monuments and public spaces of immense architectural significance, designed as they were by some of Europe's most gifted architects including Webb, Wren and Hawksmoor.

The move onto the site by the University has had a significant impact. Millions of pounds of investment by the University and other public and private investors have brought about the renovation and renaissance of this heritage site (Bold, 2000). Equally importantly, the opening up of the campus to visitors and the wider community, as well as the presence of more than 8 000 students (many of whom are local residents) has helped stimulate the local town centre.

However, occupation of such a site carries significant responsibilities in the longer term, in terms of its sustainable management and promoting its educational and cultural value. To this end, the University is working with a range of partners in implementing the heritage site management plan required of World Heritage Sites (English Heritage, 1999).

Universities have a key role to play in terms of supporting the cultural capital development of local areas. Stemming from its presence on the World Heritage Site, it is perhaps natural that this is an important basis for the University of Greenwich's regeneration activities and engagement with local communities. The University has recently opened the new Stephen Lawrence Gallery. The Gallery is committed to enhancing local community access to the contemporary arts. It provides a showcase for new local artists, and it provides a focus for using art as a means to engage with issues of racism and cultural diversity, which have had such an impact on the local community through the untimely death of Stephen Lawrence.³³

The National Maritime Museum is one of the University's neighbours on the World Heritage site and the two institutions have recently agreed a Memorandum of Understanding to work together to stimulate new research links and learning around Maritime Heritage. These links, developed through one of the University's post-graduate centres, the Greenwich Maritime Institute, are a potent reflection of the naval and maritime history of the area and the long association between Greenwich, the Thames and the sea.

33. The death on 22nd April 1993 of Stephen Lawrence, who was murdered in Eltham (in the southern portion of the London Borough of Greenwich), as a consequence of a racially motivated attack has led to the mainstreaming of anti-racism, in terms of public service agendas generally and policing practices in particular.

The new Greenwich

Another of the major Zones of Change within the Thames Gateway is that of the Dome and its hinterland -- previously one of the largest areas of contaminated land in any major city in the world. The Greenwich Peninsula, together with the areas of Lewisham and Canary Wharf/Isle of Dogs, are developing centres for the financial services and the cultural and creative industries. New transport links, which have fed this growth, also provide improved communications with the University's main Greenwich Maritime campus. This campus has a focus on teaching and research in business, computing and creative industries, underlining the University's commitment to regional priorities.

The Greenwich Peninsula which lies between the University's Maritime Campus and its Woolwich administrative base is set to grow into a sustainable urban village community with up to 7 000 new homes (Thames Gateway Strategic Executive, 2001) and a 'knowledge economy' based commercial district under a major government deal with the private sector in May 2002. The Dome is expected to become one of the primary cultural and entertainment centres in the country, with a potential audience capacity of more 20 000 people. This arena is expected to strengthen further the growing cultural industries clusters in the locality. However, a key element of the University's engagement here is how it engages its strategic presence to link the economic drivers associated with the after-use of the Dome, to both the Greenwich Town Centre (roughly 2 miles away) and surrounding areas.

The University is working closely with the Greenwich Peninsula Partnership, which has been established to represent stakeholder interests in the legacy uses of the Dome and associated developments of surrounding land. This new partnership provides the University with the possibility to look at new ways of delivering learning opportunities associated with the Dome while serving the new Peninsula communities. The University is working with the Partnership to look at how it can support economic developments on the site through business reach-out and knowledge transfer activities and by developing linkages into the institution to various sector-based initiatives. Finally, the development of Greenwich generally, and the Dome site in particular, provides an excellent opportunity for the University to engage in regeneration research on its very doorstep.

The University is engaged in a range of local initiatives through its business reach-out activities. The sectors on which it is focussing respond to regional needs and the University's own areas of expertise. The following discussion identifies two of the key sectors with which the University is working, and which further serve to illustrate how the University combines the old and the new.

The riverside areas of Woolwich, Belvedere and Erith have a strong industrial heritage and sustain a significant manufacturing cluster. The area combines a mix of traditional industrial areas, which have been in decline, with new industrial and residential development and planned refurbishment of existing town centres. The areas

suffer significant levels of disadvantage, including low educational attainment and notable levels of educational disaffection – predominantly affecting the young adult male population.

The maintenance of a vibrant manufacturing sector is a key element of the economic strategy for London (London Development Agency, 2001). Through a combination of the University's reach-out and Single Regeneration Budget (SRB) funding, the University of Greenwich's Manufacturers Link Project is working with local manufacturers on innovation and product development, to help them build their competitiveness. The project focuses on the manufacturing cluster in southeast London and provides access to academic expertise and to state of the art virtual manufacturing tools. During 2001-2002 the project advised 58 manufacturers in the locality, resulting in 22 new employment opportunities in manufacturing, and the preservation of 42 jobs. As part of the project 4 companies received capital grant support for investment in new equipment to support new product development and process innovation, with prospects for further new jobs and increased competitiveness. The project is continuing its work with manufacturers, providing expertise and hands-on support for innovation and lean manufacturing methods and developing links with new national manufacturing advisory programmes and innovation centre facilities. It is anticipated that employment opportunities in local manufacturing will continue to strengthen.

The University is also a partner in the evaluation the feasibility of a post-16 campus development in the Woolwich area, which is just one of more than 32 projects in which it is involved under widening participation initiatives, which stretch across the sub-region. The Post-16 Campus proposal provides a new focus for developing our educational out-reach strategy. The partnership brings together a range of education providers. It aims to provide new 'hooks' into learning and an innovative, industry focused, educational environment, which will enable local people to compete for the new employment opportunities which will arise from regeneration initiatives. The proposal builds from a notion of 'recycling learning equity' whereby the local educational capacity is built and its value is retained in the local economy, through employment in new, locally based jobs, focused on higher value-added, knowledge-based, activities.

To complement the 'new economy' focus of economic developments within the West Greenwich/Peninsula areas the University is supporting the local cultural and creative industry clusters both in terms of reach-out and educational developments. The University's Cultural and Creative Industries framework is enabling employer-led curriculum development and encouraging work-based learning opportunities for students. In association with these developments, the University is running a regular seminar series under this banner, which provides a forum for academics, practitioners and students to meet and debate contemporary issues in the cultural, heritage management and creative industries fields.

University of Greenwich regional engagement in the North Kent Thames Gateway sub-region

The paper will now turn to look at some case study examples to illustrate local engagement within Zones of Change in the North Kent area, within which the University's Medway campus is located.

The Kent Thameside area comprises the Local Authority areas of Dartford and Gravesham and is planned as an integrated, sustainable, new multi-centred town, building on existing town centres. It is envisioned that the new International Passenger Station at Ebbsfleet will be an economic driver. Associated city-scale developments will be linked to new and existing communities and a science and technology park, by a FastTrack public transport network. These developments are planned to bring about 21 000 new homes and 49 000 new jobs into the area (Thames Gateway Kent Partnership, 2002).

Learning regions

The Kent Thameside area has been the subject of a previous OECD study on Learning Regions³⁴ in which the University is a partner. Here, the University is working with one of its partner colleges (North West Kent College) to transfer its Dartford campus to further/higher education usage.

The University has been engaged with the OECD over a number of years. Of particular interest is the University's involvement in the OECD 88 Learning Cities and Regions Project (2000).³⁵ This study was part of the OECD initiative to examine the nature of learning regions and their role in regions undergoing profound change. The University's contribution to the study focussed on Kent Thameside and followed on from earlier studies conducted by the University into social exclusion in these communities and the impacts of regeneration on the area. The OECD study demonstrated both the power of partnership (the theme for the UK conference) and in the UK context, indicated the importance of higher education in terms of regional competitiveness (Forrester, Roberts and Watson, 2000).

In the case of Kent Thameside, the study also highlighted the potential role of learning in providing bridges between new and existing communities in areas of regeneration and growth; and in tackling social exclusion. The report has provided a platform for ongoing engagement in the area -- through the development of a Learning Charter and a focus on lifelong learning initiatives. The approaches embodied in the learning regions initiatives further underpin the University's work with one of its

34. On this concept see, for example, Florida 1995.

35. Promoted by the OECD -- Centre for Educational Research and Innovation Governing Board.

partner colleges (North West Kent College) where it is transferring its Dartford campus to further/higher education usage.

Moving East along the Gateway the 'Zones of Change' vision for Medway highlights the potential to develop Medway's commercial, cultural, educational and hi-tech functions. Key targets for the Medway and Grain areas include the creation of 23 000 additional job opportunities, more than one million square feet of new business floor space and as many as 16 000 new dwellings. Planned Regional Development Agency investment in infrastructure around the Medway and Chatham Maritime areas already stands at around £1.4 million. Here, the University is doubling its student and academic staff numbers to create a science and technology based campus.

The Gateway Knowledge Alliance

An important feature of the University's Medway initiatives is its collaboration with schools, and with further and higher education partners, in the creation of a knowledge alliance focused on education and skills. The stakeholder partnerships, and range of initiatives, which developed through the Learning Regions project, are now being translated into proposals for a Gateway Knowledge Alliance (or Multiversity) under the North Kent Area Investment Framework (Thames Gateway Kent Partnership, 2002). This will support a range of new, post-fourteen developments across the North Kent Gateway area. Providing a comprehensive response to the education and training needs of employers and individuals, from basic skills to post graduate education, it provides the foundation-stone for an array of proposals including:

- Schools of the Future;
- Post 16 Centres of Excellence;
- HEI developments at Medway;
- North Kent Gateway New Technology Institute;
- Community Learning Centres;

The aim is to create a "culture of learning" in an area which has long had low rates of progression into higher education -- and to use this culture to boost the region's knowledge economy and, thereby, its regeneration more generally.

The keystone of this wide ranging collaborative framework is to be an outward looking joint campus, offering a wide portfolio of courses for delivery by a range of higher education and further education partners (concentrating on the University of Kent and Mid-Kent College), drawing upon the specialisms of each institution, seeking viable complementarity of provision and providing progression routes into higher education. This innovative approach to the development of Greenwich's Medway campus is bringing about a significant investment in infrastructure, albeit by support from the HEFCE, the regional development agency (SEEDA) and the local authority (Medway). The result will be a broad-based

curriculum and research and consultancy offer ranging from science/technology to humanities/social sciences -- which would otherwise be unsustainable under current funding regimes.

There will also be new opportunities to develop joint activities such as Business and Pharmacy. Complementing these proposals is the University of Greenwich's engagement in a broader range of business reach-out activities in Medway as elsewhere in the Gateway. The University is a lead partner in the proposals to develop the Medway Innovation Centre, which will be close to its campus and provide a focus for knowledge transfer, enterprise and entrepreneurship initiatives. Moreover the University is working with the Medway Local Authority and the South East England Development Agency (SEEDA) to establish a Centre for Urban Renaissance, which will support the Government's agenda, emerging out of the Urban Task Force recommendations chaired by Lord Rogers of Riverside (Urban Task Force, 1999). This Centre will help meet the professional development needs of regeneration practitioners, providing a local resource to support regeneration in the North Kent Thames Gateway Area.

These business initiatives are supported by the University's institutional and collaborative HEROBC/HEIF³⁶ initiatives. Through its collaborative project KUBE³⁷ the University is working with the three other higher education institutions in North Kent to create seamless services for local businesses and provide staff development programmes for personnel engaged in higher education knowledge transfer activities.

Conclusions and future prospects

To summarise -- in this overview the paper has considered the broad nature of the new agenda for universities in regeneration; and how expectations as to the roles of universities have shifted over time such that universities have experienced a renaissance of the regional mission.

In particular, the case study of the University of Greenwich has highlighted the complexity of the range of activities in delivering what may be seen as new ways of learning and of interacting with businesses and other stakeholders. These activities stretch across the learning, infrastructure and business competitiveness agendas and contribute to regeneration in its most holistic sense.

The paper has also highlighted the synergy between regeneration and the regional mission for universities such as Greenwich and, in particular, the need for universities to work in partnerships, often operating outside of their physical centres. It

36. Higher Education Reach-Out to Business and the Community (HEROBC) Fund (HEFCE, 1999a and 1999b); Higher Education Innovation Fund (HEIF) (HEFCE, 2001).

37. Kent and Medway, *Universities for Business and Enterprise*.

is suggested that it is only by combining the best of the old and the new that we can start to meet the challenges for universities -- particularly those such as the University of Greenwich which are situated in areas undergoing profound change, driven by regeneration needs.

In drawing conclusions from this case study about the validity of current conceptions of universities' roles in regeneration and their implications, the paper proposes that these shifting perceptions are deeply rooted, having emerged from a series of policy developments, which have occurred since the seventies. These have had significant impacts in terms of the ways in which most universities now view and deliver their regional mission and role in regeneration.

A key element of this phenomenon has been driven by the new regional paradigm and more recently through funding under the HEFCE reach-out initiatives. However, this funding stream remains fairly insignificant compared to universities' overall budgets. Furthermore, universities need to focus on national assessments of their teaching and research, which arguably give little credit for interactions with local government and local industry. Thus, in the absence of appropriate shifts in higher education policy, there is an urgent need for institutions to manage expectations as to what realistically can be achieved. This difficulty is exaggerated in a university such as Greenwich, which crosses a regional boundary and so finds itself serving two political 'masters' as well as a multiplicity of local authorities and other agencies. This frequently poses a tension in terms of resources at a time of overall constraint.

A further major issue is that regeneration and innovation are long-term processes and yet the future of the funding stream for reach-out remains uncertain. There are inherent risks for higher education institutions and for their partners in this type of stop-go funding. Equally, the nature of the current 'challenge-type' model for accessing funds is leading to a certain amount of bidding fatigue and is drawing universities into ever more complex collaborations in order to access those funds. Furthermore, while there is clear evidence of the significantly positive economic impact on UK universities (Kelly, Marsh & McNicoll, 2002), it could be argued that significant work remains in terms of evaluating the most effective level and modes of engagement for higher education in supporting regeneration and the regional mission.

However, these are early days, the institutional learning curve is steep and this is an area of work which promises much. If ultimately successful, the patterns of interaction analysed here may not only embed universities within their regional economies but also enable them to work effectively both for and with their local communities.

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