Review of Scotland’s Cities
- The Analysis
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# BETTER CITIES, NEW CHALLENGES

A REVIEW OF SCOTLAND’S CITIES

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INTRODUCTION
Since the inception of the Scottish Parliament, both Ministers and the Executive have recognised the need to think about Scotland, its communities, settlements and people in more complex ways. In particular, there is broad recognition of the need for a more nuanced understanding of the geographies and scales at which policies are played out on the ground in our neighbourhoods, cities and nation state. In developing strategies, in allocating resources and in delivering services, the Executive needs to have both a clear sense of how geography influences the functioning of our economy, society and environment, and knowledge of where Executive policies will impact.

This review is one of a number of inter-linked reviews within the Executive: the Review of Strategic Planning (2002), the Community Regeneration Statement (2002), and the Transport Delivery Plan (2002), that attempt to combine an appreciation of the functioning and well being of rural areas and of towns, as well as cities. Together they represent an update to our understanding of modern Scotland. They are not an end to the process, but the beginning of the development of spatially sensitive policy making. Devolution has provided an opportunity to put Scotland at the forefront of modern, integrated approaches to territorial management within the UK.

The Review of Scotland’s Cities was first announced by the former First Minister in December 2000, and began in earnest in June 2001 when a project team was established, led by Professor Duncan MacLennan, Expert Adviser to Scottish Ministers, and staffed by members of the Scottish Executive Policy Unit.

The wide-ranging remit agreed for the review was:

“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 account of interactions between the cities, their surrounding areas and the rest of Scotland.”

Initiated to address the challenges and opportunities faced by Aberdeen, Dundee, Edinburgh, Glasgow and Inverness in a co-ordinated and forward looking manner, it was born out of a recognition that Scotland’s cities matter. While Stirling has recently become Scotland’s sixth city, the analysis has not extended to the specific challenges there. Nonetheless, many of the conclusions will apply there too. Our cities hold the key to the achievement of the Executive’s ambitions for Scotland. Cities are of course where most of Scotland’s people live, and our policies need to be tailored to improve their opportunities and quality of life. Cities are crucial to each of our five objectives; health, education, crime, transport and jobs. Closing the gap and sustainability must be achieved in our cities, if they are to be
delivered at all. This review is also timely, as urban issues have recently risen up
the UK policy agenda; the publication of this review coincides with the UK Urban
Summit.

Nonetheless, while this review covered a wide horizon, it had to be selective in the
issues it covered. Its remit was to review economic, environmental and social
developments. It therefore only covers other issues in a limited way. The health of
our city dwellers deserves a review of its own, and is not covered in any detail.

Necessarily broad in remit, the review has been conducted in an open and consultative
manner, involving several hundred external experts and stakeholders from the
public, private and voluntary sectors. The review was led initially by Angus MacKay,
Minister for Finance and Local Government, and then by Iain Gray, Minister for
Social Justice. Margaret Curran has been the sponsor Minister since becoming
Social Justice Minister in May 2002. Peter Peacock, Deputy Minister for Finance and
Public Services, has supported the various lead Ministers throughout the process.

Cities Review Team
Professor Duncan Maclennan
John Dowie
Dr Susan Lilley
Neil Langhorn (until Aug 2002)
Beryl Crawford (until Dec 2001)

The consultative process has included:

- a visit by the Review Team to each city;
- a Ministerial visit to each city, including meetings with the City Partnerships and
  the City Chambers and afternoon seminars with wide ranges of local interests;
- Two seminars on key issues affecting the cities, involving speakers from around
  the UK and participants from all of the cities. These included Cities as Places to
  Work (jointly hosted with Scottish Enterprise) in Dundee in October 2001 and
  Cities as Better Places to Live (jointly hosted with Communities Scotland) in
  Glasgow in December 2001.

Two consultative fora were established: a Sounding Board, comprising the 5 councils
and a cross-section of private and voluntary sector interests, who helped guide the
review; and an Academic Panel of urban experts to ensure that the review is founded
on the best available evidence. The Sounding Board, chaired by the lead Minister,
and the Academic Panel, chaired by Professor Maclennan, have met four times.

Following a consultative stage, which ended at the beginning of January, 2002,
ten topics were identified for more focused work. These included: city-region
governance; delivery vehicles; transport; residential choices; land markets; labour
markets; capturing innovation flows; strengthening city centres; environmental
sustainability and funding of the cities. These workstreams were taken forward in
a variety of ways – some involving short-term cross-sector working groups,
others focusing on one day seminars. Experts from outwith the Executive were
closely involved in all of the workstreams.

Academic Panel
Professor Brian Ashcroft, Fraser of Allander Institute/University of Strathclyde
Professor Liz Bondi, University of Edinburgh
Professor Glen Bramley, Edinburgh College of Art/Heriot-Watt University
Professor Nick Fyfe, University of Dundee
This is the report of the Cities Review team and is not a statement of Scottish Executive policy. This report is published together with Building Better Cities, which sets out the Executive's strategy for tackling the emerging issues. This report sets out the evidence, the analysis and the challenges faced by Scotland’s cities. It does not make a list of recommendations as such, but rather indicates a set of broad conclusions, which arise from the research and analysis, and thereby sets out the long-term policy issues for our cities. It represents a serious attempt to think seriously about the compelling issues that face our cities today and in the future.

**Sounding Board**

**Bryan Beattie**, Chairman, Eden Court Theatre  
**David Begg**, Director of Centre for Transport, Robert Gordon University  
**Ann Clark**, Head of Policy, Highland Council  
**Iain Dickson**, Principal Architect, George Watt & Stewart  
**Rani Dhir**, Director, Drumchapel Housing Co-operative  
**Matthew Farrow**, Head of Policy, CBI Scotland  
**Mike Galloway**, Director of Planning, Dundee City Council  
**Vincent Goodstadt**, Structure Plan Manager, Glasgow & Clyde Valley Structure Plan Joint Committee  
**Stuart Gulliver**, Professor of City Development, University of Glasgow  
**Stephen Inch**, Depute Director Regeneration and Resources, Glasgow City Council  
**Alan Langlands**, Principal, University of Dundee  
**Donald McGougan**, Finance Director, City of Edinburgh Council  
**Lucy McTernan**, Assistant Director, SCVO  
**Mike Scott**, Director of Housing, Aberdeen City Council  
**Douglas Smith**, Insignia Richard Ellis  
**Albert Tait**, Acting Chief Executive, CoSLA  
**Eddie Thompson**, Chief Executive, Morning Noon and Night  
**Lesley Thomson**, Director, Liddell Thomson  
**Tracey White**, Assistant Secretary, STUC  
**Raymond Young**, Hon Senior Research Fellow, University of Glasgow  
**Alf Young**, The Herald
CITIES, CHANGES AND CHALLENGES
1.1 WHY GEOGRAPHY MATTERS

1.1.1 Recognising Connected Variety

As a nation we have much regard for our history. But we also have to be aware of our geography, not just the location of one place with respect to the next, but the variety of places that comprise Scotland. Our location relative to Europe, our northerly position within the UK and the spatial pattern of our cities have shaped our history and will influence our future. The variety of place within Scotland both contributes to the diversity of what we do by way of work and leisure and shapes the perceptions of those who wish to visit and invest in our country.

Scotland is highly urbanised, with some 82% of the population living in settlements of over 3,000 people; a figure which is broadly comparable with other Western European countries. Unlike some other highly urbanised countries, for instance the Netherlands, the inheritance of geography and history has also provided a large rural hinterland, so Scotland is both highly urbanised and has a low overall population density. A successful Scotland has to embrace both these truths, to emphasise the connections, commonalities and complementarities of different kinds of places, of different parts of Scotland.

Cities are our major points of economic activity and social interaction. They often do not have sharp edges, other than municipal boundaries, and are linked to their hinterlands by myriad interactions. Around the City of Glasgow, for example, there are those who commute to the city on a daily basis from towns, villages and countryside as far as 40 or 50 miles away. The shopping status of Glasgow attracts weekly and monthly trips from similar and wider ranges. These interactions are moderated by the presence of towns lying between city and country. Even quite small towns, whilst exporting daily commuters to larger cities, may attract their own daily ebb and flow of workers and shoppers from the surrounding countryside.
To make the best strategic decisions for Scotland’s future, as well as ensuring the effective delivery of policies and services, we require a full understanding of the geographies of how we live. To achieve our overall aims it is important to understand how Scotland functions as a set of connected places.

The crucial areas of economic activity are the labour market, commuting thresholds, the housing market area and the geographic range of accessible shopping choices. At the same time, people perceive areas defined by community, neighbours, leisure and other activities. In different ways, individuals recognise multiple geographies for their activities: the home, the street, the neighbourhood, the city and the wider region. Those responsible for designing and delivering policies and services have to understand these patterns and priorities and acknowledge the importance of place.

Place also affects economic behaviours and social outcomes. As individuals and households we do not exist in splendid isolation. Some individuals make lifestyle choices whereby they have little connection with their neighbourhood or their neighbours. But most households are conscious of the place they live in and their wellbeing is affected by it. A place involves the built environment and it, at best, may encourage social interaction and a sense of security or, at worst, reinforce isolation and insecurity. It also means neighbours, and they may, for example, be supportive or they may generate damaging peer group effects for children and teenagers. Place also means access to particular social and economic networks which may influence social status as well as information about jobs and homes. What we do as individuals is embedded in places. Places don’t have to limit us, but as we shape them, so do they shape us.

1.1.2 Why we need to do something

The Executive has then an interest in ‘place-making’ and ‘place-management’. Recognising patterns of people in places, and how they interact – the functioning geographies of our economies, societies and political systems – is important, not just locally but in terms of how Scotland develops.

The importance of geography in our economic and social development has been reflected in town planning policies, such as the creation of the New Towns, social policies such as Housing Action Areas and local economic measures as part of regional policies, task forces and other measures for special areas. Not all of these past measures were successful. They were well intentioned but not always well informed. They tended to assume virtues in state decision making about the location and nature of investment, and discounted not only market views and possibilities, but also the views of service users. These approaches are no longer compatible with the citizen centred objectives and enabling policies that the Executive wishes to pursue.

Equally there is widespread recognition at local, national and international levels that the ‘market only’ approaches to economic related policies that prevailed for much of the last two decades were deficient in two respects. First, they were prepared to tolerate unacceptable gaps in opportunity and wellbeing, many of them geographically concentrated. Secondly, these outcomes discounted the erosion in the capabilities of individuals and communities subject to income and job losses.

Economic policy was constructed as if the economy existed on the head of a pin. Area policies were regarded as being essentially about distributional issues, and geographic change, largely about displacement. The same view assumes that the costs of locational change for households are minimal; the ‘get on your bike’ approach to economic policy! That period of policy management largely removed issues about location from policy thinking and action. Planning was first demonised and then de-emphasised when it needed to be redirected and refashioned to deal with the market failures which surround both growth and decline processes.
The Scottish Parliament came into being on a rising wave of national awareness, but at a time of reduced spatial awareness in policy making and delivery. We need to rediscover our sense of how to create places and manage territories, in ways which serve individual and national interest to the fullest effect.

Some argue for a new emphasis on cities in national development, simply because cities are a large part of our economy and society. The more subtle argument is that the geography of our economy and society matters in shaping future prospects and that, as a hangover of last century thinking, we are currently underestimating and inhibiting the significance of cities for Scotland.

1.2 WHY SCOTLAND’S CITIES MATTER

1.2.1 Scale

The simple scale argument has some merit. Our cities, even if viewed as the economically artificial entities defined by municipal boundaries, do comprise the largest chunks of Scotland’s economic and social activity. The review has identified the crucial role played by Scotland’s cities in the overall economic and social vitality of the country:

- around two thirds of Scotland’s population live in the five city-regions;
- 40% of employee jobs are located in the five city authorities;
- cities are important centres of wealth creation. Edinburgh and Glasgow alone generate nearly a \( \frac{1}{3} \)rd of Scottish GDP;
- cities are important centres for retailing – Glasgow is the most important retail centre in the UK outside London;
- cities are the source of much of our innovation and creativity;
- cities contain the majority of our prestigious educational institutions;
- cities contain a disproportionate share of high value employment. The average wage in our 3 largest cities range from between 4% and 18% higher than average wages in Scotland as a whole;
- cities are home to a disproportionate share of both Scotland’s working age people and of it’s most highly qualified;
- cities are important centres for culture, the arts and tourism.

And the cities are likely to play an even more central role in the future:

- in 2000/01, 50% of new Scottish inward investment, chose to locate in the five cities;
- Since 1995, 40% of new Scottish jobs have been in Edinburgh and Glasgow;
- cities are the engine rooms for some of Scotland’s most dynamic business sectors: the financial sector, biotechnology, software development, the oil & gas sector;
- emerging evidence of individual enterprises re-locating from peripheral to city centre sites suggests that the new creative, high human capital, sectors are particularly attracted to city centre locations;
- our city centres are becoming more attractive places to live: and have recorded increased numbers of households in the 1990’s.

But the cities also exhibit problems of a unique scale and intensity:

- over \( \frac{2}{3} \)rds of the most deprived 10% of postcode sectors and nearly half of the most deprived 20% of postcode sectors are located in three of our cities;
- residents of Glasgow and Dundee are in worse health than any other part of Scotland;
three of the five cities and their regions are experiencing population loss;

Scotland as a whole is ageing, so making it even harder for our cities to attract and retain the young people they need to power their economy and their cultural life;

problems of traffic congestion are particularly intense in Edinburgh, Glasgow and Aberdeen;

cities pose sizeable environmental challenges, both with respect to resource inputs and waste outputs, though the scale of cities also makes it easier to promote sustainability through measures such as recycling and public transport.

Simply because of scale, it is clear that if our cities are successful, Scotland will be successful too, but if our cities stagnate, the rest of Scotland will suffer. There are however two other sets of arguments which emphasise the significance of our cities; they relate to geographic spread and to distinctive city characteristics.

1.2.2 Wider Reach: the City and the Region

If we were to look at a high resolution photo of Scotland taken from space after sunset we would see all too clearly the human geography of Scotland. Each point of light would represent a neighbourhood and each larger glow a suburb, town or city. We would see both how places are connected and separated. We would also see that the continuous and dense areas are quite complex in shape and extensive in area. Underlying all of this are the connections between places, for work, for shopping, for commuting. There would usually be no sharp boundaries.

It is unsurprising therefore, that there is considerable confusion regarding how we label different kinds of settlement, let alone how we define their boundaries. Neighbourhoods, towns, cities and city-regions are not always obvious natural entities. Rather these terms are used as a short-hand means of describing the geography of key human systems.

Our official conception of ‘city’ is somewhat fuzzy. Towns such as Perth and Elgin commonly use the title of ‘city’ as a survival from earlier history. Dundee acquired city status by Letters Patent in 1899, and Inverness and Stirling, both major and growing settlements, have recently been created cities by Letters Patent. By contrast, Aberdeen, Edinburgh and Glasgow are titled cities by common usage rather than legal enactment. Settlement ‘title’ is not the issue in this review, but rather how settlement scale, density and function affect Scotland’s development.

Our key concern is the functional area: the commuting area, the shopping area, the housing market area, the environmental footprint. There is much merit in designing and delivering policy to be able to identify and work within such areas, which may of course change over time. The big systems influencing jobs and wellbeing seem to operate at levels below that of Scotland as a whole, but at the same time reach well beyond any single local authority. For example, the Edinburgh housing market, as defined by consumer behaviour, reaches from Hawick to Pittenweem and from Dunbar to Bathgate. We have to think about key systems in Scotland at this city-region level.

This Review has highlighted that the Executive could develop a better understanding of the geographic spread of the markets and functional systems in which it intervenes.

Over the last year the Executive has made major progress in articulating and then consulting upon the development of frameworks for better structure planning and has drawn attention to the potential importance of the city-regions. In recent months
the Executive has published a research report indicating possible ways of defining city-regions and likely city-region patterns for the four largest cities in Scotland. The research, which considered housing market areas, travel to work areas, strategic transport links, and retail catchments, found that although the existing Structure Plan areas appear to cover the most important linkages for Dundee and Aberdeen, the influence of Glasgow and Edinburgh extends well beyond the current Structure Plan areas. For Glasgow, in addition to the existing Glasgow and Clyde Valley Structure Plan area, there are strong links with North Ayrshire and Stirling. For Edinburgh, there are strong links with Fife and Scottish Borders. The functional areas of both these cities has expanded considerably in the last decade.

Functional and formal boundaries cannot always be closely matched. However, the Review Team has heard much evidence from local authority officials that financing and co-ordination fragmentation are frustrating the key actions required for integrated change. Although there was little demand for another tier of government within Scotland, almost everybody was seeking better governance of these cross-area systems and opportunities.

Cities matter then, not only because of the scale of activity, but because they also act as the key hubs of the largest functional economies, housing markets, shopping systems etc. within the nation. Scale and range are clearly important but there is a further important aspect of ‘cityness’ that we have to explore. Are there aspects of city density and scale that transform the opportunities and problems we face as a nation?

1.2.3 Cityness: Distinctive City Roles

What is it that typifies a ‘city’? A number of key, inter-related issues are involved:

- population scale, both of the core and hinterland, has a positive effect on both the number and variety of private and public goods and services provided within a place;
- the co-location of these different activities may promote beneficial synergies between them, impacting both demand and production/cost influences (broadly referred to as agglomeration economies);
- large scale combined with pressures for access to specific, often central, locations implies high land values and, in consequence, dense development (and a dominance of the built environment over the natural);
- density of land uses and population means high levels of interaction between adjacent land uses and land users; this means that the actions of households and firms often have significant implications for neighbours and others (cities are rich in both positive and negative spillovers or externalities);
- proximity offers opportunities for both economic and social interactions;
development of interactive networks of contacts and the capacity to develop localised forms of social capital;

diverse economic and service activities alongside interactions which foster the development of trust and knowledge may facilitate creative behaviour when trust and co-operation are required for innovation;

cities may be innovation centres;

large population scale often means also diversity of interest, age and ethnic groups and this can contribute to social and cultural creativity, however, large scale without interaction may also facilitate anti-social behaviour, crime and loneliness; and

large populations combined with income differences and housing market processes can lead to the sharp separation of different income groups, and where discrimination is allowed to prevail, also of religious and ethnic groups; but large scale also gives different choices to similar income households.

Compared to smaller settlements we would expect cities to be more diverse, more innovative, more internally differentiated and more dominated by the built environment. It is clear from the bullet points above that ‘city’, whether core city or city-region, offers a number of positive and negative attributes, and to achieve our objectives they have to be managed.

It is also clear from the above why a short term, ‘free-market’ policy will fail in cities and unnecessarily erode national competitiveness and cohesion:

firstly, the proximity and repeated interaction of different activities and household types means that spillover effects are a fundamental and not incidental aspect of city living and this implies the need for collective or community action;  

secondly, it is clear that economic and social behaviour are not separated but that economic progress is embedded in local social arrangements: social patterns influence cohesion and exclusion and they in turn may influence trust, flexibility and innovation as well as the quality of governance. They shape more or less low transaction cost societies, influencing co-operation, innovation and change. The interaction of the business and science communities in our cities was important a century ago and it is still vital today. Alternatively, the probability of a teenager succeeding in school or the job market will be heavily influenced by the behaviour of their local peer group; that peer group will be very different on a sink estate from more socially mixed locations; and

thirdly, it is clear that where things are, where they are located, makes a difference to how a city will develop. For example, if some overall level of unemployment is dispersed across a city then it is less likely to have negative, reinforcing effects on local neighbourhood change, than if it is concentrated into a small number of areas. Such concentrations are likely to generate higher unemployment rates and higher rates of property vacancy and land abandonment.

This argument leads to two conclusions. Firstly, we need a better informed developmental view on how our cities are changing. We need to get away from the inheritance of policy thinking that ignores market failures and social interactions. This approach denied the real nature of cities, viewing policy interventions as mere palliatives for the ‘problematic inner city’. We need a more integrated view of the city, the city-region and the nation.

Secondly, the absence of such a growth-oriented view in recent decades may well have needlessly damaged the wellbeing not only of the cities but also the nation. We should, whilst continuing to acknowledge the real problems in our cities, shift our perception from cities as places of inevitable decay, decline and disadvantage and also recognise their competitive, creative and transformational capacities.
This is a challenge for the cities too. They have to stop presenting themselves as the victims of global change and recognise that they have to promote their creativity and raise their flexibility. Places have a capacity to create change. There is a great paradox in all of this, and it is that if we want to understand how to succeed in the global economy we have to be more effective locally; competing with ‘them’ out ‘there’ means that we have to be better ‘here’.

We have in Scotland two cities of European significance (the European Union included only Glasgow and Edinburgh as Scotland’s ‘cities’ in their 1999 Urban Audit). Both are changing in positive ways, both enjoying elements of renaissance for more than a decade, and possibly two. We also have two other established, smaller functional cities that have had contrasting fortunes over the last quarter of a century. Now we have two further smaller designated cities, which really have the functional characteristics of larger towns.

The Executive would benefit from recognising the scale, reach and transformational roles of larger settlements. This reflects the new emphasis the Executive has set out on achieving higher level integrated outcomes in relation to prosperity, inequality and the environment.

1.3 CITY INTERESTS FOR THE EXECUTIVE

The success of Scotland as a nation will depend in part on how effective Executive policies are in targeting and addressing city problems and opportunities. It will also depend on the extent to which cities themselves are allowed to be, and seek to be, creative, so that change is not always led from ‘outside’ or ‘above’.

The Executive has then a number of clear policy interests in the cities. Firstly, there is the pervasive and difficult question of how the locational structure of activities and policies can best achieve the national interest. Secondly, there is an inevitable interest in imbalances in growth and decline and in inequalities of income, opportunity and environment between different cities as well as within each one. Thirdly, there is the need to identify the monopolies, market failures and organisational inefficiencies in providing market and public services for city residents and businesses.

The Executive recognises that much, but not all, city activity is best provided by market-led systems. Evidence suggests, however, that government has a role to play in city development, to give businesses and households a clearer geographic framework to work in to reduce risks and uncertainties.

The Executive is evolving a new approach to city issues. That approach has a number of key facets. First, the broad thrust of much city policy is to enable city markets to work more effectively, and this is to recognise markets as a tool rather than an ideology. Second, it is important to promote subsidiarity in public decision making, so that power and decisions are devolved to the most local levels consistent with efficient management. This means key city roles for local government and communities within their areas.

The importance of mixed public-private, multi-level government partnerships is now widely recognised in delivering regeneration programmes, but it may also have to apply to wider city-region strategies and policy-making (and this report discusses these issues in Chapter 8). However, good strategy and effective policy-making also require central governments to play their part, enabling more local agencies to perform effectively.

The review has identified a number of important issues for the Executive if it wishes to develop effective, coherent approaches to the development of cities and city-regions.
1.3.1 Leading a new understanding

In the Review, it was clear that cities and others were looking to the Executive to develop a more coherent framework for planning city, area and neighbourhood policies. There was also some criticism that, whilst recognising that important reserved powers in taxation and benefits rested at Westminster, the Executive could do more to shape the city implications of reserved power changes. For instance, there is a widespread perception in Scotland that the tax powers changes in the 2001 budget to help disadvantaged city areas had received little consideration in Scotland and had emerged from English city pressures and perceptions. Local authorities and community groups in Scotland wish to see the Executive engage in shaping these changes to Scottish conditions. In short, the Executive is perceived as requiring a coherent integrated framework for city action, which integrates up to Westminster and Europe as well as down to cities and communities.

Any new framework would need to be based on comprehensive and accurate information. The experience of conducting this review emphasised that much basic information about our cities and city-regions has to be revealed by detective work rather than sophisticated databases or smart mapping. It could be argued that there needs to be a coherent strategy for managing and analysing spatial data. This would contribute to an improvement in the understanding of where policies impact and what they achieve.

The Executive could think about cities as a whole more often, though we often think about bits of them in isolation. Some areas of public policy have adopted explicit spatial strategies prioritising activities and resources according to need – Communities Scotland and the National Health Service post-Arthuthnott. Often this is a response to the geography of deprivation. Other areas are much less explicit – enterprise, education, higher education, transport, arts and culture. Ambiguity about the role of cities, tension between top-down and bottom-up approaches and lack of consistency of geographical actions are commonplace.

1.3.2 Confronting Fixities, Making Strategies

In the medium term, the emphasis of government is rightly on achieving more effective programme and service delivery, and this requires monitoring information. However in the long term and in contexts of change it is also vital that information and analysis are used to inform strategic choices. Strategic choices will be at the nub of how effective the Executive will be in shaping Scotland in the longer term. These decisions are inherently difficult, not just politically and financially, but also technically.

The, often unrecognised, challenge for modern governments is that they have to make the ‘fixed’ decisions in a world in which competition, change and flexibility are essential for success. Faced with that hail of change, government can facilitate more flexible systems and markets, most obviously in the areas of education, skills and the labour market. But other important decisions are inevitably fixed once they are made. Physical infrastructure is the most obvious example: once built, costly roads, sewers, cables and homes cannot be relocated if demand shifts. These are expensive, fixed assets.

We cannot provide new infrastructure everywhere. In consequence government has an obligation to understand where the best opportunities for change seem to be, accepting that some mistakes are inevitable. This, as argued below, requires informed, shared vision about where to develop and clear investment priorities to reflect these beliefs. Failure to take this approach will leave a fragmented geography of potentially missed opportunities with no scale and momentum: condemning households and firms to operate in a geography driven by a tyranny of small decisions.
It would be wrong for territorial management by the Executive to consist only of encouragement to more and better partnerships at lower governance levels and more effective targeting of mainstream Executive resources on poorer areas. Both are needed, but so also are major strategic infrastructure decisions. This review makes clear that we need both a new role and content for planning in the flexible economy. The Review of Strategic Planning suggests the way forward.

The Executive should continue setting out the broad framework for Scotland, and it must do so in consultation with cities, city-regions and other territorial interests. There has to be, at that level, a shared vision for Scotland. But at the city and city-region level, it is local government that has to lead the vision process: local subsidiarity and creativity are important. Of course, national and locally driven visions for our city-regions and cities have to converge if resources are to be most effectively deployed. This convergence requires a two-way dialogue. In recent years it has been commonplace for the Executive, and or its agencies, to be represented as delivery partners on city-wide and local partnerships and thus contribute to local vision formation, and this approach should continue. However such approaches are rarely used at the city-region level and there is no regular discussion of strategy between cities/city-regions and the Executive about the nation’s overall economic and social development strategies. Shared vision will require new channels for city-regions to review, plan, act and negotiate with government if top-down and bottom-up alignment is to take place. The key issue for the Executive is how cities and city-regions can contribute to the delivery of national objectives and aims.

1.3.3 Linking Executive Efforts Locally

It is not enough that strategic visions are aligned, but there must also be effective integration of programmes and policies at the point of delivery. It is not enough to have the Executive, department by department (or silo by silo) link with local and community initiatives. Delivery has to be locally integrated.

Arguably it has been the laudable, strong commitment of the last few years to pursue more cross-sectoral policies, to achieve more complex or higher level goals, which has brought the Scottish Executive into rethinking the role of ‘place’. Changing approaches to ‘area regeneration’ illustrate this well. In particular there is a new willingness to choreograph different sectoral policies in different ways, so that broader objectives can be achieved. ‘Joined-up’ action must occur at the local scale of local authorities and communities. Integrated delivery is achieved in homes, streets, neighbourhoods and cities. Improving Executive policy delivery in Scotland requires more effective local delivery.

The Executive has promoted Community Planning as a framework for integrating strategies and delivery across different sectors, activities and levels. However there is still work to do to achieve effective Community Planning and to link community to land-use plans, and indeed align community planning with a range of territorial interests.

1.3.4 Resourcing Localities

The Executive influences resources available within cities and city-regions in a number of ways. Most important of these is the support provided through mainstream programmes of expenditure, often channelled through agencies such as Scottish Enterprise, Communities Scotland and the Health Boards. The Review noted the need for such patterns of expenditure to be available in the public domain at different spatial scales. Finance for local government, either to provide revenue subsidies or to fund or facilitate capital investment, is also of great significance.
Everyone involved could be clearer about both the geographic impacts and the outputs and outcomes of local government spending. Although the review looked at a wide range of issues, including finance for example, it does not make specific recommendations on reform of local government finance, organisation or boundaries.

Understanding, strategy, delivery and resources have to be the key concerns in improving the territorial management of Scotland, not just for the cities and the city-regions but for smaller towns and dispersed rural areas as well. When we are seeking to improve the functioning of our cities, the issue is not then simply about increasing local government budgets. It is about understanding what we are doing, and why. It is about aligning Executive interests and resources, including those of agencies and quangos, with more local interests and budgets. It is about ensuring that regulation and planning are consistent with spending policies. It involves good local government and governance structures, capable staff and adequate information systems. Finally, it requires the Executive and the Parliament to perhaps take a broader and longer view of how Scotland can develop than it has done to date.

1.4 WHAT CITIES DO WE WANT AND WHY

What kinds of cities does Scotland and the Executive want? Without identifying specific visions for the future, the Review Team identified some very general guidelines for the kinds of cities that we should be aiming for.

**What cities do we want?**

We need to raise productivity and competitiveness in our cities, to develop skills and science capacities; the vision has to embrace cities creating change, ready to change. We need to remove infrastructure constraints to facilitate development and movement; the vision has to be of well connected cities, and cities with a capacity to expand to raise Scottish population and potential.

Within these cities the vision has to be of better and better for all homes and stronger communities that are supportive and secure. Closing the gaps within and between the cities should be pursued, but in a way that fosters rather than reduces environmental justice and sustainability.

All of this, more affluent, more just and more sustainable cities are possible. To achieve this, good governance, with more room for ‘voice’ as well as ‘vision’ may need a re-invigoration of local forms of democracy.

And for those involved in the policy process at all levels, our aim should be to have the best city and territorial management approaches, first in Britain, and then in the European Union.
1.5 THE ROLE AND SHAPE OF THE REPORT

We need a view of Scotland, that is a geographic view, that is a forward view, a vision. But we also need to start forward, to connect, to manage policy and to deliver local change that meets the nation’s needs. As we do so there is a lot to build on. The chapters that follow make clear how UK Government and Executive policies over the last decade have had a marked positive effect on our cities and that some of the organisational infrastructure for city policy inherited from the Scottish Office is effective and works well. Over the last few years urban policymakers and practitioners throughout the UK have heard much of the reflections of the Urban Task Force, albeit that it focused only on English city experience in its analysis and recommendations. However there is much independent research evidence that suggests that Scotland’s cities have been change leaders in urban regeneration and renaissance and that we have an inheritance of experience to build on.

The Executive has already begun to develop a modern synthesis of approaches to territorial or local management within Scotland. This review, in conjunction with the recent views of structure planning and neighbourhood renewal and rural policy thinking, will do much to expand the mosaic of geographic thinking for Scotland.

This introduction has already explained why the review focuses on the major concentrations of population, the cities, and their relations with their key functional hinterlands and the broad relations between these cities. It takes the wider view, and it also takes the longer view. The review is intended as a starting point for debate as well as a mechanism for identifying some immediate actions that already command wide support. The review also recognises different time periods for action, as not everything is physically or financially possible in short periods of time. It is vital to make a start on some of these long-term issues and we signal immediate, medium and long term actions.

The review is not simply a re-run of every Scottish issue in a city context. Rather we try to focus on the issues which have a particular salience for cities as opposed to other forms of settlement. We do not set out to lobby for cities and their resources, that is for others to do. This is not a costed plan for the cities but an identification and exploration of issues which the Executive has to face in fulfilling broader goals. It is likely to require action by local government, community organisations, the private sector and citizens as well as Executive spending and regulation.

The report of the Review Team considers in the subsequent chapters some of the key issues confronting Scotland’s cities. In sequence, successive chapters examine:

- The broad patterns of demographic change in Scotland’s cities
- Economic change and cities as places to work and learn
- Our cities as places to live, homes and neighbourhoods
- Lively cities, to visit, shop and relax
- Connections in our cities
- Justice and sustainability in city environments
- Delivering change: governance, planning, and finance
- A summary of the key conclusions.
2.1 DECLINE AND SHIFT

The historical norm of economic development has been uneven geographies of population change. Sometimes this has reflected marked variations in fertility and death rates between areas, but within a nation, disparities are more likely to reflect differences in net migration into and out of particular towns, villages and cities. In this sense population and household change within places are a measure of their popularity as places to work and live.

There are widespread assumptions made about how cities are faring. The purpose of this section of the report is to provide evidence to inform debates. Examination of the evidence leads to two broad conclusions:

- patterns of change vary substantially across our cities, there is no common template of decline or growth;
- since the middle of the 1990’s cities have been better at retaining people.

This section examines past evidence as well as projections for the next decade.

2.1.1 City Change: the Bigger, Longer Picture

There have been major commonalities in the population trajectories of advanced economy cities over the last century. Scotland is one of the most urbanised countries in the world and was one of the first to urbanise. Indeed the growth of Glasgow after 1800, its decline after 1950 and its relative stabilisation and economic growth over the last decade make it a major exemplar of the kinds of city change that have accompanied industrialisation, then de-industrialisation and more recently post-industrial development.

Different stages of city change have been apparent across the advanced economies. Until the early decades of the 20th century the fast rise of city employment and parallel rural depopulation (absolute centralisation) meant that not only did city populations grow, but the share of national population contained within them increased (relative centralisation). However in the first half of the 20th century the pattern changed. Core city employment and population continued to increase (for instance Glasgow’s population peaked at 1.1 million in 1951) but the development of suburban transport meant that the suburban areas grew even more rapidly than the core cities (relative decentralisation). This meant a declining share of national population in the city cores even though these cores were still expanding and, often, bursting at the seams.
This period of relative decentralisation was then, after World War II, typically followed by the loss of jobs and population from the city cores. Not only was their share of national population falling but their absolute totals of people and jobs began to fall and the city to decline (absolute decentralisation). As personal mobility increased, more affluent and above average income family households often spread to the suburbs. There they sought both larger homes and refuge from the difficult environmental conditions of core cities. As this population decline meant abandonment of homes and streets and facilities, the landscape of decay and decline fuelled further suburbanisation and left in the core, disproportionately, those who could not afford to leave.

These trends were reinforced by the further sharp reduction of the older economic base of cities, through the de-industrialising decades of the 1970’s and 80’s, and the reduction of public investment in services and infrastructure. Housing and planning policies, for instance through relatively generous tax breaks for home owners (invariably purchasing in the suburbs), reinforced these shifts, at least until the middle of the 1970’s, and so this synthesis of decline, decay and disadvantage became the story of our cities. The broad thrust of that tale, at least until the end of the 1970’s is relevant to Scotland but it is too generalised to provide a more reasoned interpretation of how Scots have chosen, or rejected, their cities over the last quarter century. We need a more detailed understanding of the pattern of change and its policy implications, and above all we have to avoid an unthinking extrapolation of the past. We have to identify what is likely to be different in the next decade, the next quarter century.

The big drivers of change have shifted. The old economic base has largely left our cities. New sectors are now growing faster than the old are declining, and these issues are examined in detail in the next chapter. The costs of commuting, not just fares and fuel, but also the opportunity cost of time, are increasing as are the complexities of managing household activities for two adult households with career jobs, and there is a much deeper recognition of the social and environmental costs of dispersed suburban development. If it was the growth of the family that fuelled suburbanisation then the new demographics ahead imply some quite different possibilities. These different urban futures could be frustrated if our cities have acquired negative social and environmental attributes that essentially force suburban living on particular household income and age groups. Additionally, since the 1970’s there has also been both ‘urban’ renewal and neighbourhood regeneration policies which have impacted patterns of urban change.

The European story of the last two decades, and indeed much of the USA, has been of recovering core cities. This has occurred in some but not all cities. In some places rates of change have resulted in relative centralisation, but more typically the experience has been that city change has been positive but at less rapid rates than the national average, so that city growth with relative decentralisation is the most common pattern now prevailing. Not only do city trends differ from place to place, but localised patterns of city population and economic change have become more diffuse and fragmented. Tales from the city have become diverse and complicated, and at the same time encouraging. However we have to examine in more detail the distinctive Scottish experience.

2.1.2 City Population Change in the Wider Scottish Context

The changes in our cities, and the surrounding city-regions, have to be seen in the context of national developments in population. And there are three particularly important contextual issues for Scotland’s cities.
Scotland’s population has been slowly declining since the peak recorded in the 1971 census, and it is in this regard that Scotland is unusual within Western Europe;

Household size, in common with Western Europe, has fallen consistently over the last half century and, in consequence, household numbers have grown despite population decline; fewer families and more single person households, both young and old, are key structural shifts; and

Scotland’s population is ageing.

With these three main trends in mind, it is important to assess how change has been manifested in the cities and to establish how effective the cities and the city-regions have been in competing for the residential demands made by Scots.

2.1.3 Population and Household Changes

Most commonly commentators draw attention to changes in city population. However with rapid reductions in household size accompanying economic growth and social change it is equally important to examine trends in household numbers as well as total population. For instance with rising incomes and reducing household size it is possible to have a significant reduction in the population of a city but no substantial decline in wellbeing as smaller household units may use all of the vacated dwelling stock. From a policy perspective it is household rather than population numbers which primarily drive overall demand and need for housing and certain other key services as well as the number of domestic tax units. We have to understand what is happening to both totals.

Estimated population and households totals, at the start of each decade, for Scotland and the four largest cities are shown in Table 2.1 for the period 1961 to 2001. There are two totals recorded for 2001. 2001 (A) is the forecast estimate of GRO based on the 1991 Census rolled forward with births, deaths and estimated migration to 2000 and projected forward to 2001, and 2001 (B) is the estimate based on the 2001 Census (and announced in September 2002). These two totals for 2001 are rather different and they inevitably mean a heavily qualified interpretation of the demographies of Scotland over the last two decades. The Registrar General, in announcing the 2001 Census based estimates, suggested that there were two likely causes of the disparities between 2001 (A) and 2001 (B). First, it had been feared that the introduction of the Community Charge would have led to under-recording of population in 1991, and 1991 Census estimates were adjusted upwards to allow for that factor. It now transpires that the upward adjustments were probably too generous and that the published census figures had been an over-estimate of 1991 population. Secondly, estimates based on the Census, for inter-censal years, are influenced by birth and death registrations and estimated mobility rates. It is now believed that the measures used to estimate migration have generally under-stated outward mobility from Scotland.
These difficulties, which apply in the rest of the UK as well, mean that the 1991 figures, and subsequent estimates based upon them have some limitations. One obvious strategy for analysis is simply to contrast actual Census outcome figures for the two periods 1961-81 and 1981-2001 (avoiding the 1991 mis-estimates). Contrasts for these periods are provided (Table 2.2). However two decades is a long period and there are other non-census variables, such as employment totals, new construction and house price changes, which suggest a change in city fortunes after the mid-1990’s. It is therefore important to look at growth trends from 1996-2001, and future estimates, emphasising trend rather than scale issues. Although the Registrar General intends to produce revised data series for each year from 1982 to the present, he has indicated that revisions are not expected to have a great effect on the year to year changes in the “old” series, but may steepen or lessen the trend over time.

The significant decline of population, in the cities, can be seen for the 1961 to 1981 period (Table 2.2). Only Aberdeen (where previously more rapid population loss was turned around after the beginnings of North Sea oil exploration in the late 1960’s) fell at a rate less rapid than the falling Scottish average. Between 1961 and 1981 the share of city population in the Scottish total fell from 39 to 31%. Much of this was due to the unparalleled decline in Glasgow, population there falling by a third in two decades. It is always important to remember these figures: the absolute and relative decline of Glasgow has been on a scale unmatched in Scotland, at the extreme end of city decline experiences in Europe and amongst the worst of advanced economy cities.

In all the cities, population loss was largely attributable to households leaving the city for the surrounding city-region. At times in the past, emigration overseas and to the rest of the UK have been more important than at the present, but moves out of our cities were and are essentially local movers. Movement surveys emphasise different factors in different places and at different times but they also highlight that the shift to the suburbs of the city-region was selective both by income and family type, with middle and upper income households with children moving out.

### TABLE 2.1: Population and Households, Scotland and Four Cities, 1961-91

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</thead>
<tbody>
<tr>
<td>Population (Scotland)</td>
<td>5,179</td>
<td>5,229</td>
<td>5,130</td>
<td>4,999</td>
<td>5,109</td>
<td>5,064</td>
</tr>
<tr>
<td>Aberdeen</td>
<td>206</td>
<td>212</td>
<td>204</td>
<td>190</td>
<td>210</td>
<td>212</td>
</tr>
<tr>
<td>Dundee</td>
<td>195</td>
<td>197</td>
<td>180</td>
<td>159</td>
<td>145</td>
<td>145</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>484</td>
<td>477</td>
<td>437</td>
<td>402</td>
<td>455</td>
<td>449</td>
</tr>
<tr>
<td>Glasgow</td>
<td>1,140</td>
<td>982</td>
<td>766</td>
<td>663</td>
<td>607</td>
<td>579</td>
</tr>
</tbody>
</table>

| Households (Scotland) | 1,306 | n/a | 1,779 | 1,983 | 2,203 | n/a |
| Aberdeen            | 47    | 71  | 75    | 88    | 101   |
| Dundee              | 47    | 68  | 67    | 72    | 67    |
| Edinburgh           | 116   | 169 | 165   | 186   | 207   |
| Glasgow             | 242   | 318 | 273   | 290   | 274   |
TABLE 2.2: City Population Change Rates Based on Census Outcomes

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Scotland</td>
<td>-1%</td>
<td>-1%</td>
</tr>
<tr>
<td>Aberdeen</td>
<td>-0%</td>
<td>4%</td>
</tr>
<tr>
<td>Dundee</td>
<td>-8%</td>
<td>-19%</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>-10%</td>
<td>3%</td>
</tr>
<tr>
<td>Glasgow</td>
<td>-33%</td>
<td>-24%</td>
</tr>
</tbody>
</table>

The declining economic base of Glasgow undoubtedly contributed to population decline. But considerable decentralisation was policy rather than market led. In the period from the 1950’s to the 1980’s at least 150,000 people were induced to leave Glasgow for New Towns and overspill areas in a deliberate attempt to decongest the city. Indeed the desired size for the city’s population, as envisaged by planners at the end of the 1940’s, was broadly in the same range as the 2000 population. Research has shown that public sector induced migration from Glasgow was skill selective and so were the suburbanising flows of middle income families and young, childless couples. The latter groups moved out because the city contained relatively few home-ownership options as public authorities owned the bulk of housing land and used it for municipal housing. These historical observations simply make the point that past policy has had negative as well as positive impacts on our cities and that big planning decisions have not always taken account of consumer preferences. The important issue is whether our planning and research systems are now sensitive to consumer preferences.

The household numbers recorded in the 1961 and 1981 Censuses, (Table 2.1), indicate increasing numbers in the cities over the 60’s and 70’s. From the 1960’s onwards the demography of reducing household sizes was already off-setting some of the effects of population decline.

The two decades 1981-2001 (when aggregated together) show some substantial differences from the previous period. Although Scottish population continued to fall both Edinburgh and Aberdeen recorded population growth. Whilst Glasgow’s decline rate had reduced significantly it still remained problematic and Dundee’s rate of decline had accelerated. Again the ‘four city’ share of population had fallen, but at a much slower rate, falling from 31% to 28% of the Scottish total. In overall terms relative city decline was slowing.
2.2 A NEW DYNAMIC?

These twenty year figures mask too much and it is important to understand trend changes within the period, especially over the last five years. We need to establish or question whether there is a new demographic dynamic for the cities.

If the absolute scale of city population or household totals is disregarded it is still possible to establish recent directional trends which are ‘untainted’ by 1991 over-estimates/under-estimates. Table 2.3 sets out 1996 to 2001 population indices derived from estimated annual totals (projected from a 1991 base). As long as migration rate errors (and this is a strong assumption) are similar across the cities and Scotland then these indices still indicate trends relative to 1996 and each other. The indices suggest that Edinburgh’s population was still growing, Glasgow was declining at a much slower rate than previously and less rapidly than Aberdeen (now declining rather than growing) with Dundee incurring the sharpest decline rates.

**TABLE 2.3:** Indices of Population Change 1996-2001, Cities and Scotland (Projections Based on 1991 Census)

<table>
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</thead>
<tbody>
<tr>
<td>Scotland</td>
<td>100</td>
<td>99.9</td>
<td>99.8</td>
<td>99.8</td>
<td>99.7</td>
<td>99.6</td>
</tr>
<tr>
<td>Aberdeen</td>
<td>100</td>
<td>99.4</td>
<td>98.1</td>
<td>97.9</td>
<td>97.3</td>
<td>96.6</td>
</tr>
<tr>
<td>Dundee</td>
<td>100</td>
<td>99.1</td>
<td>97.7</td>
<td>96.1</td>
<td>94.9</td>
<td>93.9</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>100</td>
<td>100.3</td>
<td>100.3</td>
<td>100.6</td>
<td>101</td>
<td>101.3</td>
</tr>
<tr>
<td>Glasgow</td>
<td>100</td>
<td>99.2</td>
<td>100.5</td>
<td>99.1</td>
<td>98.9</td>
<td>98.5</td>
</tr>
</tbody>
</table>

For the 1996 to 2001 period household numbers, (Table 2.4), show a marginal fall in Dundee but increases in the three other main cities. Largely similar trends were projected ahead to 2016 (from 2000), with both Edinburgh and Glasgow increasing household numbers ahead of the Scottish index (of 112, 2001-2016), Aberdeen increasing and Dundee falling.

**TABLE 2.4:** Four Cities: Indices of Changes in Household Numbers 1996-2001 and Projected Changes 2001-2016 (1991 Census Base)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>104.2</td>
<td>104</td>
</tr>
<tr>
<td>Dundee</td>
<td>99.2</td>
<td>95</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>104.6</td>
<td>118</td>
</tr>
<tr>
<td>Glasgow</td>
<td>100.8</td>
<td>114</td>
</tr>
</tbody>
</table>
These trends and future projections may be relatively unaffected (as directional indicators) by the revised series to be derived from the estimate totals of the 2001 Census. They may allow us to be more optimistic about the cities, though only cautiously. But they do, however, serve as a reminder not to extrapolate the gross change 1981-2001 into the future. The main points of ‘directional’ change in the recent past have been:

› For all cities and for both past and projected changes, household growth has been less rapid in the core city than in the rest of the city-region

› Household growth numbers have been above the Scottish average in the core cities of Aberdeen and Edinburgh and they have been positive in Glasgow

› For the decade ahead it is projected that both Edinburgh and Glasgow will have household growth above the Scottish average, pressures will become less pronounced in Aberdeen city and Dundee will experience small declines

Population and household projections are essentially the outcomes of extrapolating present behaviours into the future. They are likely to be wrong, especially at more local levels, if either the path of economic change alters or households begin to choose different residential options. Or indeed they may fail to anticipate the positive effects of large regeneration programmes. That said, it is illuminating to examine the geography of forecast rates of change of household numbers across Scotland in the decade ahead.

All of the authorities with household growth forecasts significantly above the Scottish average, with the exception of East Renfrewshire, lie in an east coast belt that runs down through Aberdeenshire, missing out Dundee and Fife, to Stirling and through the Lothians. Local income estimates also mark these growth localities out as areas of higher incomes. In contrast the six areas of least rapid change, are Inverclyde (where household numbers are set to fall), West Dunbartonshire, East Ayrshire and Dumfries and Galloway (or the western fringes of the Glasgow centred housing market) and Dundee City and Aberdeen City. These patterns reflect the operation of a number of different geographies, which suggest the emergence of important city and urban change agendas in addition to the continuing pressures for recovery from Glasgow. These are:

› the strengthening of growth management and infrastructure provision agendas within a broad region of growth on the east of the country;

› the emergence of severe absolute decline in the outer, western areas of the Clydeside conurbation and the South-West, where the old economic base is still collapsing but the asset base for new service industries is less apparent;

› core city quality and choice issues in Dundee and, to a much lesser extent, Aberdeen.

There is however a case for considering how new demographics, of household size and age, will transform overall change into different housing and neighbourhood requirements. The ageing of the overall population in the decades ahead is well established. But household structure is set to continue to change, and significantly. The proportion of Scottish households containing any children has been falling significantly over the last two decades and in 2003 only a quarter of Scottish households will contain children (18% in two adult households and 7% in single parent households). The three-quarters of households that are all adult households are split between 34% one person households and 41% with two or more adults. By 2013 it is forecast that only a fifth of households (8% single parent and 12% two or more adult families) will contain children. Of the four-fifths ‘all adult households’, 38% will be single person and 42% multiple adults.
This is a significant change in the transmission of demographics into housing needs and demands, especially at more local, city scales. Present forecasts for the cities for the period 1998 to 2012 suggest that:

- Edinburgh (34%), Glasgow (30%) and Aberdeen (28%) will experience single person growth numbers relatively close to or just below the Scottish average (34%) but Dundee will lag (17%);
- Both Glasgow (37%) and Edinburgh (39%) will encounter single parent family growth faster than the Scottish average (33%), in contrast to Dundee (16%) and Aberdeen (4%);
- All of the cities will experience reduction rates for households with children and two or more adults significantly above the Scottish average (-34%) with the exception of Edinburgh (-31%);
- It is also predicted that only Edinburgh (16%), out of the four main cities, will increase two adult households more rapidly than the Scottish average (15%).

Once again it is important to note that recalculated totals based on the 2001 Census may amend this pattern.

**Inverness**

With a current population of around 55,000 the City of Inverness is only a third the size of Dundee – the smallest of the other Scottish cities. As a regional centre, Inverness is however performing well; its growing population reflecting the city’s ability to attract migrants.

The population of Inverness has grown rapidly, albeit from a low base, since the 1970’s. In the last thirty years, the population of the Inverness Area, which includes the city and outlying urban settlements, has grown 34% from 41,000 to 65,500. Most of the growth appears to have been due to in-migration of families and early retirees due to increasing employment opportunities and the perceived high quality of life. The immediate hinterland has also been growing, against a backdrop of a static Highland population.

More modest growth is projected for the future, largely fuelled by in-migration and the continued growth in the local economy. The Inverness Area is projected to grow by around 4 to 5% in the next ten years, against a backdrop of a slowly declining Scottish population.
In essence, the projections set out above highlight the assumed ability of Edinburgh both to retain a higher share of households with children and two person (often high earning) households. The challenge for the other cities is in part to become more competitive, vis-à-vis their surrounding city-regions, in attracting families with children and retaining two adult households. These issues will be explored further below in relation to city housing issues but there is clearly an important set of issues in these figures for cities; will they be more competitive as housing locations as demographic change fashions more childless households? Looking at Scotland as a whole over the next decade the obvious challenge for the cities is to compete more effectively for the:

- 150,000 extra single person households
- the 90,000 extra adult only households
- the 30,000 extra single parent households; and
- to be least adversely affected by the reduction in two-adult families by 105,000.

The less well recognised challenge may however to be to raise income, employment and population potentials for Scotland so that all of these household growth estimates are under-estimates. Simply meeting these household projections is a prediction for a Scotland growing slowly in household numbers but declining in significance within the UK and Europe. Changing these trends will depend, to a significant extent on how the economies of our cities develop.
3.1 CITIES AND ECONOMIC PROGRESS

Cities are major locations for the core activities of the economy. They are a milieu for the development of new ideas, products and technologies. They are a major locus of consumer spending, involving shopping, leisure and recreation. They are major locations for the production of services and manufactured goods. They are diverse, complex economies. Above all, they are widely open to competition, in different ways for different activities, from adjacent towns, other UK cities and the wider world.

Economic activities within a city can be divided between those that meet local demands and others that export goods and services. Exports include attracting non-locals to wine and dine in the city core as well as sending manufactured goods abroad. The critical issue is that a city cannot thrive as an economy simply by providing services to its own residents, by taking in its own washing. It has to have an export base as an economic raison d’être. Cities that do not compete in the short to medium term do not thrive, and those that do not compete in the longer term do not survive.

The economic base of cities has changed over time, with these changes often reflected in the inherited cityscapes of today. Prior to the industrial revolution, towns and cities were centres of defence and religion, ports and markets for the hinterland. The Castle, St. Giles, the Shore and the Grassmarket remain as echoes of these past uses in Edinburgh. After the middle of the eighteenth century a great deal of the template for the economic base of the typical industrial city was first stamped out in Central Scotland. The successive waves of innovation in textiles, steam engines, ships, railway engines and the commercial infrastructure required to support such massive, early global efforts dominated the character of our main cities until after the Second World War. Glasgow, in particular, but then the other main cities truly were, to paraphrase Paul Krugman, ‘booms in space’. These booms have left their marks on our landscape, not always for the better. The Clyde docks and yards bereft of ships and noise, vacant land where steelworks belched till three decades ago, smoke blackened tenements remain as marks and symbols of the boom the cities have left behind.

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The economic and physical structures with which Scotland’s cities entered the 1950’s have been subject to half a century of major changes which have eroded their old economic bases, limited their growth for long periods and, in some instances, left them as centres of poverty rather than prosperity. Times have changed again for Scotland’s cities. The image of economic decline, physical decay and social disadvantage associated with cities for the last 50 years is no longer generally appropriate. The changing processes of population and household changes described previously have their parallels in changes in the relative competitiveness of towns and cities. The economic competitiveness of core cities was, for two hundred years, driven by a range of locational advantages. Cities were always the key places for the generation of innovations (though we have ignored that important issue for too long). They were also locations where their sheer scale and diversity provided economies of scope and scale to producers. For example, new firms could quickly find a ready supply of diverse labour. And of course with pre-modern methods of travel, high transport costs and the production and export of goods that were often bulky and heavy in relation to their value, cities provided points of peak accessibility not only to other producers but to customers. Their ‘centrality’ was seen as the basis for the industrial city boom.

The transport revolutions, which fuelled the suburbanisation of population also, weakened the cost competitiveness of cities in industrial production. As the lorry replaced water-based and rail freight, firms, often in cramped, older city centre property, decentralised in droves from core city locations. Labour supply, particularly the growing number of female workers, and services also decentralised. The suburban ‘edge’ often became semi-detached from the core city. This process, which had particular intensity from the 1950’s to the start of the 1980’s, was particularly marked in Glasgow but it was evident in the other cities too. In the late 1960’s, immediately prior to the announcement of the discovery of North Sea oil, Aberdeen’s economic base was declining.

Just as the impacts of decentralisation had begun to slow, after the middle of the 1970’s, the vulnerability of the traditional economic base to low labour cost competition from overseas became more and more evident. Glasgow had incurred these effects from the 1950’s onwards but in the last two decades of the last millennium, Scotland’s other towns and cities saw more rapid and large scale industrial closures than at any period in our history. This is the economic inheritance which cities have had to struggle against over recent decades and which fashioned their decline and decay image.

It is arguable, at least, that over long periods policy has not been helpful to our cities. There is a convincing case that a significant share of the decentralisation of jobs and homes from city core to peripheral estate, to new town and beyond was as much driven by planning, housing and industrial policies as by market influences, at least until the middle 1970’s. And for the period after 1980, until recently, there was a confused mixture of economic policy signals for our cities. For almost two decades, economic policy was often driven by the view that it was for firms to decide where they located. Of course regional policies, now reflected in regional selective assistance, were targeted towards poorer regions, though until recently they were strongly suburban in the specific locations they supported. At the same time there were urban regeneration and employment programmes, often on a quite massive scale (such as the GEAR programme), but it can be argued that they did not do enough to re-shape city economies.


We have to look again at cities as centres of growth, and that look has to take a linked social and economic perspective...

This uncomfortable disjuncture between economic and social policy has, until very recently, run through official thinking for Scotland’s cities. Arguably this has underestimated the extent of positive change that was occurring in our cities and until the last few years perpetuated a decline in expectation and understanding in ways that have undermined the potential of the substantial and relevant assets of our cities. There are different views emerging about new possibilities for old cities. This is partly changes in economic thinking. Some of these new economic ideas (or more accurately return to old economic ideas) stress the distinctive economic role of cities as innovative centres. Just as cities appeared to be threatened by the prospect of the ‘weightless world’ the reality is that their role as innovation systems has become more apparent. And this has salience for our economic thinking when skills and science, investment in ideas and human capital, have become the core of the strategy for ‘A Smart, Successful Scotland’. In addition, as outlined in the introduction, the recognition of the interconnection of social and economic change, the emerging emphasis on more developmental views of economic growth, the recognition of the importance of subtle change reinforcing mechanisms and the importance of geography have all pointed to new approaches to city development.

But it is the actual experience of places as much as new ideas, which suggest something has changed. The revitalisation of down-towns in US cities has been evident in many places over the last two decades. The European experience has been deeper, wider and more important. At the end of the 1990’s it was apparent that more than half the city-regions in the EU were showing signs of economic recovery and increases in their relative shares of population.5

Cities were recovering and acting as economic motors. This does not mean that cities have solved all their problems, because low income concentrations were simultaneously expanding in many cities. Nor does it imply that city growth has to be at the expense of smaller towns and rural areas – indeed with growing household numbers and economies, cities can recover whilst they still play a relatively declining role within a nation. But what it does mean is that we have to look again at cities as centres of growth, and that look has to take a linked social and economic perspective, identify the city effects and explore policy that promotes the creative and not just the palliative.

One approach is simply to ignore these issues and possibilities and fashion a spatially disorganised economy. The other is to do our best to have an informed backcloth of vision, and information so that we can set out the future with some coherence, in the full knowledge that change and adjustment will be inevitable. The attainment of the goals of ‘A Smart, Successful Scotland’ requires us to be better informed about the geographies that are emerging in Scotland and those which we should support to achieve our wider aims. What we have to grasp is that the economic challenges that Scotland faces may be global in origin and intensely

competitive in nature and that they require, in part, strategic responses from firms and government. But it also has to be recognised that responses are, in part, fashioned locally, from the bottom-up and from particular places. Looking to the future there has to be a clearer articulation between understanding what makes places competitive and major strategic choices for Scotland’s economy.

There is then, a growing global awareness that cities, and city-regions, have increasing salience for framing the local responses to global competition because they are a key level at which economic, social and environmental systems cohere and interface. It is imperative then to establish how Scotland’s cities have been changing, in terms of their economic structures and fortunes, and to identify challenges for the future. The next section of this chapter describes recent patterns of change and section three examines evidence of their competitiveness and identifies local constraints on better economic performance. The following three sections then examine in more detail key issues identified, namely city skills, innovation and property/land issues. Transport issues are discussed in Chapter 5.

3.2 CITY PERFORMANCE

Some countries have developed sophisticated systems of urban data collection and urban indicators to chart city change, including economic change. Although there have been recent, significant improvements in information available at sub-national scales there is not an agreed set of urban change indicators. This is a policy evidence challenge for the future. This section therefore concentrates on what is available and provides a general description, largely focused on labour market statistics, to track and assess economic change in the cities and the city-regions and to identify key challenges for the cities and the Executive.

3.2.1 Employment and Structural Change

The Scottish cities have, in broad terms, manifested the major trends of British cities alluded to in the previous section. Glasgow stands out, in UK, even European terms, for the deep, protracted decline that the city economy encountered for almost four decades from the middle of the 1950’s, whereas Edinburgh has had growth characteristics enjoyed by few other cities in northern Britain. Throughout the 1980’s the characteristic of urban Scotland was decline in employment, with cities and outer attached areas declining, except in Greater Edinburgh and Aberdeen, whilst rural areas and small towns expanded.6

In the 1990’s, however, there was a marked shift in pattern with jobs in urban Scotland expanding whereas the overall rural totals fell (albeit that particular kinds of rural areas experienced expansion). Further, the detailed urban growth patterns altered. Over the decade as a whole the core cities have had more robust economic performance than their surrounding regions, with the exception of Dundee. Whilst Aberdeen’s performance has faltered somewhat Glasgow has re-emerged as a locus of significant growth in jobs and incomes. Indeed, Scotland’s largest city economy was growing more rapidly than its competitors for much of the second half of the 1990’s. However the prolonged trends in employment and locational shifts over the last few decades have meant that the weight of urban Scotland has gradually shifted from west to east. In 1981 Greater Edinburgh had an employment total just under half of Greater Glasgow and this is now close to 56%. And for the cities, Edinburgh’s employment has risen from 63% to 75% of the Glasgow total.

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6 Useful detailed analysis of these issues is reported in; SLIMG (2001), Glasgow Labour Market Statement, and Edinburgh and Lothian Economic Profile, Scottish Enterprise
At present Greater Edinburgh produces around a fifth of Scottish output and Greater Glasgow closer to a third. In UK terms, Glasgow is the third largest employment centre overall, and is still the 4th most important centre for manufacturing. In both cities, and also Inverness, GDP has grown steadily faster than the UK average over the last decade and is significantly higher than the Scottish average (Table 3.1).

**TABLE 3.1:** GDP** per capita in Glasgow, West of Scotland and Scotland

<table>
<thead>
<tr>
<th>Population</th>
<th>Glasgow</th>
<th>West of Scotland*</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>11,700</td>
<td>8,800</td>
<td>9,700</td>
</tr>
<tr>
<td>1994</td>
<td>12,500</td>
<td>9,400</td>
<td>10,200</td>
</tr>
<tr>
<td>1995</td>
<td>13,500</td>
<td>10,200</td>
<td>10,600</td>
</tr>
<tr>
<td>1996</td>
<td>14,100</td>
<td>10,400</td>
<td>11,200</td>
</tr>
<tr>
<td>1997</td>
<td>15,200</td>
<td>10,700</td>
<td>11,900</td>
</tr>
<tr>
<td>1998</td>
<td>16,500</td>
<td>11,500</td>
<td>12,500</td>
</tr>
</tbody>
</table>

*Excludes Argyll and Bute, Arran and the Cumbraes

**Figures adjusted for current prices

These general observations make it clear that the 1990’s displayed a very different pattern of employment change in Scotland from previous decades and indeed from the common perception. City employment was expanding again. Employment in the cores was doing at least as well as the rest of the city-regions and, over the last half of the 1990’s it was Glasgow that had the strongest jobs growth performance. It is pertinent to briefly examine these changes and the sectoral shifts, which largely underpin them. It is always a mistake to take a too aggregated view of a city economy, to look only at the net growth or decline rate rather than the spectrum of changes for different sectors and places within the city economy. For then the dynamics of change are disguised.

This is evident in the case of Glasgow where first decentralisation of firms to the rest of the region and then de-industrialisation, meant that any new urban activities were simply overwhelmed by the death of the old. But as the older base eroded it also became proportionately less significant and other activities have come to be city ‘loving’ in their locational requirements. There is no room for complacency in this, as business and other services can be competed away. But there does seem to be a window for change when the city has an economic trajectory which offers the potential to cut into the stock of unused land and labour in the city.

Employment figures show how Glasgow has been dramatically and disproportionately affected by the UK-wide decline in manufacturing jobs. More strikingly, it has been even less successful at retaining these jobs than other centres, such as Edinburgh. The number of manufacturing jobs in Glasgow fell from 73,200 in 1981 to just 30,300 in 2000, with the majority of these shed in the 1980’s. This had a dramatic impact on total employment in Greater Glasgow, which fell 21% between 1971 and 1996. Equally dramatic, however, the total number of jobs in Glasgow has increased from 332,100 in 1995 to 366,400 in 2001, a 10% increase. Although this trend is promising it is valid to question whether this increase represents the continuing long upswing in overall UK employment (though other post-war upswings still saw employment fall in the city) or whether Glasgow has truly changed its economic structure and has found new sources of comparative advantage.
Manufacturing employment in the city continued to fall in the second half of the 1990’s, see Chart 3.1, and by 2001 was 8% of employment. However there has been a very significant change in the growth of the service sector, and some 85% of city employees are involved in service provision. Public services are the largest employment sector in the city (35%), followed by financial services (24%) and retail and catering (20%).

These figures reflect the outcomes of sectoral changes that have favoured cities as well as changing UK and Scottish economic policies. For example, Glasgow’s tourist employment has risen from a minor role in 1981 to constitute the fourth largest tourist destination in the UK. The qualities of the city have been the selling point, but in the context of active policy, marketing and city image building. This activity has strengthened the already strong regional centre role of the city and Glasgow is now the second largest cluster of retailing in the UK outside of London. Higher education is included within public services. Over the last decade the UK higher education sector has almost doubled and Glasgow is the fourth largest centre for research and teaching in the UK. Culture, media and finance services, not least call centre employment, have all been growing in the city as a consequence of policy initiatives.

There are marked similarities, but also important differences, between the Glasgow and Edinburgh economies. The Edinburgh economy is also similarly dominated by the service sector, which (in 2001) accounted for 89% of the city’s 293,500 jobs. Within the service sector, public administration is again the most important employer (33% of all jobs), followed by the finance sector (30%). Distribution, (including retail, wholesale and hotels) accounts for 21% of jobs. Outside of the service sector, manufacturing and construction account for 7% and 3% of jobs respectively.

These city economies, relative to the rest of their regions and to Scotland as a whole, are now specialised in financial services, business services and public administration. However Edinburgh is the seat of government, a major finance headquarters, and as a centre for the knowledge economy, is pivotal to Scotland. In this regard the city has been surrounded by a more modern and buoyant region than Glasgow has (although post 2000 reductions in electronics employment will have changed this pattern). In 1998, Lothian companies spent £147 million on R&D – just over one third of the Scottish total, while between 1995 and 1998 R&D expenditure increased at
three times the UK rate\(^7\) (ONS). The Lothians, both by UK and Scottish standards had an above average locational specialisation in key new sectors such as software development, electronics, financial services and biotechnology.

The timing of 1990’s change has been rather different in the two major cities. Over the decade as a whole, Edinburgh gained some 20,000 service jobs but shed around 10,000 in the manufacturing sector. The Lothians, gained 26,000 service jobs but lost 6000 manufacturing jobs, representing, for 1990 to 1999 a net gain of 10,000 jobs in the city and 20,000 in the city-region as a whole (and this meant a faster growth rate in the city). Since 1995 employment growth in the City of Edinburgh has been above the Scottish average (9% versus 7%) but less rapid than Glasgow (10%). Although the financial sector expanded by 24%, pressures have been more acute and there is evidence to suggest that the financial sector re-locate back-office functions to cheaper locations, such as Glasgow, whilst HQ functions have remained located in Edinburgh. The numbers of managerial and professional jobs has increased by an estimated 15-20% between 1995 and 2000 in the city-region, whilst the number of unskilled (mostly manual) employees has fallen by 35-40% over the same period. By contrast in Scotland as a whole, high value jobs have remained fairly constant, while manual work has only slightly contracted.

Outwith the city, the numbers of jobs in all of the Lothian authorities increased between 1995 and 1999 by between 13% and 19%. The Lothians have a different employment structure to the city. The service sector is less important to all 3 local authorities, whilst manufacturing (as noted above) is a more significant employer, particularly in West Lothian (though the post-2000 contraction in the electronics sector has reduced manufacturing activity in such locations). Public and other services are of particular importance to the Midlothian and East Lothian economies.

The other three cities also have large service sectors but also different and more specific dimensions to their economic bases. And they have experienced divergent fortunes over the last decade.

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\(^7\) Though it should be noted that UK R&D expenditure is generally low by international standards.
Inverness, the smallest of the 5 Scottish cities, had a fast growth decade throughout the 1990’s. The city and its adjacent area are best represented by figures for the Inverness & Nairn Enterprise area. The service sector, including retail services, tourism, public administration, healthcare and professional services dominate their employment structure. In 1999, 83% of all employees were employed in the service sector, compared to 76% in Scotland as a whole. These figures reflect Inverness’ role as a regional service centre providing services to a large hinterland, and the importance of the area’s tourism economy (see Chapter 5). In 1999 tourism employed 13% of Highland employees, compared to 8% in Scotland as a whole. Other important economic sectors are manufacturing, natural resource-based processing and construction. The challenge for the future must be to establish a growing and more diverse economic base.

Aberdeen also has some significant challenges for the future. The second half of the 1990’s were difficult for the city, because economic activity is particularly linked to changes in oil exploration activity in the UK continental shelf area and, in turn, changes in the forward price of oil. This is reflected both in the recent progress of the city economy and its economic structure. Reliance on this sector is a concern for the future, given that its prosperity is closely linked to a fluctuation prone global market. Jobs in oil and gas have fallen from a peak of 54,000 to 40,000 jobs. Aberdeen City Council predicts that an additional 9,000 jobs could be lost in the sector by 2011. DTI forecasts are cautiously optimistic for the industry in UK terms in the short to medium term. Investment and the number of planned wells have increased in the last few years.

Over the decade as a whole there was a net reduction in employment in Greater Aberdeen as substantial non-service losses (including contraction in the farming and fisheries sector in the rural hinterland of the city) offset a gain in service employment. More recent employment figures for 2001 reveal that the city has experienced a 1% fall in jobs since 1995 with construction (-42%), mining and engineering (-27%) and manufacturing (-18%) off-setting gains in services. There has also been a worrying reduction in retailing and hotels activity (-8%). However, the economy of Aberdeen is still relatively prosperous. GDP is growing at a slower rate than the Scottish average. There is now concern to secure a longer term economic role as North Sea reserves are run down over the next twenty years. It is envisaged that Aberdeen has the capacity to become a leading centre for oil and gas technology and to diversify its economic base. That process has already
The challenge for the future must be to establish a growing and more diverse economic base.

started and the business base expanded from 9,253 businesses in 1995 to 9,730 in 1997, with the most dramatic increases in the high-value finance, banking and insurance sector.

The economic trajectory of Dundee is currently the most problematic of all of the Scottish cities. In the 1990’s there were two worrying features of change. Firstly the city lost jobs in both manufacturing and services. A conscious strategy to develop a regional retail and service role for the city, which it had not previously played, did forestall more severe losses. Secondly, service growth in the surrounding region was not enough to offset decline within the city. The city and the city-region, in consequence appeared to lack any sectors or areas of significant growth. Since 1995 employment in most sectors has been in decline and overall employment has fallen by 6%. Employment in Dundee is also concentrated in the service sector, which accounted for around 4 in 5 of jobs in 2001. Compared to other Scottish cities, manufacturing is more important to Dundee (16%), whilst finance and business is less important (11%) (Chart 3.4). Finance and business sector jobs account for around 1 in 10 jobs in Dundee compared to more than 1 in 4 in Edinburgh. In neighbouring Angus, the manufacturing sector is proportionately important, compared to the Scottish average. But with this larger than average manufacturing sector declining, the structural change to attract service sector employment is struggling to maintain the city-region economic base.

Note: * Data is confidential and cannot be passed onto a third party.
1 These figures are aggregates from which agriculture class 0100 (1992 SIC) have been excluded.
2 Warning: Agriculture data in Scotland.

The June 2000 agriculture census data (which are incorporated into ABI 2000) includes ‘minor’ as well as ‘major’ holdings. This means that these data are discontinuous with earlier years.
It is critical, in shaping effective policies for Scotland’s cities, that we understand current trajectories of economic change. But it is also important to relate these margins of change, these flows of new firms, new demands and new jobs to the stock of issues or factors of production, such as unused land or unused labour, which have built up over time. Past problems as well as new opportunities, the inheritance of history as well as the pressures of geography, require policy attention. When economic change occurs then adjustments in labour and land markets become the key processes in city change. But sometime adjustment is absent or incomplete. Thus when there is a slow growth in employment, or even a decline, this may be met with downward pressure on real wages and out-migration. But it is also met by higher unemployment rates. And persistent high unemployment may also manifest itself in high disability and sickness rates, low activity rates and, depending on the nature of the social security system, benefit trapping. So rates of worklessness or overall employment may be affected.

There is enough evidence from urban analysis in Britain, Europe and the USA that once more transitory or frictional unemployment occurs then a variety of reinforcing effects may set in to depress labour productivity, employability and incomes. There may be city level effects of this kind: for instance the spatial mismatch hypothesis argues that new employment locations may be too remote from the unemployed, less skilled workers to attract them into work. There may also be neighbourhood effects, which are particularly important within cities. For instance there are recognised peer group effects of young people on schools success and job take-up or employers may engage in address discrimination as a way of reducing their recruitment screening costs. Whatever the mechanisms involved, it is important to have a generalised understanding of how employment changes in our cities mesh with opportunities for all. A broad approach to this is to examine patterns of incomes, employment, unemployment and concentrated deprivation consequent to the changes discussed above.

3.2.2 Incomes, Unemployment and Employment

At first sight our cities seem prosperous. GDP per capita figures are, in the main, above city-region and Scotland averages, but this can be misleading as output figures, including the efforts of those who commute in, are divided by resident numbers. The limited available evidence suggests that productivity per worker in the cities is below the city-region performance.

Average earnings figures for those who work in cities are favourable. In April 2001 the average employee in Aberdeen earned £477 p.w. This figure was 18% higher than the Scottish average, making Aberdeen the highest ranking authority in Scotland. It also exceeded weekly earnings in Aberdeenshire (£370) by 29%. With average earnings of £445 p.w. Edinburgh residents have the second highest average salary in Scotland, again exceeding those in the rest of the city-region. West Lothian average earnings, for example, are £404 p.w. In Glasgow average weekly earnings are also relatively high at £419, some 4% higher than the Scottish average, and have been rising towards the UK average over the last five years. They are also above the weekly earnings recorded in the rest of the city-region.

Average earnings of those who work in Dundee City at £392 are 3% lower than the Scottish average, though they are still higher than the average £356 in Angus. Average wages in Greater Inverness are the lowest in the Scottish cities, slightly lower than the Scottish average, but higher than those in Highland as a whole.

Although these figures stress the economic importance of the cities as generators of high incomes, as our critical base for economic activity, they do not mean that those who live in the city are equally prosperous. Commuting across city boundaries, and even across city-region boundaries (as is becoming a growing issue in Central
Scotland), means that there are gaps between what is earned by city residents and city workers. The existence of this gap is indicated by different ways of recording earnings statistics. New Earnings data, as used above, looks at the earnings of the workforce where they work. Labour Force Survey data can also give an estimate of the income of workers where they actually live, at the local authority level. In the case of Glasgow, as noted above the NES data rates Glasgow earnings (at 96% of the UK average) ahead of the rest of the region (at 90% of the UK average). The LFS residence based score however indicates Glasgow at 91% of the UK average, below the 92% recorded for the region.

Commuting reduces observed income per resident household in Glasgow and raises it in the rest of the region. And different survey evidence suggests a similar pattern for Dundee where some 46% of resident households had a net annual income of less than £10,000 in 1999/2000 (Chart 3.5). The rest of Greater Dundee\(^8\) has significantly higher number of households with a net income over £20,000.

In 1971 Glasgow residents held 73% of the jobs located in the city, but by 1991 this share had fallen to 58%; further declining to 55% by the end of the 90’s. This means that just less than half of the job gains in the city over the last decade have actually accrued to those who live in the city and it is only in the last two years that the resident workforce actually exceeded the 1991 total. The Glasgow workforce is increasingly housed in neighbouring authorities, whilst some of Glasgow’s poorest areas appear to be largely disconnected from the wider Glasgow labour market.

As the economic activity of a city expands ahead of the city supply of suitable and competitively priced housing and neighbourhoods then increased commuting is inevitable. Commuting data is most readily available from the Census, but data is only currently available for 1991. At that time some 90% of those who lived in Edinburgh worked within the city, but of the total working in the city some 30% commuted in from outside, and just under a third of that total from outside of Lothian. These inflows and lengths of commuting will almost certainly have increased significantly. See Chapter 6.

These figures are at the nub of two of the great challenges facing the cities and Scotland, namely attracting more households to live in cities and to ameliorate rising property prices in growth zones. Both these issues are explored in more detail in the next chapter about residential choices but they are also important economic issues influencing prices, wages rates, fiscal base, city mix and image.

\(^8\) The rest of Greater Dundee covers the 1991 census travel to work area, excluding the city itself.
Given the job growth and income patterns noted above it is unsurprising that Aberdeen, Edinburgh and Inverness have relatively tight labour markets and low overall unemployment. Aberdeen, despite the slowdown of the late 1990’s, has all the hallmarks of a near full employment economy. The unemployment claimant rate in the city was 2.1% in July 2002. Edinburgh had a similarly low rate of unemployment, whilst Glasgow and Dundee at 6.1% and 6.3% respectively have seriously higher rates of unemployment compared to the Scottish average of 4.1%. Also of concern is the number of claimants who have been registered unemployed for longer than a year in Dundee (19%) and Glasgow (15%). These figures compare unfavourably with the Scottish average of 13%. Lower rates are invariably associated with shorter durations of unemployment. Only 9% of claimants have been signing on in Aberdeen for longer than 6 months and only 1 in 8 for more than a year.

Although the claimant rate is a useful indicator of the relative performance of the different cities, and is easily available, it is a poor measure of the degree of inactivity in the labour force, because it only records as unemployed people who are eligible for benefit. It may also distort city-suburban contrasts because it measures the number of claimants as a proportion of the total workforce, including those who commute in to work. This drives the claimant rate artificially low. The ILO rate is an alternative measure of unemployment, based on resident populations rather than the workforce. It uses survey data to count people who are actively seeking work, regardless of whether they are claiming benefit or not. At the individual city level the ILO rate, which is higher than the claimant rate (as for the UK) shows clearly that Glasgow’s unemployment rate, for example, is still well above the UK (near double) and Scottish averages but has been falling more rapidly than either of these aggregates since 1995 (Chart 3.6).9

Turok, Bailey and Docherty10 have analysed changes in the ILO rate for the cities and their city-regions for the second half of the 1990’s. Their work shows

- Unemployment falling in the city-regions, but with a slight upturn in Greater Dundee in 2000
- Unemployment falling in the cities but with a post 1999 Dundee upturn and with, from 1998 onwards, unemployment bumping along a low floor in Aberdeen and Edinburgh

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Dundee deviates significantly from Scottish employment patterns in terms of the gender balance in the workforce.

- Unemployment rates significantly lower for city-region than city residents, but with this gap tending to close over the period.
- A sharp difference between overall rates in Edinburgh and Aberdeen (and associated regions), recording 4 to 5%, and Glasgow with 12% (though it is now closer to 9%) and Dundee rising above 14%.

At an aggregate level we can draw a number of conclusions. Of the four main Scottish cities, both Edinburgh and Aberdeen have prosperous and near fully employed economies, both by UK and Scottish averages. Aberdeen’s recent employment performance does raise some concerns however. Glasgow, the largest, and previously sharply declining city, is improving its relative performance markedly both by the standards of Scotland as a whole and of larger UK cities. Dundee’s economic position was relatively deteriorating. Before moving on to explore further this balance of growth and disadvantage in each of these places it is important to have a more complete picture of the inherited and continuing problems of worklessness.

Although ILO is a better reflection of the numbers seeking work, it is still likely to under-estimate the true extent of unemployment, as it does not count people who would like a job, but have given up looking. One way of addressing this issue is to look at the employment rate, which indicates the proportion of working age adults who are actually in employment. Labour market analysts take the view that an employment rate of close to 80%, measured in this way, gets close to a measure of full employment as there are around a fifth of the population who are either too sick or disabled for work, full time students or early retired on significant pensions. Glasgow and Dundee are the cities with problematic employment rates.

Population change in the cities was examined in the previous chapter and Dundee’s decline noted. In broad terms the decline in the working age population in Dundee has been almost offset by the absolute decline in the number of unemployed claimants. Overall, the percentage of the working age population in Dundee in employment has only fallen from 70.9% in 1994 to 69.3% in 2001 but this was over a period when employment rates in the UK grew faster than in the cities than in Scotland. Yet the deficit between Dundee and Scotland has grown over that period. The percentage of working age people in employment is lower for Dundee males than the Scottish average (Chart 3.7). By contrast, the percentage of Dundee females in employment has been close to or higher than the Scottish female average since 1994. Similarly, Dundee deviates significantly from Scottish employment patterns in terms of the gender balance in the workforce. Whilst the percentage of females in employment in Scotland is consistently much lower than that for males, in Dundee, the percentage of females in work has increased and surpassed the percentage of males. These figures, along with high male claimant unemployment, suggest that there are fewer employment opportunities for men in Dundee. However, women tend to be over-represented in low wage occupations.
The extent of continuing under-employment in Glasgow is also strikingly illustrated by the employment rate (Chart 3.8). Although the employment rate for both males and females and Glasgow has risen since 1995, the total rate of 61% is still significantly lower than the Scottish average of 73% and the UK average of 75%. The ‘jobs gap’ gives a measure of the number of additional jobs required in a locality to reach employment rate at the Scottish or national average. If Glasgow were to achieve the same rate of employment as the Scottish average, it would need to create 45,000 additional jobs for local residents (20% more than its current total), or 51,000 to reach the UK target. To achieve an employment rate similar to that of the prosperous South-East of England, or indeed that of Edinburgh, 71,000 jobs would have to be created for residents that live in the city. No doubt Glasgow is miles better in relation to economic performance but the challenge is that there are still miles to go. Although employment growth forecasts for the city for the decade ahead are strongly positive, and still faster than the surrounding region (BSL, Cambridge Econometrics forecasts) the rate of job generation, even if currently non-employed labour were to be as productive as currently employed workers, is unlikely to remove Glasgow’s inherited difficulties, though it will continue to reduce them. Remaking places is a long haul.

The employment and economic activity rates in Aberdeen and Edinburgh, at close to 80%, stand comparison with those of the most buoyant and prosperous parts of the UK and are higher than the Scottish average. The surrounding regions also have high employment rates. The male participation rate in Aberdeen at 86% is significantly higher than the Scottish average of 73% and higher than participation rates in Glasgow, Dundee and even Edinburgh (with a rate of 84%). Female participation in Aberdeen is however much lower than that for men in the city. Although the 2001 female activity rate of 73.1% exceeds the female Scottish average of 69.8%, it falls short of the 77.2% activity for Edinburgh based women.

3.2.3 Deprivation and Disadvantage
The discussion above has made clear how different cities have had a different capacity to attract and retain jobs over time and how labour market pressures are reflected in wages, incomes and employment. Labour market and demographic changes mean that city-regions and cities display persistent differences in incomes and employment rates over long periods of time. Patterns of residential choice that see more affluent city workers commute to suburban homes also exacerbate city and suburban differences.
The workings of these processes have meant that as this millennium commenced some 55% of households in Dundee contained no one who was working. This is a concern, as it is indicative of, and sustains, an economy and perhaps a culture of dependence on either past incomes, for the retired, or on state benefits for those of working age. In spite of marked improvements in both the economy and the nature of the benefit system since 1997 this is no basis on which to create thriving cities. Dundee's figures are shocking, but even in prosperous places there are significant shares of workless households in some neighbourhoods and areas, and this is reflected in Edinburgh's position in Table 3.2. But even Dundee's rate of worklessness is less than for that of Glasgow.

**TABLE 3.2: Intensity of Deprivation Measure (1998)**

<table>
<thead>
<tr>
<th>Unitary Authority</th>
<th>Average of three highest postcode sector scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glasgow</td>
<td>16.6</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>14.24</td>
</tr>
<tr>
<td>Dundee</td>
<td>13.5</td>
</tr>
<tr>
<td>Renfrewshire</td>
<td>13.4</td>
</tr>
<tr>
<td>South Lanark</td>
<td>12.95</td>
</tr>
<tr>
<td>North Lanark</td>
<td>12.62</td>
</tr>
</tbody>
</table>

Despite the recent and encouraging performance of Glasgow in employment creation, the city still scores as by far the most disadvantaged Scottish authority. An urban perspective on problems means that it is not enough to stop at city averages. The pattern or the geography of problems matters. In Glasgow, and this issue is pursued further in the next chapter, there is extensive research evidence that worklessness and poverty are area concentrated and that the patterns produced reflect, in broad terms, the workings of the local housing system. Research for the Joseph Rowntree Foundation demonstrated at the start of the 1990's that unemployment rates were below UK averages throughout the owner occupied sector of the city and, aside from the elderly, households in owner occupation invariably had one if not two employees. However, two-thirds of council tenants were in

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workless households (and more recent research suggests that this proportion has remained unaltered, though there has been a significant fall in the scale of social renting, see Chapter 4). It was hardly a surprise that Glasgow, both then and now, contained three of the poorest Parliamentary constituencies in the UK.

The scale of the difficulties, relative to total population in Glasgow and Dundee means that there are extensive concentrated areas of disadvantage. This is a set of issues addressed throughout Scotland by community regeneration strategies, and was addressed in the recent Community Regeneration Statement. But these communities and neighbourhoods exist within a wider context and they shape our cities as well as being shaped by them. Poverty concentrations impact the overall functioning of the city and the city-region. For example academic research in the Scottish cities shows that higher income households, especially if they have children, will not live in close proximity to or will not interact with concentrated groups of poorer households, so they often leave the city even if they work there.

There are peer group effects in the schooling of children, the use of drugs and educational and employment aspirations which mean that there are likely to be neighbourhood reinforcing effects in educational outcomes. Educational and skills outcomes affect the probability of acceptance both to further higher skill training and to employment, so other things being equal young adults from such neighbourhoods are less likely to have successful labour market progression on leaving school. Workers who become unemployed have less access to job vacancy information than those who live in employment rich neighbourhoods.

In brief, geographic concentrations of those who fare less well in the labour market, or who cannot access it at all, are likely to lead to cities confronting serious challenges of disadvantage reinforcement which more prosperous places have enough momentum to overcome. Neighbourhood difficulties are always acute for those who face them, whether in villages, towns and the big cities but they assume a city-wide salience when their existence seriously erodes the growth capacity of the city they exist in. In many senses the Glasgow and Dundee problems have clear dual economy features. Policies and strategies that could drive success for the majority of households in Aberdeen, Edinburgh and Inverness will not necessarily do so for the poorest fifth of the population in Glasgow and Dundee.

3.2.4 Jewels and Duals

This review of the recent experience of Scotland’s cities, in terms of broad economic performance, makes clear that we have our ‘duals’ and our ‘jewels’ viewed in terms of performance relative to the Scottish economy. The picture is far from bleak, indeed it is much more favourable for the cities than in any decade of the last 50 years. However it is also relevant to ask how this performance compares with other cities, both in Britain and Europe and to identify what appears to make for successful, competitive cities. We have to assess whether recent better performance is simply the outcome of structural economic changes which now favour cities or whether, given their structures, our cities are performing more effectively than in the past.

The next section of this chapter looks at these patterns and assesses how the requirements of city success mesh with the science, skills and related agendas of ‘A Smart, Successful Scotland’.
3.3 CITY COMPETITIVENESS

It is important to be clear about our understanding of ‘the competitiveness of cities’.13 Some economic commentators, most notably Paul Krugman, have argued that cities do not compete, rather it is firms that compete. However Krugman’s conception of competition is a narrow one, and as he recognises the performance of firms can be influenced by local or city factors. This may be cultural or institutional, some indivisible local asset or even the mix, or the cost and quality of local services provided to citizens and business. In a more limited sense it is also clear that cities, as governance units, compete for public resources, for events and reputation and image.

A successful city will not be involved in one simple competition, but rather it has the capacity to harm or facilitate the capacity of local firms and individuals to succeed in a range of different economic ‘competitions’. Some firms, for instance many city-based retailers, will be competing with regional competitors to attract households from the suburbs. Some will be competing with European locations, for instance those providing ‘weekend breaks’ in the tourist sector. Others, both traded service providers and manufacturing firms will be competing with enterprises in Europe, North America and the Pacific Rim. It is critical to recognise these different competitions, which underpin the city’s economic base and to identify the ways in which ‘city’ effects foster local success. But what do we mean by success?

Clearly citizens and governments, and indeed many companies are likely to take a broader view of what constitutes economic success than growth and profits for firms. For instance, actions that maximise employment growth but at low incomes will not be regarded by all as a competitive success. Economic effects on environmental quality and the distribution of income and wealth are also likely to enter any notion of ‘competitive success’. There needs to be clarity about the aims and objectives of cities and governments before success measures can be defined and interpreted. And government has to take a broad view of city outcomes. There is the question of what outcomes now mean for the future. There is also the need to see the city in a wider geographic context, not just that of the city-region and the rural hinterland but how the system of cities within the nation interact with each other. The Scottish Executive therefore has to be concerned not only to facilitate the success of all of our individual cities, but to have regard to the implications for the regions in which they are set and what the outcomes mean for Scotland as a whole.

It would be fair to say that we do not have anywhere near a complete benchmarking, against national and international competitors, of the competitive performance of Scotland’s cities. There are however a number of recent research studies which do provide important insights to shape debate about city futures and more qualitative assessments by LECs and City Councils. A particular problem, particularly in international studies, is that they usually focus on larger cities. In consequence analysts have only included Glasgow and Edinburgh.

In a recent ESRC study of UK city competitiveness from 1951 to 1996 (and it is important to note that the end date of this study predates the recent improvement in city performance) Begg examined the factors which, over the long term, seemed to drive city employment and income.14 Begg rightly notes that the economic performance associated with a particular place or city is shaped by the macroeconomic performance and policy of the nation (and the region) as well as local company characteristics, the sectoral structure of economic activity, the business environment and the capacity for innovation and learning. Local policy,

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14 Begg (2001) op cit
though it can impact other factors, has particular relevance in setting the business environment (and this involves influences external to the firm such as the cost and quality of land, labour, capital and, other key inputs as well as social and cultural attributes, local environmental quality, planning and regulation and civic values and governance). These are all amenable to local policy.

Begg concentrated on long term changes in employment (in many senses his period of study is a precursor to the discussion in the previous section) and concluded:

- the post 1960’s story was conurbation decline, northern decline and growth in the south and in towns
- after 1991 conurbations were doing relatively better, but over the whole period 1959 to 1996 the conurbations’ share of total GB employment fell from 45% to 34% over period. (This largely confirms Turok’s analysis of the emergence of the jobs gap in UK cities).\(^{15}\)
- Over the longer period, the places that succeeded were small, southern towns with non-traditional economic bases (that is, no adverse inheritance), solid business service growth and with growing and well educated populations; the presence of a university and airport was not critical but helpful.
- None of the top 10 long-term urban performers in the UK were in Scotland, though they appeared further up the list latterly and West Lothian was in the top 20 employment growth localities in the UK for the 91-96 period.
- The least successful UK urban places had West coast and Northern locations, old industrial bases, little information economy related activity and declining population
- for the period 1959 to 1996 three of the worst 10 performing cities/towns were in Scotland, with deep percentage falls in employment over the period; they were Glasgow (-30%), Inverclyde (-26%) and Dundee (-18%).

Begg’s analysis confirms, to 1996, the protracted and deep economic difficulties in much of ‘older’ urban Scotland, especially in Glasgow and Dundee. But Begg’s recent work, post 1996, and the analysis above for the 1996 to 2001 period suggest some real hopes for the future. More recently, employment performance in Glasgow, Edinburgh and Inverness has been encouraging. High-tech employment growth has become important in Inverclyde, Dundee and East Kilbride, with all these places now in the UK top ten cities/towns ranked on shares of high tech employment.

An extensive analysis of performance of European comparator cities for Glasgow and Edinburgh, by Lever et al, suggests a similar conclusion of past lagging but now improving performance. Lever looked at 32 large European cities, including Glasgow and Edinburgh and four other UK cities (but excluding Leeds and London, both growth successes in the 1990’s). He examined both single and composite indicator rankings of city success over the period 1991-98.

UK cities performed relatively poorly on both sets of indicators. For instance, on the Gross Value Added per worker (GVA) growth measure the economic successes were cities such as Barcelona, Dublin, Lisbon, Berlin, Hamburg, Munich, Lille, and Utrecht. Five of the bottom eight performers were UK cities. However Glasgow was 8th from bottom, ahead of all the other UK cities except for Edinburgh. Edinburgh was the only UK city in the top half (14th) ranked on GVA measures. An aspiration for Glasgow to be in the top half and Edinburgh in the top quarter is not unreasonable for the future. The results on multiple quality-of-life criteria are quite similar, with the UK’s older industrial cities ranking lowly.

\(^{15}\) Turok, I. and Edge, N. *The Jobs Gap in Britain’s Cities*, Bristol: Policy Press
In recent years the generally favourable macro-performance has helped cities...

Lever’s results are both encouraging and challenging for Scotland’s cities, which are now performing relatively well in comparison to other UK cities but have much to do to grow and thrive at Western European rates and levels.

Further analysis suggests something about the causalities involved. National economic performance (where national tax policies, interest rates and exchange rates come into play in city performance) is important unless cities are ‘delinked’ from their national economic performance. Over the 1986-1991 period when regional housing market factors played a part in boom and bust in the southern UK, Scottish cities performed well relative to the UK economy. In recent years the generally favourable macro-performance has helped cities, throughout the regions. With favourable changes in macro-policy and in economic structure for UK cities this means that the poor comparative international performance of older UK cities is attributable to other influences on competitive business performance.

Lever’s cross-national shift share analysis shows all the older UK cities (in his sample) doing badly relative to their structure. This reinforces Begg’s conclusions, which are also reaffirmed by similar studies by BSL. It is important, however, not to underestimate the enormous structural shifts which have occurred in the cities, indeed for much of the last two decades achieving that shift has been the focus of local economic development policy. However it does mean that the focus on comparative performance for the long term has to consider the other local or locational factors which inhibit better performance. Begg’s long term analysis shows that the city ‘structural effect’ is positive in upswings, and we have to recognise that it has been important for Scotland’s cities over the last decade in offsetting a negative competitive, differential performance. We have to take the opportunity of present levels of employment and prosperity to radically improve competitive performance. How can we make our cities more successful?

It is not true, at least on the evidence of the 1990’s, that cities have to be in the core European area if they are to succeed. After the 1980’s numerous cities in more peripheral European regions did grow quickly. The overall econometric and related evidence suggests that though a Euro-core location is helpful to growth, some peripheral cities did grow fast. Econometric studies suggest cities that facilitate connections (physical and virtual), that are located in a favourable national milieu and that have innovation and growth sectors all do better. There is also evidence, as there is in the USA, that so-called ‘soft qualitative factors’ are becoming more important in attracting and retaining firms and skilled labour and that effective city (and city-region) leadership is of growing importance. The emphasis is to regard cities as competitive, creative nodes in a well connected network of competing and co-operative places.
The macro-statistical work of Begg and Lever is enormously important in identifying past patterns and in establishing broad influences on causality. However, in looking to specific places and the future, analysis has to have a more detailed focus and content. We have to have some sense of what is impeding more successful performance now and recognise that it may differ from place to place. This review has looked at two kinds of ‘micro’ evidence, the interim results of the ESRC Cities project on Glasgow-Edinburgh and the views of LECs and local authorities about the cities they deal with.

Turok et al have identified a number of ‘inheritance’ factors which they believe impair income and employment performance in the cities, especially Glasgow. They believe that:

- The long term decline in the city cores has resulted both in serious skills mismatches and locational or spatial mismatches of redundant workers and the pattern of emerging job opportunities involves a serious shortage of blue collar jobs
- Past decline has left, both in the city core and surrounding city-regions, an adverse physical legacy of vacant and derelict land
- There has been insufficient attention to the development potential of strategic sites and the infrastructure required to unleash their potential; similarly they argue there is under-investment in the public realm which would facilitate regional and tradeable service functions
- The fragmentation of government and governance across the city-regions, but particularly in the West of Scotland, has meant too many localities and policy sites chasing a limited number of jobs
- There has been insufficient attention to future demographics and development and, in consequence, under-development of the potential scope and scale of a ‘Central Scotland Region’ which would enhance international competitiveness through place scale and synergies
- Skills and the science base have to be augmented to support new services and new high value manufacturing.

This research raises a number of important issues, most of which are touched upon below. Turok et al., as part of their major ESRC study of Glasgow and Edinburgh, interviewed almost 1,700 firms (both in services and manufacturing) in the city-regions of central Scotland (in early 2001). The responses, along with the discussion above, gives us some key pointers to more competitive, or more smart, successful, cities. That survey highlighted the importance of regulation, taxation and interest rates as shapers of business perceptions of competitiveness. But it also indicated that there were significant concerns about the cost and availability of suitably skilled labour in the cities and city-regions and that the cost of suitable premises was also a city core concern, especially in Edinburgh. Firms in the core cities also saw their current location as advantageous in relation to accessibility. However the rating of their location on different aspects of their current place of business, highlights the concern of business with transport issues and the quality of local services and business support.

Their survey also made it clear that some firms, but far from all, seek agglomeration economies, that is that they have some real need to be close to others (and hence are likely to be in cities). Firms in Glasgow and Edinburgh produce a variety of answers about the relative significance of local and international contact in their business activities: in some instances local clusters matter most, but for others, UK and international contact is the dominant collaboration, and for yet more both local cluster and wider contact may be essential.
We have to have some sense of what is impeding more successful performance now and recognise that it may differ from place to place.

In assessing the competitiveness of places it is vital that we have a dis-aggregated view, we need to ask competitive for what and vis-à-vis whom? The ESRC case study work makes this all too apparent. In relation to core city services that serve wider national and regional demands, such as retailing or leisure activities, key drivers for the future are demographics, spatial strategy (whether Glasgow and Edinburgh co-operate to secure synergies), the quality of the public realm and special attractions and the development of policy in relation to public transport (car access and parking/tolls). For tradeable services (from call centres to creative industries) the key issues in shaping success will be labour cost and availability, good connections and an effective by functioning property market. For modern technology based industries (such as biotech, software, and optoelectronics) critical influences on success will be effective interface with universities, specialised labour and property requirements, good international connections and the presence of business angels. It is this diversity which successful city economic bases display and we have to look to contact as well as cluster in our thinking for more effective city economies.

The ESRC study and other analyses of the Scottish economy, for instance McGregor 2002, all highlight that there are local and non-structure change actions which can be undertaken to improve competitiveness of cities, and indeed other places. The panels attached opposite also list the city development priorities noted to us by the LECs and Councils dealing with each of our core cities. The academic and the practitioner agendas overlap to a very considerable extent.

They also overlap with a great deal of Executive thinking and action. For many of these issues already lie at the heart of the Executive’s agenda for ‘A Smart, Successful Scotland’. Improving local innovation rates and reducing skills shortages are the core aims of the ‘skills and science’ approach adopted within the Executive. The Executive, building on the science and skills emphasis of ‘A Smart, Successful Scotland’ has, in the spending review, recognised the importance of infrastructure, transport and other services in economic development. However it is also clear that the extensive action undertaken within this agenda could usefully be more clearly grounded in a spatial or geographic framework.

The importance of property, both shortages and surpluses (in the shape of vacant and derelict land) are recognised in principle in Executive policy thinking but the question arises as to how delivery of what is required is prioritised. The need to improve local and inter-regional transport is recognised, but the challenge is to be more informed and explicit about local economic development effects and the ways in which transport investment is aligned with other Executive spending.

In the remainder of this chapter it is therefore highly pertinent to explore cities issues about skills, innovation and science, and land in more detail with transport issues deferred to the transport chapter.

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ABERDEEN: THE KEY ECONOMIC ISSUES

The city is recognised as the key driver for the wider region and city to city-region links are strong and co-operative in areas of planning and service provision.

The city is thriving: GDP greater than average, high earnings, low unemployment; but concern to forestall longer term difficulties.

The city’s role as key centre for UK continental shelf and international energy activity means presently high prosperity.

It also raises issues of cyclical activity related to oil prices and the longer term issues of sectoral maturity.

There are still important opportunities and significant skill shortages.

The strong HE sector, especially in medicine and agricultural sciences offers diversification possibilities (make Aberdeen the city centre for the countryside) as well as strengthening exportable oil and gas technology expertise.

There is now a relatively high rate of business growth.

Transport is an issue, both in relation to a city ring road and to the more general peripherality of the city within the UK.

That location also means that there should be a much greater emphasis on the development of e-business than to date.

The quality of property for business, and its ICT links, could be improved.

The quality of life is regarded as exceptionally high but there is a widely perceived need to improve cultural provision in the city.

There needs to be a concerted effort to raise the national and international profile of the city and Euro 2008 could be a medium term focus for city promotion.
DUNDEE: THE KEY ECONOMIC ISSUES

1981 to 2001 has seen the continuing demise of the old jam and jute but the manufacturing sector is still proportionately larger than in the other cities with decline still offsetting service sector expansion.

Unemployment (CC at near 8%) is higher than in any of the other cities and benefit dependency is close to Glasgow levels; there is a need to raise skills and align better surplus labour and emerging job opportunities.

Population decline is relatively rapid, with under-45s leaving the city.

There is continuing importance of selected major employers.

New jobs include call centres (with 2,000 employees), but also biotech (2,100) which is associated with an internationally renowned university base in related areas. However VAT registrations of new firms at 14 per 1000 people were the lowest of the Scottish cities (Aberdeen 28, Edinburgh 24, Glasgow 17 and Scotland 23) and the enterprise culture in the city is weak.

There is a widespread and acute sense that the present city boundary has a significant deleterious effect on the management and development of the city and does not facilitate good city to city-region partnerships.

A more effective community planning process is needed both within the city and across its boundaries.

The vision and theme for ‘City of Discovery’ is appropriate but current performance is well behind the aspiration; in proportional terms Dundee is still struggling with its past to a greater extent than any of our other cities.

GLASGOW: THE KEY ECONOMIC ISSUES

Long term large scale decline is contrasted by the present rate of income and employment growth in new, mainly service sectors, which now exceeds decline in the old sectors. However, the inherited stocks of unused land and unemployed labour is still substantial.

There is an estimated 30-40,000 jobs deficit, 50,000 workless households and 23 of the 25 most deprived postcodes in Scotland.

Population is still declining, almost half of those employed in the city live outside.

A dynamic city centre and new industries are emerging but there is no coherent innovation strategy in the city. However it is the 3rd largest higher education centre in UK, the 2nd largest retail concentration outside of London and the 3rd most important visitor destination in UK tourism.

There is a need to look at improving performance and investment of important public sector employers; there are opportunities to take economic spin-offs from major new infrastructure investment (schools, M74, stock transfer); and to use major experience in intermediate labour markets.

There are problems relating to the quality of the physical environment and an urgent need to address extensive vacant and derelict land.

Poorly aligned boundaries and little significant co-operation with surrounding authorities.

Sense of stalling, institutional clutter in partnerships and that more importance is attached to starting new initiatives than seeing them through to sustainability.

Further work is necessary to put in place a comprehensive waterfront development strategy.
EDINBURGH KEY ECONOMIC ISSUES

Steady growth is now accelerating; the city is well placed in growth sectors, with growth spilling across the city-region. With 30,000 extra jobs and 70,000 extra homes predicted by 2015 it is the major locus of prosperous urban growth in UK outside of SE England; questions remain as to whether the city is ambitious enough for the future?

Expansion is in high value sectors with productivity and innovation potential; it benefits from a major international university, the seventh largest student population in the UK and major research concentration in Universities which sits beside 30% of Scottish R&D in the city-region.

Minimal unemployment issue and proportionately small ‘problem inheritance’.

A compact, high quality city with an international reputation, second major visitor destination in the UK and major attractor of in-migration to Scotland; some small but significant concentrations of disadvantage.

The major challenge is growth management, particularly by networking opportunities with surrounding areas; clear planning strategy, transport investment and management are the key issues.

There is a need to assess implications of growth and rising land and property prices within the city, particularly for affordable homes as well as business space.

Growth spreading, networking necessities make for co-operative relations with rest of city-region.

Local authority and diverse quango boundaries are better aligned than in the West.

INVERNESS KEY ECONOMIC ISSUES

The city is the principal administrative, medical, professional, leisure and retail centre for the Highlands.

There is a need to strengthen the new UHI framework and to ensure the University ‘outputs’ strengthen the city and region.

Oil related growth is now being superseded by expansion built around ICT related businesses, the bio medical and health sectors, as well as activities which add value to the natural resources and traditional industries of the area.

Minimal unemployment; highly skilled, but shallow labour pool.

Reputation for high quality of life (good schools, health, relatively high wages compared to Highland region); however; some small but significant concentrations of disadvantage.

Despite improvements in road and rail links, Inverness still suffers from problems of peripherality. Lack of air links, especially to European destinations, is a continuing barrier to inward investment.

Lack of affordable homes; new build targets not being met; also lack of available land/property inhibiting business growth.
3.4 LABOUR MARKETS AND SKILLS

The labour market reflects the interaction of new competitive challenges with old inheritances of skills and abilities. The market reflects the successes of the city, when new investments spur new labour demands and up-skilling. But in reinforcing fashion, through impacts on employment and incomes, the labour market shapes productivity, image and success in the longer term. In shaping successful cities, policy has to facilitate investment and job generation, but also has to help ensure that appropriate skills exist to meet new demands. Since the city labour market is not a single entity, but consists of a series of partially linked occupational and geographic markets, which usually show little alignment with municipal and LEC boundaries, there are also significant policy needs to better integrate information, transport and low income housing strategies with shifting patterns of labour demand.

The flexible city has to adapt its structures as well as skill its workers in the face of economic change. If the labour market, broadly within the city-region, is not well organised and displays market failures in training, or organisational failures in support structures, then the city will fail to maximise jobs and incomes. In the introductory section of this chapter the recent record of Scottish cities in improving labour market outcomes (reduced unemployment, higher employment, rising real incomes etc.) were noted. However these gains must be set in context. Firstly, throughout the 1990’s overall Scottish performance in raising employment rates was poorer than for the UK as a whole, so there is scope to improve city and overall Scottish performance. Secondly, there is considerable evidence that there are three key labour market issues within our cities: in Glasgow and Dundee, the significant problem (largely inherited from the past) is large numbers of workless households of working age, many of whom are not seeking jobs. In Edinburgh and Aberdeen there are growing, general shortages of labour, and in all of the cities there are also specific skill shortages.

Chart 3.9, displays the spread of unemployment in relation to vacancy rates for each of the city authorities, and a selection of other Scottish Local Authorities. In the chart places that are further to the left and higher up are displaying general skill shortages, and Edinburgh and Aberdeen are in that quadrant. Locations higher and to the right imply sectoral mismatch and an acute need to realign available labour and the demands for it. Glasgow and Dundee lie clearly in that quadrant.
The long process of manufacturing decline, especially in Glasgow and Dundee, has placed an enormous burden of adjustment on labour markets and households. Over the last quarter century there have been massive structural changes in Scotland’s city labour markets; decline in manufacturing and unskilled manual work, rise of part time work and self employment (which has recently plateaued due to rising market pressures), the growth of female employment and the sustained rise in jobs requiring qualifications. Recent estimates suggest that there are currently some 40 to 50,000 workless households, of working age, in Glasgow alone. An estimated 42% of those not in work in Glasgow have no qualifications (in contrast to the overall Scottish average of 30%). In consequence, even leaving aside the issues of benefit dependency, the skill set of Glasgow’s workless means that they have access to few of the better new jobs in the city and indeed may even lack the basic skills for low wage jobs. There are important issues in city regeneration and in promoting social justice that require the worklessness rate in Glasgow and Dundee to be reduced. But in Glasgow there are also pressing economic arguments. With vacancies for skilled workers currently rising faster in Glasgow than in Scotland as a whole, not only are Glasgow residents held back by their poor skills, but the city’s firms are constrained by the lack of quality labour.

Others have rightly concluded that there is not currently a shortage of jobs in Glasgow, but rather a shortage of jobs for which (workless) Glaswegians have the skills and abilities to work in. There are vacancies in more skilled sectors and a clear need for selected and significant up-skilling. This is why training/skilling policies are so important to creating a Scottish gain out of a Glasgow and Dundee problem. For in Dundee whilst 10% of school leavers have no qualifications and there are well-established literacy and numeracy gaps in the workforce, there are shortages of workers with technical, craft and managerial skills.

In both Aberdeen and Edinburgh, business and academic surveys all highlight the general shortage of labour in all skill categories. Labour supply is beginning to constrain growth possibilities and there are some specific sectoral shortages, for instance in Aberdeen in the oil and gas sector. In that sector, or in high level IT skills, or science or senior finance posts, there is an acute awareness that local worklessness is not the issue but rather attracting and retaining high value and
mobile human capital in truly international labour markets. If promotion prospects seem limited in Aberdeen or house prices too high or the region too remote, then skilled oil personnel usually relocate internationally. There needs to be a wider recognition that facilitating a more elastic supply of skilled labour is already the key economic development issue for these cities. And Aberdeen cannot look to its regional hinterland for such skills, because skills in the rest of the region are relatively low. For Edinburgh the difficulty is that the surrounding areas are also pressured and have skill capacities which do not mesh readily with shortages in skilled and unskilled service sectors apparent in the city. In all of the cities there are, reportedly, emergent gaps in skilled trades in construction. Within most of the core cities the buoyant nature of the local labour market means high turnover rates in low-wage and unskilled service sectors such as retailing and hotels. The general feedback from LECs and employers is increasingly that workers are not job ready and not customer skilled.

The Executive has the goal of full employment and ‘A Smart, Successful Scotland’ charged Scottish Enterprise with both spreading employment and reducing unemployment rates between areas (both within and between cities). It is already clear however that, after a period of success in the economy of most of our cities, labour shortages and mismatches have become more apparent. These issues have to be dealt with if Scotland, and the cities, are to grow faster. But before we assess policy possibilities, it is important to identify the important features of how jobs and work are likely to change in the decade ahead.

### 3.4.1 Structural Change, Shortages and Skills: Cities and the Decade Ahead

McGregor’s review of skill shortages in Scotland suggests that the deficits that concern employers are technical/practical (50), communication (30), customer handling (30), team working (25) and problem solving skills (20). Basic literacy and numeracy skills are more important than good soft skills in raising employability. This is a crucial difficulty for the adverse inheritance cities with poor qualifications performance from schools onwards. Ironically, 30% of Scottish workers are over-qualified for their jobs, essentially because they have high skills but deficient numeracy. This raises important issues about the outputs of Further and Higher Education. The growth in demand is for skilled, numerate employees, but the Scottish evidence, and this is truer in our cities than elsewhere, is that higher percentages of pupils leave school with no qualifications in languages or maths. Little or no growth in uptake of science and technology subjects has reinforced this trend. Of further concern, a disproportionate number of students in Scottish institutions, pursuing degrees in areas of science and technology which are crucial to the future of the economy, are from overseas and leave Scotland when they graduate.

Clearly, and literally, we need cities that count, but before we suggest potential routes to remedying this situation, it is important to consider whether these difficulties are short term or likely to persist. The general evidence on the future of work opportunities and characteristics is that to 2010 and beyond, the broad trends of the last decade will continue into the future. There will be niches for high-tech and specialised manufacturing, but there is little to suggest that the market will support extensive, labour-intensive blue-collar manufacturing. To do so would be likely to mean supporting, at high subsidy costs, enterprises that will be competing with comparative disadvantage against a host of emerging economies. The predicted growth sectors for the UK economy, for the decade ahead, are distribution/hotels/catering, financial and business services, education and health (including a massive growth in care services for the elderly and other services).

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These are precisely the sectoral expansions, which have favoured city employment growth in the last decade and fuelled existing shortages. There are likely to be many skilled and high wage jobs in such service expansion, but equally there will be sharp increases in the demands for less skilled, low wage service workers. But they will need basic skills and people skills to a greater extent than the present. This represents, with appropriate training, an enormous long-term opportunity to remove the inheritance of worklessness in our cities. Future Skills Scotland has now produced its first report on skill requirements\(^\text{18}\) indicating that Scottish policy will now be well-informed on these issues.

It is not just likely labour force numbers that are changing, but also the nature of work. More people are crossing the boundaries of public, private, and voluntary sectors in the course of more complex job careers. With more job moves in the life course and with more middle income households with two earners, locational decisions become more complex, requiring more diverse quality locations within cities. For instance, if less skilled low-income workers no longer have specific job certainties for the future, then they have to have a degree of locational flexibility, so that they can move around a city-region as their job location shifts. Council housing has, to a significant extent, been the home sector of many of our low wage households and Scottish cities are, by UK standards, distinguished by the extent of locationally peripheral housing estates. It is clear that for the future, such locations and house allocation systems may not best suit the poor who will have to change jobs and job locations. Equally, affluent households with two earners, both working in the city centre, have an enhanced incentive to relocate to city cores, and those with one partner working in one city and one in another have complex centre/periphery choices to make. Yet these new choices, dilemmas even, for households have not been adequately reflected in forward thinking for labour market and housing policies within our city-regions.

Different types of jobs and ways of performing them are also emerging as the knowledge content of work increases and new technologies for transmitting information emerge. This means more virtual jobs, with fewer people producing things and more managing knowledge and people. Ten years ago there was a concern that the emergence of new ICT would lead to a ‘weightless world’ which would unlock more households and firms from the ties that held them to cities. The fear was that home working and email would erode the economic base of cities and lead to a further drift to towns and the rural areas. The next section of the paper examines why cities have remained as key innovation/technology centres and how, ex post, ICT change has been city friendly. From the skills and jobs perspectives, the knowledge-based economy with innovation seems to require new and different work/employer relations, usually involving a lot more trust. The old free market economics thesis overlooked the fact that businesses often co-operate, often must co-operate, in strategic change processes and this requires more familiarity based trust and the ability to make face to face contact.

Cities provide such interactions but they also provide different options about when and how to work. International linking via ICT means that more and more workers in any time zone have real time interactions with colleagues in other time zones. That, and the capacity for knowledge workers to key into work systems from home mean that more workers can choose to perform their jobs when and where they wish. The end of 9 to 5 working for more and more people has important implications for our cities.

More people may choose to work at home (and recent survey evidence shows that 2.4% of workers in Scotland state they work in their own home or in the same grounds or buildings as home in their main job. A further 5% work in different places with home as their base. Of the remaining people a further 3% worked at least one full day at home in the week before they were interviewed) but still have significant ties to a core workplace which means remaining within the local labour market area. But there will also be more workers who will be looking for non-work activities, including shopping, restaurants and other services in well serviced 24 hour neighbourhoods. There are first signs of 24/7 neighbourhoods in Glasgow and Edinburgh, but they are struggling to emerge and we have to ask whether there has been enough thought given to the new ways of living that new ways of working will bring.

3.4.2 The Extent of Interventions

There has probably been no more extensive area of public policy development in the UK and Scotland over the last five years than measures to reduce unemployment, remove benefit traps and enhance skills and training through a lifelong learning approach. This explains much of why matters have improved in our cities over the last few years. Many of these programmes are recent, and given the local variety of actions and agents involved, there may be a need for an evidence based centre for evaluating and disseminating these policy innovations.

There are two particular issues about skills, in relation to removing the poor city inheritance, which deserve attention. These are the two early routes for young people, namely schools and the New Deal for the Young programmes. They are both problematic, particularly in Glasgow and Dundee.

3.4.3 Problems in Schools

Skill levels reflect, in part, the performance of the school system. It is important to stress that children arrive at school with different home backgrounds and different levels of fitness, and the Executive has initiated and expanded the Sure Start programme to assist poorer children from the outset. Therefore, without attributing particular causalities, it would appear to be the case that problems in schooling processes and problematic outcomes are more likely to prevail in a city than its suburban ring and to be more characteristic of poorer rather than prospering cities.
There are both similarities and important differences in relation to authorised and unauthorised absences (Table 3.3). Absence rates are below the Scottish average in Aberdeen, and higher than the Scottish average in both Dundee and Glasgow. Edinburgh has the third highest rate of unauthorised absence of Local Education Authorities in Scotland, even though temporary exclusions in the city and its hinterlands are much lower than the Scottish average. Clearly there are ‘city’ dimensions to difficulties in the educational process.

These process problems are also related to outcomes, though outcomes for state schools can be distorted by different proportions of private schooling provision across the cities, largely because parental income and private school status are strongly correlated. Currently 25% of secondary pupils being educated in Edinburgh attend independent schools (although some of these pupils will live outside of the city). This figured is high compared with the 12-13% of pupils in independent schools in Aberdeen and Glasgow. Exam results for independent schools (unadjusted for the economic and family backgrounds of pupils) tend to be extremely good, and significantly above those achieved in state schools. Performance, as reflected in test and exam results, varies across the cities (Chart 3.10). Results in Inverness are well above the Scottish average and the other large cities. In Edinburgh, Higher and Standard Grade results mirror the Scottish average and those of neighbouring authorities (however these figures are depressed, as a high percentage of children from better off families attend private schools). Pupils in Aberdeen also perform close to the Scottish average, whilst pupils in Aberdeenshire do considerably better. Pupils in Dundee have much lower levels of attainment than the Scottish average. Levels of attainment by pupils are lowest in Glasgow and well below the Scottish average; Glasgow pupils perform worse in exams at S4 and S6 than their counterparts in all of Glasgow’s neighbouring authorities (Chart 3.11).

TABLE 3.3: Percentage Absence in secondary schools 2000-2001

<table>
<thead>
<tr>
<th></th>
<th>% Authorised Absence</th>
<th>% Unauthorised Absence</th>
<th>Total % Absence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen City</td>
<td>8.6</td>
<td>1.6</td>
<td>10.1</td>
</tr>
<tr>
<td>Dundee City</td>
<td>9.1</td>
<td>2.3</td>
<td>11.4</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>10</td>
<td>3.7</td>
<td>13.7</td>
</tr>
<tr>
<td>Glasgow</td>
<td>15.2</td>
<td>1.1</td>
<td>16.3</td>
</tr>
<tr>
<td>SCOTLAND</td>
<td>9.81</td>
<td>1.54</td>
<td>11.35</td>
</tr>
</tbody>
</table>

There are both similarities and important differences in relation to authorised and unauthorised absences (Table 3.3). Absence rates are below the Scottish average in Aberdeen, and higher than the Scottish average in both Dundee and Glasgow. Edinburgh has the third highest rate of unauthorised absence of Local Education Authorities in Scotland, even though temporary exclusions in the city and its hinterlands are much lower than the Scottish average. Clearly there are ‘city’ dimensions to difficulties in the educational process.

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These patterns of difference are of the utmost importance to the future of our cities. Whilst the focus of the argument here is on how school outcomes may act as a drag on city economic performance there are other key dimensions affected. High levels of disruptive behaviour and low levels of school attainment are often linked to high levels of deprivation amongst pupils. Glasgow’s pupils are also, in aggregate, poor. In January, 2002, nearly half of primary school children (43%) in Glasgow were entitled to a free school meal, compared to an average of around one fifth of Scottish children. In 2001, less than 1 in 5 of the Glasgow S4 roll pupils gained 5+ Standard Grades at the highest grades, compared to a Scottish average approaching 1 in 3 pupils.

Parents and potential parents already have strong perceptions of how well or poorly schools perform. And where they have incomes they make choices to avoid sending children to poor schools. This is not simply the opt out into private schools, but the choice to head to the suburbs at the first patter of tiny feet or, within the cities, to pay over the odds for homes in neighbourhoods with better schools. There is clear evidence that these factors are well established in the housing choices that middle and upper income Scottish parents make. School outcomes distort not only employment prospects but also where people live and Glasgow and Dundee have most to be concerned about. School outcomes shape career possibilities and the destination of school leavers again varies across the cities. Pupils from the more prosperous cities are far more likely to enter Further or Higher Education (Chart 3.12).
Migration and employment opportunities also shape the stock of human capital available to employers in a city. However, given the relatively low levels of achievement and low numbers entering Higher Education, it is unsurprising that Glasgow residents as a whole have fewer qualifications than the average Scottish resident, whilst the figures are even more striking when compared against residents of Edinburgh (Table 3.4). In Edinburgh the high share and success rates of private schooling plus the high rate of job in-migration more than offsets the modest attainment rates of the state sector in preparing pupils for higher and further education. The average Edinburgh resident is half as likely to have no qualifications as the average Scot, whilst a quarter of Edinburgh residents have a degree – almost twice as many as the average Scot or Glaswegian. The patterns for the other Scottish cities are predictable given the school performance scores set out above. Dundee has a pattern more similar to Glasgow, 1 in 4 of Dundee residents have no qualifications at all, compared to 1 in 10 in Edinburgh, while someone living in Edinburgh is more than twice as likely to have a degree than someone living in Dundee. Residents of Inverness and Aberdeen have better qualifications than the Scottish average, while significantly fewer residents have none.

### TABLE 3.4: Qualifications held by Residents

<table>
<thead>
<tr>
<th></th>
<th>No qualification</th>
<th>O grade or equivalent</th>
<th>Higher or equivalent</th>
<th>Professional qualification</th>
<th>Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glasgow</td>
<td>28%</td>
<td>60%</td>
<td>48%</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>11%</td>
<td>72%</td>
<td>65%</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>Aberdeen</td>
<td>15%</td>
<td>70%</td>
<td>57%</td>
<td>13%</td>
<td>22%</td>
</tr>
<tr>
<td>Dundee</td>
<td>25%</td>
<td>65%</td>
<td>43%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Greater Inverness</td>
<td>16%</td>
<td>71%</td>
<td>60%</td>
<td>20%</td>
<td>16%</td>
</tr>
<tr>
<td>SCOTLAND</td>
<td>22%</td>
<td>66%</td>
<td>51%</td>
<td>14%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: Scottish Household Survey

What these difficult figures tell us is that there are key endogenous or reinforcing processes within our cities. Children born into workless households are also likely to be infants in rundown housing areas, or even in damp and cold homes which erodes subsequent learning and work capacities. As children grow up into the neighbourhood and its public services, there are often reinforcing peer groups effects that discourage school performance and attendance. Set upon the trajectory of adult life at low, often no skill levels, low wages, unemployment and benefit dependency beckon: the past of the poor destroying their economic futures.

Arguably poverty and social justice policies, let alone an economic strategy aiming for a wide base of science and skills, will fail until city schools become more effective. Schools, in many places, can validly argue that they will have difficulties in improving as long as the pupil inflow contains large proportions of infants whose capabilities have already been reduced by pre-school poverty. The Executive’s Sure Start Scotland is certainly needed. This programme funds a variety of projects which aim to help children from deprived backgrounds get the best start in life. The Scottish Budget 2002 committed an additional £31 million, augmenting total Sure Start funding to £50 million by 2006.

At the same time the Scottish Executive has recognised both the economic inefficiencies and social injustices of such yawning gaps in the wellbeing and performance of school pupils. Since 1997 expenditure on school education has increased significantly. And expanding commitments in relation to training and jobs all aim to attack this vicious circle at all stages of the life course.
3.4.4 Problems in New Deals

Difficulties persist when city children from the poorest areas progress from school into New Deal programmes. Take-up of the New Deal for Young People (NDYP) has been poor in some of the cities and the Glasgow figures are the poorest for Scotland. In Glasgow, 47% of leavers get a job, compared with 58% in Scotland. Of the 47%, a third have temporary or subsidised employment. Poor performance on NDYPs reflects both client characteristics (especially their low prior school qualifications) and the nature of the local labour market. Many progress to low paid service work in cities which is often short term and with no career progression and, in consequence, initial job successes do not last with the likelihood of trainees returning to benefit dependency. The contribution made by recent educational improvements and by the New Deal cannot be underestimated. However the city experience, where the inheritance of low skills and concentrated neighbourhood deprivation is so extensive, mean that more has to be done to raise the skills of school leavers. In all of this review, there is no figure that threatens the future success of Scotland more than the year by year poor school outcomes in Glasgow, Dundee and parts of our other towns and cities.

More could be done to ease the transition from school to work. The recent initiatives in Glasgow to 'augment the curriculum' so that secondary school pupils spend time with an employer learning work skills, and indeed ethos, as well as school skills is important in laying better foundations for post school experience. The extension of this approach from construction sector possibilities to emerging interest from the financial and other sectors implies a new membrane between work and school with firms engaged in aligning the education and skills of potential employees from an earlier age. The implicit contract involved in this is important and could be developed more widely, both in other cities but also in other areas of the education sector, including further and higher education.

It is important that the knowledge base of a nation or a city is not simply driven by the short term needs of business, but it is also important that we bear in mind that our firms face a shortage of workers with numeracy, literacy and personal work skills, whilst a third of our workers are over qualified but in the wrong ways for the jobs they do. This is indicative of major market failures in the interface between training and employment in our cities. Co-operation between businesses and training providers within the cities is an obvious strategy for reducing such difficulties, but there are other changes that might be made to improve the functioning of our city-region labour markets.
3.4.5 From Benefits to Wages

The likelihood is that many of those that are workless and low skilled will have, at least until they have managed to sustain some period of work, both low wage rates and more frequent spells of unemployment. In consequence, in the absence of other actions, they are likely to need to resort to dependence on benefits. Once benefit dependent they are, again, likely to face steep poverty traps, particularly where rents are high. In due course long term unemployment tends to evolve into high sickness and disability rates. It is in our cities, and in Glasgow and Dundee in particular, that this process is most pervasive. Glasgow has the fourth highest dependency rate of UK local authorities for working age people; in some wards of the city up to 35% of households receive incapacity benefit and up to 17% disability payments. In all of the cities social sector rents are significantly higher than other areas.

The Scottish Council Foundation has recently argued for the Full Employment City. The report rather underestimates present efforts and successes and does not recognise that there is a wider range of labour and other sector measures which will need to occur before there is any prospect of sustained full employment. However there is substance in benefit to wage measure arguments. The Scottish Executive has promoted a range of policies to raise skills and the demand for labour, but for the labour market to work significantly more effectively than at present, it is important that unemployment and poverty traps are further removed for low skilled workers and new skill ladders in the cities are catalysed.

It is clear that to facilitate access to work there are other key areas of policy and practice that could be re-examined, especially at the local level. Local transport policies and locations of employment for the less skilled need much more explicit consideration in local economic development policy. Travelling to work by public transport is often not an easy option for workers from poorer areas, say on the peripheral estates. They have long and complex commutes, and as local social rental housing allocation policies do not always give much priority to ‘change of job location’ as a reason for dwelling transfer then neither transport nor housing policies are effectively linked to economic and employment policies. Having skills and science are fine, but people do have to get to work.

3.4.6 Demographics, Mobility and Migration

If our city labour markets cannot re-engage the workless, and even if they do in Aberdeen and Edinburgh, then the interaction of sectoral development trends favouring cities with the predictable demographics for the next decade, as outlined in Chapter 2, implies a real difficulty. Current shortages of less skilled labour, for service workers and care providers etc., are likely to grow substantially. The big policy picture for Scotland for almost half a century and more has been a fear of shrinking employment opportunities and job shortages. Now the dominant scenario for the cities is likely to be growing vacancies and shortage of workers. We have to change our mindset to ensure that such shortages simply do not constrain and then deter growth in employment and real incomes.

**TABLE 3.5: Percentage Change in School Rolls by 2011**

<table>
<thead>
<tr>
<th></th>
<th>Primary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>-21</td>
<td>-11</td>
</tr>
<tr>
<td>Dundee</td>
<td>-21</td>
<td>-19</td>
</tr>
<tr>
<td>Glasgow</td>
<td>-19</td>
<td>-13</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>-8</td>
<td>-3</td>
</tr>
</tbody>
</table>

19 Scottish Council Foundation (2002) op cit
Changing school rolls indicates the future, endogenous demographics of each of our cities, leaving aside the potential for mobility and migration (Table 3.5). The school roll is expected to fall in all our cities. Taking these projections into account, the number of 20 to 39 year olds in Scotland is predicted to have fallen by around 15% between 2000 and a decade ahead from now. In broad terms, if nothing changes, neither the quality of school outcomes, nor the quantity of skilled labour in our cities, will sustain the realisation of ‘A Smart, Successful Scotland’ which reaches its full potential or its poorest people. The paradox is, it is the places with the largest proportionate stocks of unused labour today which will be most constrained by these tendencies. Aligning our economic aims with our current demographics requires change. Raising employment rates is an important possibility for cities but so also are mobility, defined as moves within TTWAs, and migration, including intra-Scotland moves, moves within Britain and international migration. We have to be clear about what we want for Scotland and how ambitious we want our cities to be. For there are feasible potential strategies for Scotland’s cities to compete for human capital and they need to be addressed soon.

Key strategic options include retaining more of our working age population within the cities. City statistics already make clear that cities have and will continue to have a disproportionately high share of Scotland’s 20 to 40 year olds. This reflects not only the function of cities as centres of Higher and Further Education, but also the specialised role of city housing systems in providing for the early stages of housing careers in smaller, higher density homes. The next chapter makes the case for an expansion in the construction of family homes within cities. This will help retain workers longer in cities; however the net effect for labour markets may be limited, as the majority of those who will now reside longer in the core would have commuted back anyway and, of course, any gain for the city would be a loss for some other area of the country. The real challenge is to reduce migration out of Scotland by those of Scottish origins, and especially net losses from the city-regions to the rest of the UK and the world. This is not just a case of retaining Scottish students graduating from HE and FE (which leaks the benefits of significant Scottish spending to achieve high education participation rates and skills to the rest of the UK and the world,) but also for retaining the less skilled as well. The labour market is likely to help adjustment by reducing the imperative for Scots to leave as income and employment rates rise as skill shortages bite. Such a migration turn-round has been at the core of recent developments in Ireland.

Reducing the departure rate of students and other young people who migrate to Scotland in significant numbers only to immediately leave when core job careers are considered is also important. We have to consider the extent to which other UK nationals, EU students and others can be attracted and encouraged to stay.

...the dominant scenario for the cities is likely to be growing vacancies and shortage of workers...
EU student numbers may grow significantly as the accession countries, the former Warsaw Pact countries, with strong traditions of science and numeracy in schools, enter the EU. Immigration policy is a reserved matter but we have to find more ways to retain overseas students, trained here in areas of skill shortage, who wish to remain. A strong case can be made for a ‘Welcome Here’ policy. The ‘Welcome Here’ approach would not simply permeate our thinking for those already here, studying in our cities. We need to recognise that we live in a world where skilled human capital is increasingly critical and because of this, we must develop an ‘inward investment strategy’ for human capital, for people. This could include new efforts to attract others from the rest of the UK – not least because the relatively high quality of our city-regions and the still considerable gaps in housing values between Scotland and southern Britain would allow movers both a rise in quality of city living but also the capacity to extract and use housing equity. We also have the opportunity to take a creative and purposive approach to absorbing refugees and asylum seekers.

The UK as a whole faces not just a skills constraint in growth but also a locational imbalance, causing pressures on land, housing and other prices and wage rates in southern Britain. For decade after decade inter-regional policy in the UK has placed emphasis on shifting firms and investment from pressured to depressed areas. Scotland and our cities are no longer all poor relative to the UK but we have a need to expand our population and we have space in and around our cities. It may be that the emphasis given in the past to capital to be applied to human capital and to pursue internationally competitive migration and mobility policies. A strong case can be made for examining the ways in which we promote Scotland abroad, not just to firms but to potential migrants and for considering how we increase access to our country and then ease the integration of ‘New Scots’. If we do so, our cities and the city-regions with expanding jobs, large scale HE and FE and high quality ratings will be at the core of the process. We return to this set of issues in the next chapter that focuses on cities as places to live.

3.4.7 New Skills, New Issues

Government policies, promoted by the partnership of the UK Government and the Scottish Executive are doing more than ever before to reduce worklessness, improve skills and ensure the fullest participation in and access to Further and Higher Education. And the cities are the key locations to deliver these programmes. However it is clear that with the key labour market challenge in Scotland’s cities now moving from reducing mass unemployment to attracting new workers, there will have to be major policy changes in the decade ahead. Raising school performance as school numbers fall, retaining more skilled graduates and attracting new Scots are all significant issues for detailed policy development and further action. There are however also more immediate policy actions which could improve the functioning of city labour markets. These include:

- The Future Skills Unit within Scottish Enterprise, which has made much progress in identifying overall and sectoral skill requirements, now needs to provide a prompt but informed assessment of the structures of and changes within our city labour markets; at present the level of local labour market information compares unfavourably with other policy sectors, for instance the useful and important local housing systems analysis provided by Communities Scotland, and this must leave doubts about the targeting and outcomes of training policies
LECs have begun to shift the emphasis of training policies from supply to demand and to providing more effective core skills, and better guidance and links to employers with better labour market information and more demand oriented programmes. LECs and local authorities, not just in the cities but across the city-region as a whole, could develop a more integrated labour market strategy linked to actions in schools, universities and colleges, transport and housing systems. Present administrative boundaries, particularly in Glasgow and the West do not help such an integrated approach as both council and LEC boundaries fragment labour markets and existing cross boundary initiatives should be promoted.

Further Education colleges and universities play crucial roles in shaping the supply of human capital in our cities; good partnership working will ensure that they are partners in the process of city economic development, though it would be fair to say that in our three largest cities the universities have been invited to play a much lesser role in that process than they would, say, in many North American cities. It is also arguable that the numerous FE colleges have no overall strategy to meet local needs; whilst recognising that there are wider national interests both Scottish Higher Education Funding Council (SHEFC) and SFEFC should be asked to ensure that the organisational missions they support lead to a coherent and co-operative set of provisions at the city-region scale.

Given the current shortages of IT skills in all of the Scottish cities there is a case that the ICT and core skill development training approaches undertaken in the Social Inclusion Partnerships (SIPs) should be made more generally available.

3.5 CITIES AND INNOVATION

The previous section emphasised the importance of raising skills in our cities and in using the cities as magnets to attract and retain more skilled workers for Scotland. Labour shortages may raise wages and incomes but they will also erode employment in export sectors unless productivity rises. A modern economy has to innovate to grow real incomes. In essence, the comparative advantage against emerging countries with labour intensive, low skill tradable goods is that the economic base of advanced economy cities will comprise high skill manufacturing and services, along with less skilled non-tradable services. For the tradable sectors, with faster technological change, mobile capital and deregulation, cities wishing to thrive have to encourage both up-skilling and innovation. Places have to be flexible and quick to learn from others and to be creative if they are to be sustained successes. What matters is not what you have today, even less what you had yesterday, but what capacities you have to change by learning and creating. Nothing stands still in the knowledge economy: it is both highly competitive and innovative. Already some of the emerging economies, such as India, are developing language and numeracy skills to compete for back office functions and call centres which our lower wage cities attracted in the 1990’s. A great deal of innovative performance is not about creating new sectors and radically new processes of production, though new waves are always welcome, but in improving what is already done, even done well.

Research and development, and the wider indicators of a knowledge oriented economy are associated with better economic performance at national economy levels. But we have to ask two questions of the city level. First, does the same relationship hold at the city level? And, second, is there anything in the existence and nature of cities that actually makes regions and nations more innovative? The first question can be straight-forwardly answered. At the level of individual cities Lever notes that European cities with a stronger knowledge economy are the ones which have a better competitive performance. The second requires a lengthier consideration.

20 Presentation to Cities Review Seminar: Cities as Places to Work.
3.5.1 Technological Change

A decade or so ago, as new innovations in electronics increased the capacity of computers and the cost of telecommunications began to fall sharply, a new negative view about cities emerged. As mentioned earlier, it was argued that the emergence of new technologies and low communication costs would reduce the need for face to face communication and that virtual communication would come to replace physical movement and reduce the significance of accessibility and propinquity. The emergence of this ‘weightless world’ would leave firms and workers freer in their choice of locations, not least because more and more of the knowledge economy involves the production of knowledge services rather than manufacturing, and this would begin to pull apart older cities. There are signs, however, that this futuristic vision was unrealistic. Cities have improved their relative performance as new ICT has emerged, it is clear that the vast bulk of email and telephone contacts are very local and reinforce face to face contacts rather than replacing them, and there has been no apparent rush of tele-workers away from the city. The ICT in Cities panel below describes why recent new technologies have been city friendly, partly because infrastructure for cabling is more cost effective in high density localities.

ICT IN SCOTLAND’S CITIES

Increasing emphasis on knowledge and information as business assets, coupled with the trend towards globalisation, in terms of both sourcing and marketing, has meant that the use of Information and Communication Technologies (ICTs) has become increasingly significant to building and sustaining a competitive Scotland. Evidence suggests that as the communications market has matured, productivity growth since the 1990’s has accelerated in IT related and IT focused sectors, as firms, taking advantage of expanding knowledge bases, are able to both reduce uncertainty and access new markets. Across Scotland connectivity to the internet is rising rapidly, with 69% of small businesses, for example, connected in 2000, compared to 31% in 1999. The rate at which businesses are embracing the Internet in Scotland is comparable to the UK figures, but trails USA uptake statistics. This proliferation of new technologies is creating a competitive edge for businesses that are willing and able to take advantage of these new opportunities.

Likewise, cities and city-regions, which are best placed to facilitate and encourage the take up of ICT, are also best placed to flourish. For the cities, this involves not only supporting continuing technological improvement through commercialisation initiatives and investment in R&D, as well as creating, attracting and retaining an appropriately skilled workforce but also maintaining a world-class infrastructure. An efficient telecommunications network is a prerequisite for enabling and promoting a successful knowledge economy in Scotland.

ICTs, once imagined as a means of erasing the differences that space makes, are ironically city-loving. This is largely because increasing reliance on knowledge interchange through face-to-face contacts have promoted cities as favoured places. For the new economy, the speed of access and the availability of Internet services are critical determinants of economic success, and to achieve world-class speed and flexibility, access to broadband services is essential. Broadband refers to a suite of technologies which enable an ‘always on’ or constant connection to the Internet, that allows information to be transmitted at rapid rates (at least 1.5MB per second). As these networks and services are provided largely by the private sector, infrastructure development has been commercial rather than strategic. This has meant that the network, particularly in terms of the fastest connections, is largely concentrated in high demand, densely populated areas, where returns are likely to be highest.

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With the exception of some remote islands, Scotland’s telecoms infrastructure is generally good, and certainly comparable to our European economic competitors. The cities are all connected to the modern fibre trunk network, which presently has the capacity to meet increasing anticipated demand in the short to medium term future. However, beyond the trunk network, the cost of installing faster connections rises; so fast access is only practical near the major switching centres. A number of different types of connection are available. ISDN coverage is relatively widespread. It is available for all businesses within 5 to 7 km of a local exchange; however it does not offer a constant connection and provides only limited bandwidth. As such, it’s utility to anything other than the smallest, least IT dependent businesses is limited.

The Telecommunications Network

Trunk network – links major telecommunications switching centres (very high capacity).
Junction network – links smaller exchanges to the trunk centres
Local network – links smaller exchanges to individual business

ADSL is an alternative that provides an affordable, higher speed option. It enables a constant connection, but is technically constrained in that it allows information download far faster than transmission. As such it is particularly suited to SMEs that receive more information than they transmit, for example, whilst browsing the web or accessing online audio-visuals.

Currently access to ADSL is concentrated in Glasgow, Edinburgh and Aberdeen, but is available in all five cities.22

Households covered by ADSL by Region (September 2001)

<table>
<thead>
<tr>
<th>Region</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lothian</td>
<td>56%</td>
</tr>
<tr>
<td>Strathclyde</td>
<td>41%</td>
</tr>
<tr>
<td>Grampian</td>
<td>30%</td>
</tr>
<tr>
<td>Central Scotland</td>
<td>14%</td>
</tr>
<tr>
<td>Highland</td>
<td>14%</td>
</tr>
<tr>
<td>Tayside</td>
<td>6%</td>
</tr>
<tr>
<td>Dumfries and Galloway</td>
<td>6%</td>
</tr>
<tr>
<td>Borders, Western Isles, Orkney and Shetland</td>
<td>Nil Coverage</td>
</tr>
</tbody>
</table>

Although the infrastructure in Scottish cities is of a high standard, the cost of connections is an important issue. In Scotland there has been a lack of competitive choice of wholesale providers, particularly in comparison to London and the South-East and other competitor countries. This has been compounded by distance related pricing, which particularly affects remotest urban areas. This has serious implications for Scottish cities’ ability to attract mobile capital, particular in the media and software sectors. Scottish Enterprise have developed a strategy to address an identified lack of competition and resultant prohibitive prices in the Scottish wholesale telecoms sector. Project ATLAS (Accessing Telecoms Links Across Scotland) will target large corporates and specialist high end users of bandwidth (such as ISPs) in Edinburgh, Glasgow and Aberdeen.

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22 23% of ADSL capacity is currently taken up. Uptake is concentrated in Edinburgh, e.g. Edinburgh Waverley exchange had 83% uptake
Moreover, there has been also a re-recognition of an older role of cities in the knowledge production and utilisation processes of economic development. It is important to distinguish two different types of knowledge, codified and tacit knowledge. Codified knowledge is ‘written down’ or ‘stated knowledge’ usually available through ICT or books. Codified knowledge is not then ‘secret’, it may have to be paid for but it is widely available. Having this knowledge may raise skills and improve processes but because it is widely available it does not contribute to any lasting competitive advantage; you need it to stay in the game rather than get ahead. It is about good practice rather than the innovative edge. Tacit knowledge is quite different. It is not written down and codified, it is understood, exchanged informally, often face to face, and it may be difficult to govern or exchange by contract and needs trust, but having tacit knowledge gives competitive advantage.

Innovation starts from a creative idea. But the production of new knowledge is characterised by extensive feedbacks, dead ends and abandoned attempts; it is a risky process with much spending producing no useable results. Some major ideas are fashioned in the laboratory, in isolation, but many more emerge in a more recursive process that often requires discussion and contact with trusted colleagues or may simply be driven by the random interaction of those with a similar point of view. Even the science can emerge more easily in networks of contacts. But after the creative idea has begun to take shape it may require contact with financial advisers, firms, potential customers etc. These processes, because they are usually economic interactions with highly uncertain returns for which it is difficult to write fully contingent contracts, require trust and this is fostered by networks of contacts. In a sense business trades in trust as well as currencies and it is the business and informal networks of the city that provide the ‘market-place’ for such interactions. Because they have rich and diverse networks of creative people and those who have the strategic capacities to go from invention to innovation, cities become centres of new ideas. Of course cities have to compete against each other to capitalise on the existence of these often unrecognised business assets. And it has become clear that other types of settlement structure can replicate creative network features. For instance in the USA both Silicon Valley and Route 121 (Massachusetts) both represent major non-city based creative cores.

3.5.2 Are Scottish Cities Smart?

Major cities have a capacity to be major innovative cores but this outcome is by no means assured. None of our cities has a cross-sectoral initiative to raise creativity in research, design, culture, policy or planning and there is no prescription or panacea to raise city creativity. This is an important issue for Scotland – if we are to be a world class innovation source, as ‘A Smart, Successful Scotland’ aims for, then we have to be sure that we have in place or can fashion the tissue of complex social-economic relationships which make places innovative and raise productivity. We can learn from history. For close to a century, from 1740 to 1840, Scotland was, arguably, the leading global centre for new ideas and a key feature of that ‘enlightenment’ was the considerable network of sociability and interactions (between business, the universities, the law, politics and the church) which underpinned it. Do our cities now constitute an adequate innovative ‘milieu’ and does it matter?

There has been a number of recent UK and European studies which have addressed the question as to why the bulk of innovation takes place in city-regions, but not all city-regions. Both Hilpert23 and Simmie24 have identified around 10 major European ‘islands of Innovation’. It is important to note that the majority of these major

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innovative zones are not whole regions but consist usually of at least two closely-linked cities, for instance Milan/Turin; Rotterdam/Amsterdam and Lyon/Grenoble and it is only the manifestly global cities, such as London and Paris, that can be major innovation systems without such close collaboration. Glasgow/Edinburgh does not feature in these lists.

Hilpert’s study of a decade ago concluded that innovation centres were characterised by having:

- Significant presence of at least three major techno-scientific fields and significant scale
- A concentration of at least 20% of national R&D expenditure with strong research institutions and enterprise, directly connected to the key nodes in the European linkage systems

Simmie has recently revisited these issues and drawn similar but more detailed conclusions. He argues that to have an inventive local capacity, to have a supply of potential innovations, it is essential to have high knowledge spillovers between businesses and between business and other institutions. The system has to operate on a sufficient scale to allow innovators to pick and mix different types of knowledge needed and this includes business services specialising in knowledge transfer, such as management consultants and lawyers. It is vital to have the right innovative sectors in an institutionally rich environment. These interactions are primarily about technical issues, supply linkages between firms and finance. Research also suggests a capital city effect, in that close political linkages or access can facilitate the resolution of legislative or public funding issues that may foster or alternatively hamper innovation.

However, he also adds that an effective capacity to potentially supply new ideas is not enough. It is also essential to have the right environment of local, national and international contacts, which allow for spillovers of knowledge about international market conditions, demand and opportunities. It is critical not to overlook the importance of uncertainties about clients, customers and international distributors, particularly in relation to potential demand and price. A successful innovation city-region provides not just a recurrent supply of ideas and prospects but is also connected to information about opportunities. Both are required to succeed. This analysis provides an underpinning for Buursink’s earlier observation that all of Europe’s major innovation clusters or places have an airport with significant international connectivity, and frequent and fast connections to other European capitals. Simmie’s provides the rationale why. High accessibility facilitates access to trade events, fairs etc., but also means easier informal face to face contact to reduce demand and information uncertainties that cannot be dealt with on the phone. Innovative cities need an international presence, not just overseas offices of development agencies but sustained numbers of Scottish business leaders and entrepreneurs having regular interaction with overseas collaborators.

We have to be sure that we have in place or can fashion the tissue of complex social-economic relationships which make places innovative...
3.5.3 Improving Innovation

The importance of innovation is now recognised at the core of Scottish Enterprise strategy. Approaches well beyond the previous, and successful, initiatives to promote city science parks are emerging, from New Technology Institutes to emphasising the high level research components in inward investment. However we are still a long way from city-region foresight and creativity strategies. It is important to establish how Scottish cities, though they do not currently appear as a major innovation concentration, perform on the different success criteria identified by Simmie and others and to identify possibilities and bottlenecks.

At present there are two major drawbacks. None of our cities could be described as well connected to major European cities, nor even other UK cities. The UK has a markedly low rate of corporate R&D, and Scotland lies below the UK rate with no Scottish city/city-region identified as a major European innovation region.

However the major components of a potentially major city innovation system are in place. Around a third of Scottish R&D is concentrated into the Edinburgh city-region, and if Glasgow and Edinburgh are considered as a possible pairing, this proportion rises to well over half; so there is at least the basis for a concentration (and that concentration could easily expand to encompass Stirling and Dundee). Additionally:

- we do have ‘capital city powers’ in Edinburgh
- we do have significant clusters in law, accountancy, advertising, business services and finance (including venture capital) which could facilitate knowledge transfer; ICT requires improvement
- we score strongly on indicators of the quality and productivity of our University science base; Scotland is in the global top three of science papers published per head of population; and Glasgow and Edinburgh, taken together, are the third largest regional concentration of University based research in the UK and in the European top 20.

We are, in effect, a globally significant centre of invention but as producers, and sometimes sellers of codified knowledge. Scotland’s Universities, now key organisations within our cities, largely invent for the world because the rest of the process which connects invention to innovation in our city-regions is either missing or disconnected. But the presence of that huge, effective science base makes it worthwhile to aim for something better. These actions have to be largely city-region focused because they are issues about local and international networks and contacts.

It is obvious that a rise in corporate R&D within the UK generally would help and that improving Scottish-European connectivity is an urgent priority (and not just in relation to innovation performance). A number of other actions could facilitate change and SHEFC and Scottish Enterprise have produced a joint report setting out important proposals to strengthen the links between Universities and the Enterprise sector. This would, they argue, involve:

- Encouraging innovation and best practice in all firms, inter-firm collaboration and quality circles
- Focusing business start-up policy on innovative and knowledge sectors
- Increasing research and spin-outs from HE
- Encouraging the use of ICT in local firms
Aiming inward investment attractions at the innovative and knowledge base sectors, Scottish Enterprise have also indicated that they intend to fund a number of applied science innovation centres to create a new science/enterprise interface in Scotland. The Executive has supported this idea in the Consultation Paper on Higher Education. Some consideration should be given to the location of these centres and how they could, collectively, add to our overall city-region innovation system rather than merely add to inventive capacity. Further, related actions might include:

- Making the business service/knowledge transfer sectors a key cluster
- Assessing how the global connections strategy of Scottish Enterprise facilitates innovation in Scotland, as opposed to inward investment
- Considering whether enough has been done to foster effective networks between business, science and government in Scotland at operational and city levels; certainly our business schools do not seem to play the networking roles that major US and European business schools play within their regional and city economies as a terrain to meet
- Developing a Vision exercise for each of our city-regions, and for a Central Scotland Foresight with a focus on innovation potential; this process should be designed to foster dialogue between business, government and the knowledge sector
- Ensuring that SHEFC has some sense of ‘city’ or ‘city-region’ vision and potential in shaping its support programmes and also ensuring that the knowledge sector is adequately represented on city partnership and enterprise boards; knowledge strategies for our city-regions seem absent or poor by best international standards

For the potential of our city-regions to be realised the science to invention to innovation process has to be better engineered. It is also important that some of the more traditional locational factors for economic development are not ignored. Small science starts often require very particular, customised kinds of property. And it helps if property has some campus interaction features and, usually, appropriate high quality net connections. The necessity for high quality, skilled science and business staff is also apparent. There is growing evidence that highly mobile skilled science staff put a great deal of emphasis on quality of life for themselves and their families in migration choices. We return to this set of issues in ‘Cities as places to live’, but this is not a major inhibitor for our city-regions.

For Scotland’s cities to constitute a major European innovation region, to be clusters capable of creativity and flexibility, we need to make significant changes to the local innovation system. The successes from being smart will be limited if we continue to be clever at invention, but less effective in innovation. It is unlikely that all of our cities could make this transition quickly but there is a major case for re-examining the prospect of an innovation region for Central Scotland, a triangle between Glasgow, Stirling and Edinburgh. In all our cities, there will be benefits from reshaping the nature of the links between the science, finance and business communities. But facilitating the requisite international connectivity may require a more geographically prioritised approach. We need to be innovative about our innovation system.
3.6 PROPERTY AND PLACE

3.6.1 Location Matters

Improved skills and better use of science are necessary but not in themselves sufficient to ensure future economic success for Scotland and the cities. We have already highlighted the importance of transport and accessibility. Academic research and market reports both emphasise the importance of property quality and availability, as well as the design and quality of more broadly defined business locations. Property and place can impact on whether or not firms choose to locate within the city-region as well as where they locate within it. Effective land and property markets are therefore critical in shaping successful places to work.

Scottish Enterprise has broadly addressed such issues through its Competitive Place theme. In 1996 their baseline study of 827 businesses in Scotland found that suitable property was the most common influence on location choice. Indeed, for firms already in Scotland, the rank ordering of factors influencing location choices were property costs, property availability, road access and then skilled labour. The University of Glasgow survey for 2001, cited earlier, rated property costs and availability as important influences on competitiveness, along with macro-economic conditions, management quality available and (poor) infrastructure.

These property and infrastructure factors may be shaping the micro rather than regional choices of firms, but the net outcome of surveys suggests that firms were as much concerned about the quality, availability of and price of property as of labour. Given these observations, and indeed the business perspective on transport, it is arguable that property, location and access have been given less attention in city, and Scottish, economic development policy in recent years than was required. The factors that Begg, cited earlier, labelled as the ‘business environment’ (transport, facilities, premises, city quality) continue to be seen as important by Scottish Enterprise.

There are difficulties in identifying precisely public sector expenditures on property and environment over the last decade, as programme definitions and headings have changed. However, it appears direct spending fell towards the end of the 1990’s. This fall in spending can be attributed to a number of factors including a changing approach to working with the private sector property market. However, other agents in city development have come to see ‘property’ as being lower on Enterprise agendas and in consequence they perceive funding and policy gaps in city-region economic regeneration, though this perception may now be less fair than at the end of the 1990’s.

This difficulty is exacerbated because the private sector of the property development, financing and management sectors have had considerable difficulty in interfacing effectively with the Executive. In general, economic policy thinking for Scotland has paid less attention to the structure, stability and effectiveness of the property sector, either at Scottish or city-region levels, than the labour market. The Framework for Economic Development in Scotland did recognise the issues of the geographic structure of the economy and ‘A Smart, Successful Scotland’ did emphasise the importance of reducing inter-area differences in economic performance. But it is recent Executive work on strategic planning and this document on cities which has built on earlier thinking to relate labour and land issues. Too often the main interaction between the property sector and the Executive is via planning challenges. This marginalisation of the sector is unfortunate in that ideas for city change, of course often self interested, abound in the sector, as does much tacit knowledge about how Scottish cities are changing. There is space for a much more constructive
dialogue in the future. The issue of better future organisation of policy is discussed in the concluding paragraphs of this section. The prime purposes of this section are to identify key patterns of the property market, whether some of the outcomes are problematic and what are the major policy challenges the Executive faces.

3.6.2 Developing Patterns

City-region labour markets are not a single market but a connected mosaic of sectors defined by geography and occupational sectors. City-region property markets equally comprise a multiplicity of sub-markets. Clearly location is important in whether one site is a substitute for or competitive with another, and of course land is differentiated by its quality/contamination and planning status whilst existing property is defined by size and broad use class, such as retailing, industrial, offices and residential. What matters for city economic development is that the systems that plan, finance, build, sell, manage and renew property in our cities are responsive to the changing demands emerging from corporate and consumer spending patterns. Slow and limited response is likely to retard economic development with rising property prices. Truly competitive cities require, however, that the property development sector has not just an efficient response capacity (its flexibility) but also the ability to envision how to use places and locations in competitive ways (its creativity).

Although there has been a recent development, at the instigation of Scottish Enterprise, of better, policy-relevant databases regarding land and property in Scottish cities, much of what is known is still only available at the Scottish level. Over the decade to 2001 the Investment Property Database (IPD) shows that the key features of the Scottish property market, which is primarily located in the city-regions, were that:

- Scottish retail outlets had produced annual returns above the UK (at 12% versus 11%), with more stable retail growth over the decade;
- Scotland, in 2000, was one of the few UK regions where institutional investors were increasing the value of their investment in retail, continuing an increase in the share of UK retailing portfolios held in Scotland since 1994 (to 9% of the UK total);
- Office rental values declined in Scotland from 1990 to 1996 and then recovered through 2000, largely reflecting the dynamism of the financial sector in the cities;
- Rental growth, for offices, was led by Lothian until 1999 and then Strathclyde;
- Institutional investors appear to have treated Scotland similarly to an English growth region over the decade;
- In the industrial rentals sector (with manufacturing a minority activity and largely comprising distribution/wholesale etc.), rental growth was strong and showed little variation across the city-regions; and
- Industrial sector returns in Scotland have been both high and stable, and over the decade the total return of 14% averaged some 2% above the UK. However, unlike offices and retailing, the share of industrial property within institutional investors’ portfolios remained steady after 1994.
The Scottish Enterprise funded SPM Report provides more detailed geographic analysis but only for more recent years. In 2000-2001 they reported significant levels of industrial property market activity in all of the cities; in Glasgow they reported a sharp increase in the take-up of smaller, modern spaces suitable for telecomms and high-tech uses and they cite even stronger activity and pressures in Edinburgh, especially near the next generation of cabling routes. Edinburgh pressures were reported as driving demand out into the Lothians and into Fife. Aberdeen was recovering from the 1990’s oil slowdown and in Dundee there was significant take-up from local firms looking for larger properties.

In other sectors they note significant signs of pressure in three of the four largest cities, with more local issues in all of them. There was a general shortage of office accommodation in Edinburgh, especially of larger, open plan and city centre spaces. Glasgow had less obvious general shortages but a shortage of grade ‘A’ office space with a larger foot-plate. Interestingly agents reported that investors were reluctant to fund major new investments because of the high levels of vacant land in the city, but they are attracted by relatively high yields on existing products. In Aberdeen there was a shortage of modern, flexible office space. In Dundee there is an apparent over-supply of larger non-central offices, but a shortage of smaller city centre suites. Clearly property market outcomes and issues vary markedly from place to place (and they also shift over time as markets respond). Prime office rental costs, per sq. foot in 2001, were £30 in Edinburgh, £23 in Glasgow and £17 in Aberdeen. Yields, for investors, appear to be broadly similar across the different cities.

3.6.3 Problems and Potentials

Are these property outcomes adequate to support a smart, successful Scotland? The ESRC study of Glasgow and Edinburgh indicates quite high satisfaction levels with business space. Property costs, when London and Paris are taken out of the analysis, across north European cities are rather similar. Weatherall, Green and Smith report in 2000 that Edinburgh lay second behind Stockholm and Glasgow lay fifth, behind Amsterdam and Dublin but ahead of Brussels and Copenhagen. So whilst there is little empirical Scottish support for the argument that London-based market failures disadvantage regional centres within the UK, a number of concerns emerge from this analysis. Our major cities are not low cost property locations vis-à-vis major European competitors and we should understand better why this is the case.

There are persistent shortages that cause firms concern and they differ across our cities; Aberdeen cites a shortage of business parks; Glasgow reports excess demand on developed brownfield sites and, in conjunction with others, a need for customised and high tech spaces. In Aberdeen and Edinburgh there is a perception that the amount of land zoned for development is too restrictive and limits development and in all there is a perception that the accessibility of brownfield and greenfield sites to public transport is neglected in decision taking. The observed rental differences between East and West Central Scotland, allied to Gibb’s argument that rental growth rates in Glasgow have exceeded Edinburgh over the period since 1972 (expected rental growth is the key trigger to development activity), should have induced more east to west adjustment. The reported developers’ fear that any investment they might make would be undermined by more activity on the abundance of vacant sites, could constitute a significant market failure in the regeneration of Glasgow. In all of the cities there was a concern that some central city areas required better services and environmental improvement to raise their attractiveness.

Gibb’s review of the property factors in city competitiveness for the ESRC Cities Programme identified two general issues about how we think about property policy. First, regardless of whether brownfield or greenfield development is taking place, he argues that there should be a much better integrated approach to providing places to work. Property provision, if the site is to attract business, needs to be accompanied with modern infrastructure (often electronic infrastructure), appropriate roads and public transport access (including a much greater willingness to create new rail stations near to major new zones), and to provide and maintain good landscaping. Secondly, if the emphasis for the future is upon economic flexibility then thought needs to be given to how our property systems could be more flexible. For the future, firms need more flexible properties, more flexible leases, intelligent buildings, better ICT etc. There is an argument that too much of our city centre office space in our key cities is constrained by history, not just in Edinburgh’s New Town but in the small office footplates induced by the grid-iron streets of central Glasgow.

3.6.4 Policy Concerns and Key Challenges

The Executive, in recent statements about planning policy, has made clear that it is not enough to have exciting visions and extensive plans, for either statutory or non-statutory plans. It is also imperative to have an action plan: setting out targets, key dates, resources needs and key actions. In that approach, both to statutory structure plans or specific project masterplans, delivery will depend on the demands, beliefs, resources and competencies of the development industry. A delivery oriented approach in planning will require us to have a new and more detailed sense about the city-region property development sector, and arguably a property forum could contribute insight to local community and city-region structure planning. But it will also require the Executive to examine its conception of the roles of and priorities for the property sectors in our city-regions. It will be important to lay to rest Gibb’s criticism that ‘Property policy has had a lower priority in the past, policies seem incoherent and disconnected from economic development policies and greater clarity is needed in national/regional planning signals’.

Within the established frameworks of planning policies, the essential thrust of ‘property policy’ is that markets should lead change and that policy action should be to reduce or remove market failures, largely induced by poor information and perceived risks. In that respect key dimensions of policy should be to deliver the remediation of contaminated land, to provide significant amounts of local market information and to provide types of property or developments in locations where latent demands exist, but market developers do not provide (because of poor information).
However this is a limited view of policy. Where multiple users of land exist, and indeed multiple owners, there may be an uncertainty about actions which leads to either no development or sub-optimal change. In this context it is important for the Executive or other agencies, or local government or communities to provide the impetus to establish a new vision for land and property, for places, and often to provide the co-ordination frameworks to stimulate development. These issues, regarding land, property and regeneration more generally, are discussed in Chapter 8 which discusses governance and vehicles for action.

The key policies which affect the development of land and property in our cities stem from different levels of government (EU structure funds and state aid policy, UK tax policies, Executive spending and regeneration programmes, local authority spending etc.). In recent years the potential for tax reliefs has increased though it is arguable that local policy within Scotland has failed to develop appropriate vehicles to depend less on Enterprise spending and benefit more from UK wide tax reliefs. The 2001 Budget unleashed a potential for £1 billion of tax expenditures for ‘inner city areas’ over the period to 2004/5. In broad terms, Scotland could expect around £100 million of benefit. There is a case for examination of how these measures are impacting Scotland, indeed whether the general set of property support measures is achieving objectives effectively.

Gibb and others 27 have posed critical questions about the efficacy of this fiscal effort in our cities. He asks whether much of the aid is simply capitalised into land or rundown property prices. He stresses that local policy projects, or even private projects, usually have to access multiple funding sources and different tax schemes and this involves overcoming complex bureaucratic hurdles. He suggests that something simpler is needed. Business wants fewer bodies and clearer leadership. He also argues that much of the aid is not to redress market failures but simply to defray higher costs that arise in dealing with bureaucratic decision lags and to deliver higher subsidy to the user.

A range of policy and property agents in the course of the Review put these points to us. We believe that they are valid questions but we are not convinced that the evidence currently exists in any systematic or coherent form to answer the questions posed. This must change and we must be able to explicate and defend the property supporting policies which do exist, for the sums involved are considerable. We also need to know much more about the attitudes and aspirations of the property sector within our cities and to understand the importance of local expertise and interest.

This section has, so far, highlighted three main challenges for the Executive in relation to the functioning of property markets in our cities:

- How to build on recent developments in planning and this review and to find a new forum for discussion with the property sector
- How to set local property initiatives and policies in the appropriate planning framework and to encourage effective delivery vehicles (see below)
- To examine the value, impact and organisation of the wide range of property subsidies now available to developers

Before concluding this discussion it is important to consider how to deal more effectively with vacant and derelict land in the city-regions. The issue of improving services and environments for business within selected districts of our cities is discussed in Chapter 5.

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3.6.5 Vacant and Derelict Land

The processes of urban change, and regeneration, largely revolve around the effective functioning of labour, property and land markets. The outcomes of these processes do have social and environmental justice implications that raise policy questions, but the actual market processes themselves may involve market failures, spillovers and externalities which may require policy intervention. It is important to separate these economic efficiency and social justice questions, though this has rarely been done in debating brownfield land issues in Scotland.

Urban change often involves changes in land use. That change process will usually involve some degree of market churning in which there is an ever changing, small stock of vacant land. The concern in this paper is with land that remains unused in the longer term. Where a city is in decline then it is probable that some land previously used for some intensive land use purpose, such as retailing or even residential provision, may revert to unused space. In that instance unused land may reflect the operation of an efficient market and as long as the unused land does not have adverse effects on neighbours and other urban residents, then it does not constitute a policy problem. The policy cases arise when:

- the vacant land has visual or environmental characteristics or attracts informal uses (dumping, petty crime, vandalism, drugs abuse) which have negative effects on neighbours, imposing on them what have been labelled environmental injustices
- the vacant land persists whilst there are shortages of generally similar land within the city, implying some market failure (for instance potential developers have extreme uncertainties about the costs of remediation and/or about the likelihood of attracting users for property developed). Vacant land acts as a deterrent to property development generally within the urban area
- The vacant land in the city persists whilst greenfield development occurs. This compromises the benefits of a compact city, incurring environmental losses, increased commuting and travel costs.

There are then, complex economic, social and environmental arguments involved. NPPGs, and a variety of Scottish Executive strategies have largely accepted the compact city view and stress the importance and desirability of redeveloping ‘brownfield’ sites. This approach is intended to ensure not only an adequate supply of appropriate land for development, but also to contribute to sustainability targets, whilst minimising the negative impact of abandoned sites.

There is, unsurprisingly, brownfield land in all of Scotland’s Unitary Authorities. Within the cities, the amount of brownfield land in Aberdeen, Edinburgh and Inverness is limited enough to constitute a reasonable rate of ‘churn’. However, Dundee and especially Glasgow (and the adjacent area of North Lanarkshire) have extensive areas of brownfield land. The intensity of the problem is an issue in both of the cities. 8%\textsuperscript{28} and 4.2%\textsuperscript{29} of the land area in Glasgow and Dundee respectively is either vacant or derelict – the first and second highest concentrations of any Scottish Unitary – however it is scale of the problem in Glasgow which constitutes the most demanding challenge. Although Dundee contributes just 3% of the total Scottish brownfield stock, Glasgow accounts for 13%. Only North Lanarkshire, with 18%, contributes more significantly to the national scale of the problem.

\textsuperscript{28} Scottish Vacant and Derelict Land Survey SVDLS 2001
\textsuperscript{29} The Dundee SVDLS figure has been revised from the 2001 data. Consideration of the data for the Cities Review Working Group highlighted that a dramatic increase in vacant land in one survey year was a typo. The survey will be corrected in the 2002 return.
The nature of the problem in Glasgow is also qualitatively more compelling. Whilst some of the land classified as vacant in Dundee is actually clean open space (in active recreational use), both levels of contamination and visual blight are more significant in Glasgow. Brownfield land is not only apparent close to the city centre, detracting from the increasingly vibrant core, but spreads along the river and throughout some of the most deprived residential neighbourhoods. Although there has been a recent fall in the stock of vacant land in the city, the intended demolition of up to a further 15,000 council houses over the next decade is likely to both raise and disperse this total.

During the Review, it was acknowledged that there was a need to address the brownfield land issue in both cities. There is a range of evidence, some of it rather patchy, which confirms the policy arguments for intervention:

- There is clear and longstanding evidence that vacant and derelict land is close to poorer households and that they do see it as a major negative influence on their wellbeing, constituting an environmental injustice.
- There is evidence that more affluent households locate elsewhere to avoid derelict land and property.
- There is evidence that some of the households who leave the city for the suburbs would locate within the city, indeed on former brownfield sites, if new developments were large enough to constitute neighbourhoods with good schooling and a sense of security (a market failure in residential provision, frustrating compact city objectives).
- There is clear market evidence that developers fear the risks of high costs of decontamination. As discussed above, recent survey evidence from the ESRC cities research also suggests that the plenitude of vacant sites simply provoke concern amongst developers that profits will be threatened by future similar developments on the many alternative nearby sites.
- A number of evaluation studies in the city, from the GEAR assessment onwards, have revealed that small and medium sized businesses place great value on the modern property and better, more secure environments produced by brownfield redevelopment; recent evidence is that the end-user demand for such sites has out-stripped the developer’s propensity for risk in renewal.

3.6.6 Recent Approaches in Glasgow

In the past the reclamation and regeneration of vacant/derelict land has been a key responsibility of the City Council and the Enterprise Network. Communities Scotland has extensive powers to deal in and improve land but they have never been used. Although recent initiatives to encourage redevelopment have been partially successful, there is concern about whether progress can be sustained, as the least constrained sites have been redeveloped first. More importantly, these efforts have had limited impact on the sheer scale of the problem. There are currently 1,402 hectares of brownfield land in Glasgow. This figure reflects a reduction of just 129 hectares over the last 6 years. Over the period, this equates to a decrease at roughly the same rate as the reduction in Scotland as a whole, but given the intensity and the scale of the problem in Glasgow, it is nowhere near fast enough. Over the 6 year period, between 117 and 134 hectares were brought back into use each year. The reduced amount of total vacant and derelict land has however been achieved, not by bringing sites back into use, but the slowing rate at which new sites were added to the survey. In 2000 and 2001, only 33 and 36 hectares were added respectively, compared to an average of 100 hectares between 1996 and 1999.

The ‘stock’ of vacant and derelict land therefore remains a significant problem.

Of particular concern is the high volume of sites which have remained vacant or derelict for considerable periods of time. Although the scale of brownfield land in Glasgow arguably requires sustained effort over a 10 year period, attempts to tackle the issue have been episodic at best. Levels of GDC/LEC funding have varied with shifting priorities over the years. Nevertheless, there was a significant reduction in the amount of vacant and derelict land in Scotland between 1993 and 2001 – a fall from 15,400 to 10,607 hectares – and it can be argued that the most significant issue is the high concentration of vacant and derelict land in Glasgow and North Lanarkshire.

Funding for ‘greening’ initiatives is also an issue. The supply of brownfield land far exceeds anticipated demand in the foreseeable future. The Structure Plan and Local Plan identify the Green Network where the treatment of such land is a priority. However, although it is widely accepted that ‘greened sites’ contribute to environmental justice targets and promote investment on adjacent sites, greening has been given reduced priority in recent years in terms of LEC spending priorities. This has severely impacted the amount of land improved over the period (Chart 3.13). Since 1996/97, data has been collected on the amount of land suitable for greening compared to actual up-take. This figure has typically been less than 5%.31 Currently, total funding for greening is around 10% of funds devoted to greening at the height of GEAR and other initiatives in the early 1980’s.
If funding is a key issue, so is the establishment of a shared vision. It was argued by those involved that there has been no strategic approach to land renewal within Glasgow over the last decade, at least. The LEC brownfield sites programme, though successful in its own terms, was essentially opportunistic – and a more integrated approach would have been beneficial, as well as more attention to the ‘where’ issue in local economic development. There have been major mismatches between intended and actual uses. The proportion developed for home ownership, supported by GRO grants, has been significantly higher than planned for.

Although there is a well regarded Structure Plan and Development Plan for Glasgow and Clyde Valley, there has been no mechanism to fit land renewal projects in Glasgow into the structure plan nor to approach them in master-planning fashion. Crown Street has, until now, been the exception rather than the rule in delivery, though the city council have now espoused a wider use of master-planning. Further consideration could be given to how an agreed land renewal strategy, involving all of the key actors effectively, will be developed and then delivered. Not least of the issues involved will be how wider city developments will be related to proposals for regeneration of the Clyde corridor, where a substantial share of vacant land in the city lies. At the time of writing more work is required to put in place a comprehensive development strategy.

Although Glasgow constitutes the most significant challenge, it also presents a significant opportunity. Increasing employment and growing business sectors have increased the demand for land for commercial development. Concurrently, increasing household numbers and a growing appetite for city-centre living have also created demand for residential development. The availability of land may therefore potentially contribute not only to economic growth, but the creation of socially mixed residential areas, which provide a variety of housing type and tenure, attracting higher earners and families back into the city. Such development would also contribute to sustainability targets, for example, by reducing commuting distances etc. The issue for the Executive in Glasgow, and by implication Dundee, is not whether or not to take action but what to do. In the 2002 Scottish Budget, the Executive acknowledged the importance of this challenge by committing an additional £20 million to tackling vacant and derelict land over the next three years. This represents an important opportunity, not least because the additional funding is very much needed, but also because it provides a fresh chance to galvanise the attention and efforts of the agencies and other players involved in land renewal.

The arguments and evidence presented above are not new but have been recognised for almost a decade. And for more than a decade there have been central government policy mechanisms and levers to deal with this issue, particularly the land renewal and environmental programmes of Scottish Enterprise. But a decade on this problem is no better, there is a widespread view that there is an under-provision of commercial space whilst subsidised residential development plays an end role much greater than often intended and, at the same time, there has been little sign of the renaissance of family housing in the city. The additional £20 million is an important first step.
3.7 CITIES WORKING BETTER: ISSUES OF BALANCE

There are important new sectoral and geographic patterns emerging in Scotland’s economy and if the nation is to maximise growth and raise productivity policies, it will have to evolve to a new balance. This chapter has identified how the damaging legacy of the past is receding in our cities with new products, processes and policies emerging. However there are places within our cities, especially Glasgow and Dundee, where renewed efforts have to be made to transform the problems of unused stocks of land and labour into new potentials that will expand opportunities. There is already much evidence in Scotland’s cities that such transformational change is not just a possibility, but for many already a reality.

Recent national economic policies have created a context for cities, and other places, to thrive. The Scottish institutional framework for city economic development, which shows significant differences from the approach in England emerging under the Regional Development Authorities (RDAs), is strong in linking training, and Higher and Further Education to local economic development. Property and land roles may require some revision. However the really important shift of emphasis will be for the framework of thinking for city economic policy to expand beyond the current emphasis on training for the unemployed and new firm formation. Whilst training will continue to be important, it is more likely to be in the context of vacancies and worker shortages and it will be only part of a wider human capital strategy that will involve retaining more graduates and attracting more skilled, mobile human capital as well as providing opportunities for new Scots at all skill levels. Cities will be important in these attraction and education and training processes, and they will have key roles in new science and innovation. But these human capital measures will have to be set in a better informed approach to the modern role of ‘land’ in economic development. Sites, services, accessibility, transport and other infrastructure are all part of the ‘land’ offer that makes cities more or less attractive. A more coherent approach in these matters, aligned to a clear economic component in national and city-region spatial planning, could generate a more elastic supply of appropriate property and raise productivity.

Other balances could change. There is a case for more private engagement in the development of the economic vision for each of our cities; public bureaucracies still dominate the discussion. There needs to be a shift from reactive to creative policies for cities. However the most obvious balance issues will revolve around the questions of spatial imbalances that are set to change over the decade ahead. In very general terms we believe that a new landscapes of gaps in wellbeing is becoming apparent. It is well recognised now that East Scotland is growing faster than the West. This review makes it clear that city cores are now doing much better than in the past, though acute inheritance issues cannot be ignored, and that they have positive economic prospects for the decade ahead. A number of
spatial balance issues emerge from these two trends. Much greater thought needs to be given to the national and regional accessibility problems and possibilities of Aberdeen and Dundee (and also Inverness) if future prosperity and employment are to be maintained there; Dundee is experiencing difficulties and Aberdeen needs to adjust whilst it is still prosperous.

Some calls have been made to end economic development assistance in Edinburgh and the Lothians and shift resources to the West. Before acting on such claims the Executive has to take a longer and harder look at the costs and benefits of different spatial development patterns. Assistance in the East may be required to deal with the costs of growth, or the problems of success; and this may be growth or success which would, or could occur elsewhere in Scotland. Equally it would be naive to see Glasgow simply as a valve for overheating from the East; it is a large and expanding economy in its own right.

There will have to continue to be a considered judgement on the balance of support between Glasgow and Edinburgh and they will inevitably compete as places for particular firms and activities; however much more explicit consideration needs to be made about when it is best to view Central-Scotland, or indeed an urban functional triangle that runs from Aberdeen to Glasgow and to Newcastle, as the relevant market or planning area. This issue runs through much uncertainty about innovation systems, air routes and the like, and could be better resolved.32,33

Cities have been recovering because they have distinctive assets that meet modern requirements of business, especially service industries. Smaller, older towns that are losing their industrial economic bases have less clear futures. A decade from now, if present trends continue, Glasgow will (at least proportionately) no longer be Scotland’s great urban problem; rather it will be the smaller towns of the west. From the Clyde, out through East Ayrshire, down into the south-west and across to Argyll there is a wide arc of towns that will be losing some of their economic base, but will be unable to compete with thriving service growth at the core of the city-region. We need a new vision for towns, set in the context of their city-region to deal with these emergent issues. It is always difficult to predict precise patterns of spatial change. However it is clear that the Executive will have to continue to think about how cityness affects national economic potential and to address a shifting pattern of gaps in wellbeing. For we can say with certainty there will be gaps.

4.1 BETTER CITIES FOR ALL

4.1.1 Demands on Places

The previous chapter was concerned with the economic roles and potentials of Scotland’s cities. The future offered the prospect of reductions in worklessness and income growth but with significant inter and intra-urban inequalities. Major policy efforts to reduce inequalities, and to reduce or remove the causal factors that reinforce ‘the gap’ are required. This review does not intend to downplay the importance of problems that face too many residents in all of our cities. Just as the economic performance of Scotland’s cities varied, equally there is diversity in the quality of cities as places for the diverse groups that use them. The city is the terrain on which we meet family and friends but above all have the prospect of wider ranges and networks of social and personal contact. Cities are where we recurrently meet and mingle. Whether and how we do so is influenced by the activities available and the character and accessibility of the built environment. Pleasant and safe surroundings encourage interaction. The city reflects our private choices about homes and travel and how to spend time and money. But it also reflects, and shapes, how we behave socially and whether we are at ease with each other.

The real hallmark of a city is its diversity; large city scale permits social and economic variety. Variety can facilitate progress and change. Scale allows internal differentiation within a city so that overall diversity may be reflected at the local or neighbourhood scale as different, specialised places. The city exists as a set of different districts and as a rather complex patchwork of neighbourhoods. This mosaic may reflect differences in preferences, for example two-adult, affluent households can be found in the outer and inner suburbs, and in renovated city centres. However the city mosaic is also shaped by differences in incomes. Inequalities in incomes are sharply reflected in the housing locations, tenures and qualities that face the poorest and richest Scots within our city-regions. In examining city issues it is important to interrelate people and place policies. This is not just a matter of fostering well functioning neighbourhoods, but also assessing how the range of neighbourhoods serves the interests of different income, age (places that are ‘good’ for childless couples may be ‘awful’ for teenage children), ethnic and other minority groups. We have to be sure that allowing space to be different does not leave room to discriminate.

In this chapter the emphasis is upon our cities as places to live, whilst the subsequent chapter considers the interests of other groups, such as tourists and shoppers, although there are of course mutual interests. The next section examines overall ‘quality of life’ in Scotland’s cities, to set a comparative context. The housing systems that underpin residential choices are then examined and this is followed by identifying the features and patterns of neighbourhoods in our cities which influence where people choose to live and how satisfied they are with the outcomes. Particular attention is paid to the effects of school provision and crime on neighbourhood choices and satisfactions. The chapter then concludes with a brief review of the challenges posed by present patterns and processes.
4.2 THE QUALITY OF SCOTLAND’S CITIES

4.2.1 Indicators for Change

The previous chapter noted the absence of any systematic benchmarking and monitoring of city economic performance. Consistent, regular measures of city quality are also desirable. They would have to embrace the price, quality and variety of private spaces, the quality of amenities and facilities, and their accessibility, as well as the quality of the built environment and the public realm. Indicators of the costs and availability of systems for connecting within the city and the ease and ‘buzz’ of social contact are also required. The Executive has made considerable progress in recent years in identifying milestones and indicators for key programmes and is working to improve Neighbourhood Statistics and encouraging local authorities to improve information in relation to housing and other services. However there is clearly a case to be made for the development of a set of key city, and city-region, ‘quality’ indicators, potentially drawn from the presently extensive, if dispersed data already collected by a range of bodies.

This review has worked with what is already available. To set Scottish cities in context it is essential to note that they are not only growing as economic locations, but, as noted in Chapter 2, expanding as housing demand locations. Household numbers are generally rising within the cities. More owners and renters are choosing to live there. Whilst it is important to recognise that some neighbourhoods are declining in quality and occupation rates, they are atypical. It would be wrong to claim, as some have for English cities, that there is a process of middle-income ‘flight’ from our cities although there is significant out-migration of such groups. It would be equally wrong to pretend that all is well within the cities and that there is now a universal urban renaissance ongoing. City issues are of sufficient importance that they deserve a less general, more evidence informed approach.

Assessing city quality is notoriously subjective and contentious. However recourse can be made to some of the indicators from the European Urban Audit, which was completed by the EU in 2000 and only included Glasgow and Edinburgh as Scottish cities, and to a range of peripatetic surveys of the ‘quality-of-life’ in British towns and cities.
4.2.2 Europe: Neither Best, Nor Worst

The European Urban Audit was a good attempt to follow earlier World Bank and OECD work on cross-city indicators. None of these approaches appear to have touched urban policy in Scotland. The results of the audit should only be used to open discussion and promote further analysis, because the statistics have comparability limits. The match between functional cities and statistical collection areas clearly differs from city to city, countries vary in their definitions of items such as housing quality or recorded crimes and census or data collection years differ from place to place. Scores on some of the core indicators for Glasgow and Edinburgh, a group of comparator UK cities and a similar (by size) group of North European cities are presented in Table 4.1.

**TABLE 4.1: Broad Indicators of Urban Activities**

<table>
<thead>
<tr>
<th>City</th>
<th>Percent of Population in Apartments</th>
<th>Proportion of Early Deaths in Population</th>
<th>Recorded Crime per 1000</th>
<th>National Election Turnout Rate</th>
<th>Cinema Visits per Household</th>
<th>Total Museums</th>
<th>Library Books Borrowed per Person per Year</th>
<th>Percent Non-Nationals in Population</th>
<th>Population Density per km²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glasgow</td>
<td>74</td>
<td>7.3</td>
<td>158</td>
<td>62%</td>
<td>7.4</td>
<td>11</td>
<td>7.5</td>
<td>3.9</td>
<td>3,515</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>59</td>
<td>3.7</td>
<td>113</td>
<td>73%</td>
<td>7.1</td>
<td>10</td>
<td>10.5</td>
<td>5.0</td>
<td>1,726</td>
</tr>
<tr>
<td>Bradford</td>
<td>16</td>
<td>7.7</td>
<td>128</td>
<td>n/a</td>
<td>1.3</td>
<td>6</td>
<td>7.0</td>
<td>10.2</td>
<td>1,318</td>
</tr>
<tr>
<td>Leeds</td>
<td>18</td>
<td>4.7</td>
<td>147</td>
<td>66%</td>
<td>3.6</td>
<td>6</td>
<td>7.6</td>
<td>5.5</td>
<td>1,186</td>
</tr>
<tr>
<td>Manchester</td>
<td>26</td>
<td>13.8</td>
<td>164</td>
<td>63%</td>
<td>8.5</td>
<td>5</td>
<td>7.7</td>
<td>11.5</td>
<td>3,487</td>
</tr>
<tr>
<td>Birmingham</td>
<td>23</td>
<td>11.6</td>
<td>131</td>
<td>65%</td>
<td>3.6</td>
<td>9</td>
<td>5.0</td>
<td>14.3</td>
<td>3,810</td>
</tr>
<tr>
<td>Cardiff</td>
<td>21</td>
<td>4.3</td>
<td>108</td>
<td>n/a</td>
<td>7.4</td>
<td>5</td>
<td>6.6</td>
<td>6.0</td>
<td>3,115</td>
</tr>
<tr>
<td>Liverpool</td>
<td>22</td>
<td>11.9</td>
<td>119</td>
<td>60%</td>
<td>5.7</td>
<td>7</td>
<td>3.4</td>
<td>5.7</td>
<td>4,144</td>
</tr>
<tr>
<td>Dublin</td>
<td>n/a</td>
<td>7.9</td>
<td>n/a</td>
<td>64%</td>
<td>n/a</td>
<td>18</td>
<td>2.0</td>
<td>6.3</td>
<td>4,098</td>
</tr>
<tr>
<td>Copenhagen</td>
<td>91</td>
<td>2.9</td>
<td>130</td>
<td>82%</td>
<td>7.9</td>
<td>25</td>
<td>12.1</td>
<td>10.2</td>
<td>5,850</td>
</tr>
<tr>
<td>Gothenburg</td>
<td>44</td>
<td>4.2</td>
<td>156</td>
<td>83%</td>
<td>3.6</td>
<td>7</td>
<td>8.7</td>
<td>10.4</td>
<td>1,011</td>
</tr>
<tr>
<td>Stockholm</td>
<td>54</td>
<td>3.8</td>
<td>108</td>
<td>84%</td>
<td>n/a</td>
<td>68</td>
<td>6.0</td>
<td>10</td>
<td>3,036</td>
</tr>
<tr>
<td>Helsinki</td>
<td>87</td>
<td>6.2</td>
<td>190</td>
<td>73%</td>
<td>3.8</td>
<td>39</td>
<td>12.7</td>
<td>1.4</td>
<td>2,875</td>
</tr>
<tr>
<td>Amsterdam</td>
<td>84</td>
<td>4.8</td>
<td>150</td>
<td>n/a</td>
<td>n/a</td>
<td>46</td>
<td>n/a</td>
<td>15.6</td>
<td>4,518</td>
</tr>
<tr>
<td>Rotterdam</td>
<td>76</td>
<td>4.7</td>
<td>87</td>
<td>n/a</td>
<td>2.6</td>
<td>26</td>
<td>8.0</td>
<td>12</td>
<td>2,901</td>
</tr>
<tr>
<td>Hamburg</td>
<td>n/a</td>
<td>3.7</td>
<td>159</td>
<td>85%</td>
<td>2.5</td>
<td>47</td>
<td>5.7</td>
<td>16</td>
<td>2,260</td>
</tr>
</tbody>
</table>

Source: European Urban Audit

The key contrasts and commonalities are:

- Glasgow no longer has the highest density of population within Britain; rather the density and built form (proportion of apartments) of the two Scottish cities is more similar to European than English cities;
- The Scottish cities are remarkably closed to external immigration; only Helsinki has a lower proportion of non-native born residents;
- Edinburgh performs well on crime and health indicators whereas Glasgow scores relatively poorly on both;
- Edinburgh has the highest rate of political participation in national elections of the UK cities, though significantly lower than European cities, and Glasgow the lowest in Europe, Liverpool excepted;
- Both Glasgow and Edinburgh score well by UK standards in the number of museums, but contrast poorly with European competitors; and
- Both Glasgow and Edinburgh score well on the use of cinemas and public libraries.
These are large and sweeping contrasts. However, as for the pattern of relative economic performance, they suggest not only the marked contrast across Scottish cities within a small country (the wellbeing of Edinburgh and the extensive challenge in Glasgow) but also that our cities are by no means poor performers in the international and UK domain.

4.2.3 UK: Better Than Most
Within the UK the quality of different places has been on the agendas of governments and the public since the 1960’s. Despite the usual caveats, ‘quality of life’ surveys are a useful indication of the relative performance of different cities, enabling comparison of similar sized places across the world.

In general, surveys within the UK produce results not dissimilar to the European Audit and suggest that Scottish cities offer a relatively high quality of life, with Edinburgh and Glasgow comparing favourably to other large UK cities. Edinburgh is consistently ranked as one of the top cities in the United Kingdom for ‘quality of life’. Its setting of hills, waterfront and historic centre offer its relatively educated, healthy and high earning population a range of housing options, from period dwellings to waterfront apartments, good state sector and private schools and an impressive cultural offering.

It is unsurprising that Edinburgh is rated highly by residents and visitors alike. Conde Naste Traveller readers, for example, recently voted Edinburgh their favourite UK tourist destination; knocking London off the top spot from last year’s survey. This trend arguably reflects the growing popularity of regional centres as high property prices, high crime rates and congestion and pollution make larger centres, notably London, increasingly unattractive. The 2002 DKNY Energy Index, for example, which assesses city ‘buzz’ by analysing factors such as birth rate, schooling and job vacancies, ranked London only 9th in UK terms, citing negative effects associated with its size to account for its poor performance. Edinburgh was ranked as second only to Cambridge, whilst Glasgow achieved seventh place.

Glasgow also does well compared to other UK cities, reflecting the presence of positive attributes which more than offset the inheritance of poor public housing neighbourhoods. There is a wide range of relatively affordable housing options within the city-region. Wages are relatively high compared to the rest of Scotland. The city centre is vibrant with a range of cultural and retail services set amidst fine architecture and open space, as reflected in awards such as City of Architecture and Design (1999) and European City of Culture (1990). The 1999 Healey and Baker survey of Britain’s Best Working Cities, which measures amenities and living standards, ranked Glasgow number one in the UK for transportation links, modern office space, shopping and eateries. Congestion and pollution problems are also
less severe than in other large cities. A 2002 global survey of cleanliness ranked Glasgow the cleanest out of the three UK cities considered by the survey. At 62nd cleanest out of 215 cities considered, it easily beat London at 102nd place. In terms of overall quality of life however, this survey which considered crime, schools, health services, and recreational opportunities amongst other factors, ranked Glasgow 57th – compared to London at 41st place.

The smaller cities of Aberdeen, Dundee and Inverness tend to figure less prominently in UK rankings, though anecdotal and other evidence suggest that they too offer a relatively good quality of life. More extensive research\(^1\) from the University of Strathclyde, that includes smaller centres, suggests that these cities are high quality environments, ranking Inverness 5th, Aberdeen 22nd and Dundee 142nd. Scottish cities have many of the attributes which research has shown strongly influence how people perceive the quality of their lives in cities (Table 4.2). Crime and pollution are relatively low compared to other UK centres. The cost of living and home ownership also compares favourably. Scenic quality and access to the countryside is good compared to the densely populated regions of England. Employment opportunities are expanding, and if wages are lower than other UK regions, this is often more than offset by the lower cost of living. Travel to work times are also significantly lower than in the UK as a whole.

### TABLE 4.2: Factors Affecting Quality of Life (in order of importance)

1. Violent crime
2. Non-violent crime
3. Health provision
4. Pollution
5. Cost of living
6. Shopping facilities
7. Scenic quality
8. Cost of owner occupation
9. Education facilities
10. Employment prospects
11. Wage levels
12. Unemployment
13. Climate
14. Sports facilities
15. Travel to work time
16. Leisure facilities
17. Quality of council housing
18. Access to council housing
19. Cost of private-rented accommodation


All these factors contribute significantly to the quality and desirability of Scottish cities. They are both past successes and future potentials, but they sit beside three worries. First, there are patterns of unequal neighbourhood quality within all of our cities, and in Glasgow and Dundee in particular, which mean that there are significant proportions of city populations who have a miserable quality of life. For many, the Edinburgh image is not that set out above but lies closer to ‘Trainspotting’. These geographies are real gaps in wellbeing and opportunity, not just statistical patterns, which divide and scar our cities. Secondly, despite the quality and

\(^1\) See Rogerson (1997) *Quality of Life in Britain* – Glasgow: University of Strathclyde.
variety of Scottish cities, we fail to attract and retain sufficient numbers of people from outside our own borders. We must consider whether this is a matter of more than employment and income opportunities, but also reflects lack of connections, access and an inward orientation. Parochial cities lack 'buzz' and so do the societies and economies which sustain them. Thirdly, there is still a propensity for middle and upper income households with children to leave the core cities and for developers to provide little new family housing except in the suburbs. Cause and effect have to be addressed and understood.

4.2.4 Matching User Demands and City ‘Supplies’

Our cities, or at least the developers, owners, citizens, entrepreneurs, communities and politicians who live there, offer a complex range of 'products'. They are different, diverse 'suppliers' to different 'user' groups. The city is not a single entity, but a mosaic of diverse and specialised districts and neighbourhoods. Given the 'macro' evidence of some successes in securing city quality we have to ask how effective is the mesh linking demands and supplies, needs and opportunities. We need to know in more detail how the mosaic of neighbourhoods is changing and how it serves our aims and is influenced by our policies.

4.3 RESIDENTIAL CHOICES AND FUTURES

4.3.1 Putting Housing in its Place

Housing systems really matter in our cities. The housing system determines the shape, layout and design of the city. Housing covers three quarters of the built city space. If most rural Scots live in a landscape shaped by fire, ice, water and agricultural policy, then the influences of architects, planners, developers and housing policies have most fashioned the landscape of cities. There is often, in public debate, a presumption that the Scottish housing sector is in some state of permanent or pervasive crisis. However, looked at as a whole, the Scottish housing system:

- Produces broadly, each year, the same number of new homes as there are new households;
- Has a generally favourable balance of household numbers and housing units;
- Has disrepair rates around 3% of the estimated value of the stock;
- Moderate house price and rent to income ratios, by UK standards;
- Results in more than four out of five households satisfied with their homes; and
- Sees a rising proportion of Scots living in their preferred housing tenure.

These are favourable system outcomes. However, there are at least three important sets of policy concerns about Scotland’s housing and housing systems. The first, and long recognised, is that there are sharp concentrations of poorer households in the most severe housing and, in the worst cases, in no permanent housing at all. Secondly, there is a recognition that poor housing and poor neighbourhood conditions are often positively correlated and that in the last three decades there has been a growing concentration of the poorest households in our worst housing, and much of that is in the council sector. So housing issues and neighbourhood conditions, as they are for poor households, have become increasingly inseparable for policymakers and local practitioners. In policy making the emphasis is no longer housing, but ‘housing and’, ‘housing with’.

The third recognition is that it is the housing system of markets and bureaucracies, which most shapes the geography of where people live and whether communities are mixed or segregated. Investors, builders, planners, prices, queues and
allocation rules, all influence which homes are built and where and how households of different economic, age and social groups choose, or are allocated, more or less segregated housing options. It is not just that disparities in the quality of homes and neighbourhoods are key components of the gap in wellbeing between rich and poor, but it is the housing system which often means that the gap becomes real in terms of distance and social space.

Arguably there may be a need in Scotland to give more emphasis to how and why housing systems and policies may fail to build communities and places. We cannot have sensible policies for cities or social justice unless we have clarity of housing policy, not just for affordable housing quality, but for ensuring that housing markets and social sectors work effectively to produce not just bricks and mortar, but deliver the communities and connections that are needed within our cities. Housing needs put in its place.

In this section of the chapter we review the main characteristics of residential choices in the Scottish cities, examining housing outcomes and neighbourhood conditions. We then consider how policies, systems and outcomes need to change to meet the social justice, competitiveness and environmental challenges the nation faces.

4.3.2 Housing Choices and Their Outcomes
Housing systems are by their nature local; the inheritance of provision and the balance of supply and demand varies from place to place. Policy variety also means local variety. The British housing system is distinctive within Europe, Scottish policy has often differed from English emphases and the formation of the Parliament has led to further Scottish innovation. Further, considerable choice in housing policy is devolved to local authority and city levels. Indeed, since 1999, not only have local authorities been given greater roles in housing planning, but they also have the prospect of securing control over the allocation of developments previously disbursed by Scottish Homes (either where they transfer their own stock or key stakeholders and investors agree that such change would be beneficial). Much of the future challenge in Scottish housing is for the cities themselves and that it is for the cities to respond, to develop coherent visions, to draw up sound financing plans, to involve tenants and communities and to be imaginative in securing and using resources. There are obviously key areas in which the Executive has to support housing change, but it must be for councils to engage communities and lead change.

Not only does housing in urban Scotland differ from that in rural areas but there is also considerable variety in provision and approach across the five cities. Any evaluation of the housing system in our cities has to have regard not just to the conditions that citizens enjoy or endure and what they pay for housing but also have a core concern for those are not housed.

4.3.3 Halting Homelessness
The 1990’s witnessed a sustained rise in rooflessness and homelessness in Scotland and the Scottish cities. Research has shown that the causes of rooflessness often go beyond the lack of personal resources, the solutions beyond housing and the consequences well beyond no shelter. Street living erodes most of the capacities for sustaining an adequate life. Homelessness, which is usually associated with the applicant having inadequate, impermanent or insecure accommodation, highlights the gaps that exist in social justice outcomes and the extent to which they erode the capabilities of individuals for economic and social activity.
In the decade from 1991 onwards homelessness applications in Scotland rose by 58%. However, homelessness applications rose less rapidly in the cities than in the surrounding areas. In Aberdeen, for instance, they rose by 4% compared with a near 100% increase in Aberdeenshire. In 1991, two thirds of the city-region’s homeless applications were in the city, but that proportion is now nearer a half. Similar trends are apparent in Dundee. Applications in Glasgow and in Edinburgh rose by almost a quarter. However homelessness applications had risen faster and earlier in the cities, from the early 1980’s onwards, and it is still in the cities that the highest rates and volumes of homelessness exist. It is important to recognise that homelessness is a universal problem in Scotland and not simply a city issue.

Since the advent of the Scottish Parliament the Executive has made major resource commitments and introduced new legislation and procedures to reduce rooflessness and homelessness in urban and rural Scotland. Rooflessness has fallen sharply since 1997 and there are signs that homelessness applications have peaked. However the rise of homelessness, particularly for young single persons and especially young men, requires significant attention as an emerging policy issue.

The situation in Edinburgh may be a case in point. As the population of the city grows and housing costs rise sharply there are signs that real homelessness is not reducing. Homeless applicants in Edinburgh are more likely to meet priority criteria than in other parts of Scotland and in 2000 some 15% of priority homeless were not housed in permanent accommodation by the time they had progressed through the ‘system’. So whilst provision to address homelessness may be making inroads into the problem across Scotland there is a growing sense that a growth cost of Edinburgh’s success is that single person homelessness is becoming more acute. Over the 3 years 1997/98-1999/00 applications from single person households have increased 12% in Edinburgh, compared to the Scottish average of 11%, and an 8% increase in Glasgow. (Applications fell by 11% and 4% in Aberdeen and Dundee respectively.)

Amidst overall system balance and rising private and public housing expenditures, the issue of city homelessness persists. How we deal with it will be a marker of our commitment to real social justice and of our competence in meeting some of the inevitable pressures of urban renaissance on the poorest households. This is a clear challenge for the future, but how are those who are permanently housed faring within the cities?

... there may be a need in Scotland to give more emphasis to how and why housing systems and policies may fail to build communities...
4.3.4 Housing: Physical Conditions

The historic connections of Scotland to Western Europe have influenced traditions of housing design and the framework of property law. From early stages of urbanisation, high land values induced tenement rather than back to back terraced building (as in England). Despite intensive slum clearance in three of our cities, largely meaning the removal of old, small tenements, the share of flats in the cities has not fallen significantly in modern times. Prior to 1980 much of the extensive new construction in council housing was in flats and in the subsequent decades private building on city brownfield land has also largely developed flats.

In consequence Scotland has a higher proportion of its housing stock as flats than England and Wales and this is particularly marked in the cities (Chart 4.1). Aberdeen and Dundee have almost half their stock as flats, Edinburgh has 59% and Glasgow had almost three-quarters of the stock consisting of flats in 1999. Inverness is distinctive in having only 17% flats and has proportionately ten times as many detached houses as Glasgow. Significant proportions of flats are older tenements, for instance more than a third of the dwellings in Dundee are pre-1919 tenements. In all of the main cities the social rental sector (largely post-1919) is now dominated by flats, not least because they have been least likely to have been bought under the Right To Buy. Of course flats vary enormously in size and quality but they also have particular characteristics of density and proximity which are not to the liking of all residents. In consequence this inherited product-mix in Scotland’s cities may not be entirely appropriate to the market dynamics of the decades ahead. This issue is discussed later.

In the past, higher residential structures usually meant both smaller parcels of unused land and higher population densities. Indeed figures around the middle of the last century revealed the extent to which Scottish cities, and Glasgow in particular, had very high densities (for instance, in 1951 net residential density in Glasgow was 66 persons per hectare compared to 31 per hectare in Manchester). There are no data available for the cities that show the density of homes or people living on land designated for housing (which would convey information about the
density of residential arrangements). Table 4.3 shows population densities which can be used as a proxy, and which measures density across all the land in a city including vacant land, parks etc. It shows, for the five cities, population density for localities in 1981 and 1991 and density of urban settlements in 2000. In 1981, the highest density was to be found in Glasgow and the lowest in Inverness. By 1991, the major changes were a significant reduction in Glasgow, largely as a consequence of public sector demolitions and movement of people out of the City, and a reduction in the variation of density from city to city. By 2000, the falling density in Glasgow had slowed and there had been a small but significant increase in density in Edinburgh reflecting population increase.

As noted in Table 4.1 above, population densities in Scotland’s cities are now broadly comparable not only to European cities but also to similar sized English and Welsh cities. However there is still a sense that the residential development on Scottish brownfield sites is still, in the main, of denser flats than in the English experience outside of London.


<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>190,465</td>
<td>28</td>
<td>189,707</td>
<td>28</td>
<td>199,790</td>
<td>31</td>
</tr>
<tr>
<td>Dundee</td>
<td>174,345</td>
<td>34</td>
<td>158,981</td>
<td>31</td>
<td>152,930</td>
<td>34</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>420,169</td>
<td>34</td>
<td>401,910</td>
<td>33</td>
<td>456,320</td>
<td>38</td>
</tr>
<tr>
<td>Glasgow</td>
<td>765,030</td>
<td>38</td>
<td>662,954</td>
<td>33</td>
<td>609,370</td>
<td>35</td>
</tr>
<tr>
<td>Inverness</td>
<td>40,010</td>
<td>19</td>
<td>41,234</td>
<td>20</td>
<td>44,180</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: GRO(S)

Note that comparisons of 2000 with earlier years are problematic because of changes in area definition. The 2001 Census estimates imply that in the above table densities, after 1991, will be over-estimates for Glasgow and Edinburgh and under-estimates for the other cities, but the broad pattern is likely to be unchanged.

**TABLE 4.4: Dwelling Condition (% of stock)**

<table>
<thead>
<tr>
<th>City</th>
<th>BTS</th>
<th>Any damp or condensation</th>
<th>Rising or penetrating damp</th>
<th>Condensation</th>
<th>NHER (0-2) poor</th>
<th>NHER (3-6) moderate</th>
<th>NHER (7-10) good</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>2</td>
<td>21</td>
<td>6</td>
<td>19</td>
<td>18</td>
<td>72</td>
<td>9</td>
</tr>
<tr>
<td>Dundee</td>
<td>1</td>
<td>25</td>
<td>6</td>
<td>22</td>
<td>27</td>
<td>65</td>
<td>7</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>1</td>
<td>20</td>
<td>8</td>
<td>16</td>
<td>15</td>
<td>75</td>
<td>9</td>
</tr>
<tr>
<td>Glasgow</td>
<td>1</td>
<td>30</td>
<td>10</td>
<td>26</td>
<td>20</td>
<td>68</td>
<td>9</td>
</tr>
<tr>
<td>Inverness</td>
<td>1</td>
<td>30</td>
<td>4</td>
<td>28</td>
<td>14</td>
<td>76</td>
<td>5</td>
</tr>
</tbody>
</table>

Note: Surveyor assessed dampness and condensation

Source: 1996 SHCS
Scotland’s cities have not only shed an older reputation for unduly high density but they can no longer be regarded as the locus of disproportionately poor housing conditions. Housing quality in the cities is generally good (Table 4.4) and broadly comparable to the rest of Scotland, although the urban stock tends to be older and there are more private flats giving rise to communal repairs issues. Indeed it is all too clear that flats purchased under Right To Buy and other flats with elderly owners, commonly with low incomes but substantial housing equity, now constitute a major component of the population living in homes with severe housing disrepair. With respect to Below Tolerable Standard (BTS), the cities historically had high recorded rates but now all have incidence rates below the national figure of 1%. In effect, this reflects national housing policies, which have favoured the removal of BTS in cities faster than in rural Scotland. In the Aberdeen city-region, for instance, the city BTS rate was 0.8% at the end of the 1990’s but the rate in Aberdeenshire was more than triple the city score at 2.7%.

There are high levels of dampness and condensation in Scotland’s homes. 30% of dwellings in Glasgow and Inverness had some dampness or condensation in 1996 compared to the national figure of 25%; Aberdeen and Edinburgh had lower levels of about 20% and Dundee 25%. The figures for serious dampness or condensation alone however are much lower, for instance the Aberdeen score was 1.5% and the prevalence of serious house condition problems was not high. In all of the cities, and all of Scotland, the rate of dampness and condensation and the shares of serious problems were higher in the council sector than in housing as a whole, and for other rental housing.

The adequacy of insulation and the presence of central heating are key variables in the prevention of condensation and dampness. On the basis of the information in the Scottish House Condition Survey in 1996, across Scotland as a whole some 35% of all households were estimated to be in fuel poverty. The Scottish Executive, through its central heating initiative (which provides the resources to ensure that all households in the social rented sector and all pensioners irrespective of tenure can have central heating) and through the continuation of the Warm Deal which provides funding for home insulation, has made our cities better places to be housed. Other local housing investment policies, some driven by councils modernising homes, improve city housing conditions. And stock transfer also releases investment funds – for instance, the Glasgow Housing Association proposes to provide central heating (to all homes that have a long term life) within 4 years of transfer. These measures are ensuring that the internal physical quality of council and former council housing is being restored after decades of neglect, and the needless, expensive use of fossil fuels, with their associated greenhouse effects, reduced significantly (see Chapter 7 below).

4.3.5 Housing Tenure: Changing Social Housing

Across the advanced economies cities typically have a higher share of rental housing than national averages. The share of rental housing also varies markedly across countries, usually with higher shares of rental housing in the more affluent countries of Western Europe. Scotland, for as long as statistics have been available, has had a lower rate of home ownership than England and also a higher share of its rental housing in the non-market sector. Indeed, more than any other cities outside of the former Eastern bloc, Scotland had a housing system, and urban landscape, dominated by public, large-scale landlordism. The way our cities look and feel, how they are laid out and where the rich and poor are located, has a great deal to do with essentially, state planning of housing between 1950 and 1975.
For much of the latter half of the twentieth century local authority housing was the dominant tenure in Scotland and particularly so in urban areas. There were variations within urban Scotland however, with Glasgow in 1981 having 63% of its stock owned by the Council and Dundee 62% compared to 33% in Edinburgh and 43% in Inverness. Aberdeen had close to the Scottish average of 53%. However since that period there has been a sea change in tenure arrangements within the cities. The changes in share are shown in Chart 4.2 and the tenure pattern for 1999 in Chart 4.3.

By the middle of the 1970’s, indeed as the Labour government published their Green Paper for housing in Scotland in 1977, there was already a recognition that Scotland’s cities had a potential over-provision of council housing, at least in Glasgow and Dundee. In the former it was already apparent that middle income households were being forced out of the city because of lack of home-ownership options, options that tax arrangements and then rising inflation favoured. This was apparent throughout the 1970’s and 1980’s, as many households with incomes living as council tenants could not purchase their homes but left the estates instead.
However the marked tenure changes depicted in Chart 4.2 always had strong ideological drivers and have had major implications for choice and flexibility in our cities. These tenures are different arrangements of property rights and they lead to quite different ways of choosing property, different ways of capturing the gains from price inflation and quite different ways to access funds for repairs and improvements. It is always essential to bear in mind that tenure change is system change.

There have been three different forces at work – spending and rules favouring not-for-profits; the Right To Buy; council demolition and debts.

4.3.6 Promoting Not-for-Profits

Right To Buy legislation and the allocation of spending permissions by governments since the early 1980’s have meant that where social housing investment was required the not-for-profit housing association sector was favoured. This was most evident in Glasgow and least in Aberdeen, but in all instances laid the foundations for a more community-based approach to housing provision in the non-market sector. The Scottish cities, especially Glasgow, are the most intensively community oriented housing provision systems in the UK. This shift was reinforced, after the late 1980’s, when some councils began to transfer the worst of their estates to associations for renewal and when Scottish Homes initiated the process of small transfers of some 45,000 homes to associations. By 2002 these shifts had also transferred nearly 84,000 council homes to associations in the cities. This process of partial stock transfer has continued in Dundee, for instance Ardler, and Edinburgh, for instance Craigmillar, but has not occurred in Aberdeen or Inverness.

Research evidence suggests that the general effect of transfers to social landlords in Scotland has been positive for homes, staff and tenants and has reduced pressures on the Scottish budget as borrowing for upgrading has been off the public balance sheet. The Glasgow whole stock transfer ballot has indicated the tenants’ appetite, when given the choice, to make major changes to housing provision in our cities. The experience of the last twenty years in the social rental sector, has been to create a more diverse and community driven system instead of relying solely on municipal provision of housing. However, it is as yet unclear whether other cities in Scotland will adopt the same approach as Glasgow. Those decisions will ultimately impact strongly on Scottish housing policy more generally.

4.3.7 Right To Buy

Right To Buy has reduced local authority provision within the cities, and contributed to about half of the tenure change. In reviewing the evidence on Right To Buy in Scotland, prior to the significant reforms of Right To Buy in the 2000 Housing Act, the Executive argued that Right To Buy had impacted quite differently on local housing contexts and had been neither unambiguously good nor unambiguously bad for Scotland’s cities. Tenant choice had been extended, in the short term, and estates remained more socially mixed than they would otherwise have become. But new waiting list entrants had narrower choices and, often, longer waits for decent homes. Some tenants made easy and disproportionate gains by selling homes purchased through Right To Buy.2

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The Executive reformed the Right To Buy to reduce such large gains and raised the possibility of suspending Right To Buy in pressured areas. The net effect for our cities should be a slower attrition of the social housing stock in general and a particular reduction of stock losses in areas undergoing the pressures of expanding needs and demands. It can be argued there is evidence of significant demand pressures in all but the worst areas of Edinburgh’s housing stock. We do not believe that to be true of the overall pattern of provision in Glasgow and Dundee, though there may be local areas with acute pressure. Both of these cities, and particularly the former, illustrate the third reason why tenure change has been pronounced.

4.3.8 Debt and Demolition

Most Scots are aware of how slum clearance radically altered the landscape of Scotland’s cities into the early 1970’s. And that involved the large scale demolition of older, private housing. Since the 1980’s there have been demolitions of market based dwellings in Scotland’s cities, but there has been a rising rate of demolitions of council housing, mainly that of post-war vintage with residual loan debt still to be repaid.

Scotland’s cities have not generally manifested the ‘low-demand’ and abandonment of low value owner occupied homes so evident in Northern English cities over the last decade (though there are growing signs of deterioration in some poorer neighbourhoods comprised of older privately owned tenements close to the centre of Dundee). This has been for two reasons. First, the broad thrust of the ‘market renewal’ packages now being introduced in England are more or less what Communities Scotland and its predecessors have implemented for almost the last quarter century, especially in Glasgow and the other Scottish cities. That strategy involved buying-out the worst private tenements and concentrating grant-aid for rehabilitation into community-led housing associations. These improving neighbourhoods then acted as regeneration ‘poles’. Existing home-owners significantly raised their utilisation of home improvement and repair grants, though local authorities have now almost curtailed such activity since previously ring-fenced grants have fallen by two thirds since they were made part of general capital. Private developers, witnessing the improvement of the existing stock, then showed renewed interest in vacant land in adjacent sites.

The second reason is that the abandonment of the poorest urban housing in Scotland has been in the council sector, not the market. Vacancies, abandonment and demolition of council housing were slow growing processes through the 1980’s that then accelerated through the 1990’s. The Scottish cities demolished 30,400 housing units in the decade 1991-2000 (a total similar to the current council housing stock of Aberdeen). The municipal bulldozers have been most active in Glasgow and Dundee (see Table 4.5) throughout the 1990’s. These demolitions have

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3 See for example Gibb, A. (1983) op cit
not been balanced by new build in Dundee where the total housing stock has reduced. In Glasgow new build has exceeded demolitions by only 1,123 over the five-year period 1995-2000. There has also been a significant but smaller demolition programme in Edinburgh but this has been far outweighed by vigorous new build, giving a net stock increase of over 10,000. There has also been considerable new build in Aberdeen and very few demolitions, resulting in a net stock increase of over 5,000.

**TABLE 4.5: Demolitions and new build 1995/6 to 1999/00**

<table>
<thead>
<tr>
<th>Source: Scottish Executive Housing Division</th>
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<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>New build</td>
<td>1,385</td>
<td>926</td>
<td>1,430</td>
<td>596</td>
<td>744</td>
<td>+5,045</td>
</tr>
<tr>
<td></td>
<td>Demolitions</td>
<td>155</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td>11</td>
<td>0</td>
</tr>
<tr>
<td>Dundee</td>
<td>New build</td>
<td>485</td>
<td>509</td>
<td>593</td>
<td>578</td>
<td>471</td>
<td>-803</td>
</tr>
<tr>
<td></td>
<td>Demolitions</td>
<td>3,176</td>
<td>1,106</td>
<td>267</td>
<td>874</td>
<td>732</td>
<td>460</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>New build</td>
<td>2,802</td>
<td>1,806</td>
<td>1,885</td>
<td>3,065</td>
<td>2,468</td>
<td>+10,167</td>
</tr>
<tr>
<td></td>
<td>Demolitions</td>
<td>2,840</td>
<td>309</td>
<td>54</td>
<td>570</td>
<td>392</td>
<td>534</td>
</tr>
<tr>
<td>Glasgow</td>
<td>New build</td>
<td>2,549</td>
<td>2,630</td>
<td>2,336</td>
<td>1,678</td>
<td>2,849</td>
<td>+1,123</td>
</tr>
<tr>
<td></td>
<td>Demolitions</td>
<td>7,984</td>
<td>3,036</td>
<td>2,470</td>
<td>2,070</td>
<td>1,818</td>
<td>1,525</td>
</tr>
</tbody>
</table>

Demolitions have proceeded steadily, quietly and often non-strategically. They have not led, in the main, to the outrage of communities, for often demolition occurred when houses had lain vacant, because households, even in housing-short localities, had steadily refused to live in them. The extent of these demolitions is worrying and represents an organisational failure in our city housing systems.

Bad planning (providing the wrong types of units in the wrong places), poor management (with absence of coherent maintenance programmes until houses were already obsolete and only minor, peripatetic attempts at tenant involvement and management) and poor pricing (with half-abandoned homes commanding above average rents simply because housing benefit was usually paying the bills) all contributed to the premature demolition of stock.

Councils could claim that government financial policies also contributed to the difficulties. Limits on borrowing for housing constrained the scope of modernisation. Right To Buy sales policies, until 1995, meant that when homes were sold there was little pressure to repay outstanding debt from council housing provision. Unlike England, Scottish councils were encouraged to sell their housing assets and not repay their debts. The landscape of abandoned council homes and littered brownfield sites that we can see in most of Scotland cities, and larger towns too, is a bleak memorial of past policy failure. It illustrates all too well how some policy spending in our cities has exacerbated the problems of social and environmental justice rather than improved matters.
Too often physical housing decay has been followed by demolition and demolition by unpaid housing debt. Unpaid debt with capital and interest to be repaid, with fewer tenants left to pay, means either rising rents, with no service increase, or reduced services, that is curtailing management and maintenance. But reduced management and maintenance then means higher vacancy rates, more abandonment and more demolitions. The consequent demands on the Scottish housing budget, to stop this vicious spiral, are enormous and, if pursued by traditional on-budget means, could require a major expansion of the housing budget for at least the next decade, and probably two, to ensure a decent Scottish standard. The Glasgow stock-transfer solution which the Executive have supported strongly, offers the prospect of system change with more community ownership and involvement in decisions (reducing the prospect of future decay), Treasury write-off of £1 billion of overhanging debt (to leave room to pay for a £5 billion improvement programme) as well as a doubling of the housing association new investment programme in the city over the next decade. Debt write-off, only available for transfers, means improved homes for Scotland without having to reduce education, policing or health services.

Research evidence shows that securing adequate housing is not the problem that affects the greatest number of Scots, but for our poorest households, perhaps the poorest fifth, in all the cities it remains a critical shaper of household wellbeing and capabilities. The emerging arrangements in Glasgow illustrate the real possibilities when cities concentrate on what works for citizens. There may be Scottish councils where demolitions are minimal, debt per dwelling minimal (or even surplus values on units), stock well managed and maintained and tenants involved in decision taking. In these places where systems work well for tenants, transfer may not be the option preferred locally. However where providing adequate quality and quantity of social stock to meet policy requirements will place a disproportionate demand on Executive resources, or where management systems have manifestly failed and excluded tenant involvement and community ownership choices, then the Executive has a strong preference for tenants to be balloted to assess the demand for stock transfer.

At present, Glasgow excepted, the cities have not chosen the stock transfer option. Councils with high rents, high debts per house and significant investment needs are those which need to look to transfer if their stock is to be improved. Tables 4.6 and 4.7 below show respectively, rent levels and debt per unit for Scotland and the cities (individually). These figures make it quite apparent that in at least two of our major cities, Edinburgh and Dundee, the stock is declining even as rents are increased. Since its inception the Scottish Parliament has seen the introduction of a more coherent legislative framework for a diverse social housing sector in Scotland and the development of new financial and organisational models through...
stock transfer. But there is much to do to make the potential improvements a reality in the estates of our cities and the present policy either has to be accelerated or municipal spending significantly increased (probably trebled) if housing quality in the cities is to be improved and city populations stabilised.

**TABLE 4.6:** Average Council House Rents (per house per week)

<table>
<thead>
<tr>
<th>Year</th>
<th>Aberdeen</th>
<th>Dundee</th>
<th>Edinburgh</th>
<th>Glasgow</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993/94</td>
<td>21.53</td>
<td>32.23</td>
<td>31.43</td>
<td>30.30</td>
</tr>
<tr>
<td>1994/95</td>
<td>22.48</td>
<td>32.66</td>
<td>35.29</td>
<td>31.25</td>
</tr>
<tr>
<td>1995/96</td>
<td>23.38</td>
<td>33.35</td>
<td>36.84</td>
<td>35.21</td>
</tr>
<tr>
<td>1996/97</td>
<td>25.83</td>
<td>34.99</td>
<td>41.34</td>
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<tr>
<td>1997/98</td>
<td>27.75</td>
<td>36.42</td>
<td>44.19</td>
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</tr>
<tr>
<td>1998/99</td>
<td>33.10</td>
<td>38.03</td>
<td>45.65</td>
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<tr>
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<td>32.89</td>
<td>38.65</td>
<td>45.65</td>
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<tr>
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<td>34.77</td>
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<tr>
<td>2001/02</td>
<td>36.48</td>
<td>40.41</td>
<td>45.91</td>
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<tr>
<td>2002/03</td>
<td>38.27</td>
<td>42.16</td>
<td>47.09</td>
<td>48.46</td>
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**TABLE 4.7:** Housing Revenue Account: Average Debt per House

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<thead>
<tr>
<th>Year</th>
<th>Aberdeen</th>
<th>Dundee</th>
<th>Edinburgh</th>
<th>Glasgow</th>
</tr>
</thead>
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<tr>
<td>1993/94</td>
<td>5,018</td>
<td>4,237</td>
<td>6,557</td>
<td>7,916</td>
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<tr>
<td>1994/95</td>
<td>4,762</td>
<td>4,364</td>
<td>7,266</td>
<td>8,551</td>
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<td>4,732</td>
<td>4,488</td>
<td>7,680</td>
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<tr>
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<td>4,696</td>
<td>4,767</td>
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<tr>
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<td>4,962</td>
<td>8,733</td>
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<tr>
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<td>5,244</td>
<td>9,016</td>
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<td>2002/03</td>
<td>3,984</td>
<td>5,669</td>
<td>9,975</td>
<td>10,224</td>
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</table>

**4.3.9 New Homes and New Systems**

Right To Buy, government borrowing restrictions and the promotion of associations has meant that there has been little new construction by councils in our cities since 1980. Chart 4.4 shows new build for each of the Housing Market Area (HMA’s) split into private housing for sale and social rented housing (largely housing association) from 1989 to 2000. The overwhelming emphasis has been on construction for owner occupation in all five HMAs, the highest proportion of new build for social housing being 27% in the Dundee HMA.
Source: Sasines and Scottish Homes/Communities Scotland ADP
Note: No figures available for social housing 1989-1993
Demolitions, the Right To Buy, the transfer of large parts of the local authority stock into housing association ownership and the virtual disappearance of new council construction have all reduced the size and relative share of public sector housing in our cities. That share has fallen by a quarter or more in Aberdeen, Dundee and Glasgow and by a sixth in Edinburgh (where the public sector was smaller to begin with). The nature of the stock remaining in local authority hands has changed and it is now characterised by flats and is more concentrated in the unpopular schemes.

Local authority housing is no longer the dominant tenure in any of the five cities but is itself increasingly dominated by poorer households. Community voice has played a greater role in social housing but it is consumer choice that has been the fastest growing sector in our cities, and especially the growth of home-ownership. Owner occupation now makes up more than half of the stock in all the cities except Glasgow. To secure the best residential future in the cities it will be important not only to retain social housing to meet needs and to improve its quality but also to ensure that city housing markets work effectively.

4.4 RESHAPING THE MARKET SECTOR

4.4.1 Market Renting

The market sector of our cities comprises not just home-ownership but also the much smaller private rental sector. And before turning to the majority sector it is important to examine the private rental sector because it has a particular and important role to play in modern cities with flexible economies.4

In many respects Edinburgh typifies both the prospects and problems of the sector.5 A survey of the city in 2000 by the Council and Scottish Homes showed the sector was of significant scale in the city: some 12% of homes in the city were provided in the private rental sector (double the Scottish average). They were mostly flats geographically concentrated within the city: providing some 28% of homes in the Central city, 21% in the Outer central city and 13% on the waterfront. There are smaller neighbourhoods where the sector is the majority provider for the young. Four-fifths of the tenants were under the age of 35 and 45% under 24 years. This reflected students comprising a third of the residents in the sector. More than half of tenants had been at their present address for less than a year and three quarters planned to move on within two years. Tenants were not poor overall but contained a sector of poorer, often younger households – 8% of residents in the sector were unemployed and a fifth received housing benefit. This profile, and indeed the profiles for our other cities, reflects core city roles. Cities are places where urgent housing needs arrive, partly because they are destination zones for those who arrive from elsewhere and the young starting their work, education and housing careers. In consequence private rental housing, which is both fast access housing and low transaction cost in nature, plays important roles in providing homes for those who want fast, flexible housing arrangements and re-arrangements. All quality cities have effective market rental provision systems, often concentrated in neighbourhoods close to city centres.

At the same time private rental housing and market landlords are often envisaged in darker terms by many of those involved in housing policy discussion in Scotland. In the past private landlordism, poor quality housing and impoverished populations were firmly associated in the national housing debate. There are still sub-markets or sectors in Scotland’s cities where poor quality or dangerous housing is provided

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by private landlords, and this is most likely to occur where low income households cannot secure adequate options in the social sector and are rationed out of home-ownership by prices beyond their borrowing capacities. Such areas are apparent in Dundee and in Edinburgh, but are much less evident in Glasgow where housing associations largely bought out the sector in the 1970’s and 1980’s.

It is difficult to argue that such sectors still exist simply as a consequence of failure. It is equally difficult to justify the fact that some of our oldest and youngest and most vulnerable poor households have to find low-quality shelter through private landlords. More effective policing and possibly the replacement of these forms of provision, perhaps involving expansion of the not-for-profit role, might provide a means of reducing this social injustice.

This sector of segments, within any of our cities, ranges from squalid slums exploitatively run through to high quality homes professionally managed. However, there are signs that the better quality rental sector is seeking to grow in our cities. That being the case, better information and more coherent strategies for change may contribute to improving the sector.

The present proportional significance of these sectors has recovered in scale a little since the start of the 1980’s. Job expansion in the cities and even more markedly the significant expansion of higher education over the last decade have all contributed to pressures. There has been some investment in new property to let by mainstream commercial enterprises within Glasgow, Edinburgh and Aberdeen but much of the sector expansion has been, in the last three years, an upsurge in ‘Buy-To-Let’ of existing properties by small scale landlords, often the parents of university students. This has fuelled property demands and prices in the moderate to good quality property markets close to our Universities, located in our city centres, and may well have exacerbated the problems of poorer households in finding city centre accommodation.

Sector change in Aberdeen rather typifies this evolution over the last decade. Market renting rose from 5 to 8% of provision in the city. Half of lets in the sector were furnished and catered for young adults without children, four-fifths of whom were under 40. The unfurnished sector tends to be let to workers, sometimes with families, temporarily working in the city and is more likely to be suburban in location. Rents of £600 to £1000 p.m. for moderate size properties are evident and there is a demonstrable increase in parents buying for student offspring. There is weak demand for smaller, older, poor quality flats. Similar patterns have been noted in Dundee.
In general provision rates for private rental housing are lower in the urban parts of surrounding city-regions. However, in the more rural areas, and especially at the interface of rural areas and growing urban settlements, there has been a worrying tendency for commuters to make inroads into the significant share of private rental provision formerly the preserve of rural workers. There is some evidence that city-region growth and commuting are displacing those on low agricultural and rural wages from the rural rental stock available at the edge of commuting limits.

The concentrated nature of provision in selected neighbourhoods means that they have distinctive, dynamic features that could potentially make them attractive neighbourhoods for the young and singles in our cities. Cities, Universities, not-for-profits and private investors perhaps need to make new local neighbourhood partnerships to raise the quality of these places.

4.5 ACCOMMODATING OWNERSHIP

4.5.1 The New Market

The extensive growth in owner occupation within the cities, and indeed much of Scotland, has been a defining feature of housing, social and economic change over the last two decades. Whilst in the two decades to 2000 home ownership in Scotland expanded by just over a quarter, Dundee increased by just above the national rate and Aberdeen and Glasgow saw the sector’s share increase by a fifth and Edinburgh by a sixth. This reflected changing preferences, rising incomes and new demographics as positive drivers, as well as the difficulties of declining quality and rising rents in the council sector.

A number of the fiscal and subsidy advantages of ownership, which were both inequitable and inefficient, have now been removed by government and public sector rent rises have been moderated as well as the generosity of the Right To Buy reduced. However there are still strong indications that as income and employment rates in Scotland continue to improve, home ownership will continue to rise. Housing demand forecasts, based in economics and demographics and predicting tenure splits, exist only for Glasgow. These forecasts and other less rigorous forward looks for the other cities all indicate that the ownership sector will continue to expand in our cities, with social renting contracting. In the recent past, governments have been more concerned to expand home-ownership in the cities without giving too much attention to the issues that expansion raised for the cities in the long term. Whilst it is self evident that consumer driven ownership markets (operating within the planning and policy framework) have made cities more attractive living locations for many Scots, it is an appropriate time to review policy issues that arise.

The growth of the market sector has greatly reduced the salience of municipal boundaries as relevant limits in the housing system. Housing markets operate as a city-region system. There is ample empirical evidence for all of our cities that many suburban 20 year olds move to the core city for their early housing and many, but not all suburbanise as their incomes and household sizes grow. At any point in time there are significant proportions (see Chapter 3) who work at the core of the city-region but live in the suburbs, and indeed there are not insignificant numbers who reverse commute on a daily basis as well. Housing search and choice research also indicates that different consumer groups are likely to look at both suburban and core locations in many choice decisions. Municipal boundaries are a discontinuity,
a distraction in the residential choice processes of most households. At the same time, within the broad Housing Market Areas of any city-region, there are likely to be well-defined submarkets for which there may be strong local preferences.

These issues are well understood by planners and housing professionals in Scotland. Arguably, Communities Scotland, in promoting local system analysis for more than a decade, has pushed Scottish practice in this area of planning to the international forefront. A great deal is known about housing markets in Scottish cities but that has not ensured effective cross-area collaboration or greater supply responsiveness.

4.5.2 The Urban Renaissance?

In the previous section attention was drawn to the very different strategies that had been pursued for older housing neighbourhoods in Scotland vis-à-vis England over several decades. Starting from that basis it is relevant to provide a Scottish perspective on the urban housing issues which have driven policy in England, but practitioner debate throughout the UK, over the last few years. The Rogers report,9 (the Urban Task Force), noted in 2000 that there needed to be a new drive to provide housing at higher densities on brownfield land in city cores, to reverse urban decline and reduce the environmental costs of added commuting.

The Report made much sense in the English context and also stimulated a debate on urban design that has involved Scottish practitioners, many of whom work across the UK. However, although the Urban Task Force report was subsequently used to argue for changes in reserved tax powers, it contained no reference to British urban experience outside of England. However, it may be argued that not only is there a UK-wide urban system but that the experience of different countries in dealing with city issues provides an important range of innovations that are not present in all countries.

The experiences of housing change in our cities, particularly Glasgow and Edinburgh, is of UK, and international, relevance. It is clear from the arguments and figures presented above that much of what the Urban Task Force was advocating was already the policy objective in the Scottish cities. Between 1989 and 2000 some 33,400 homes for owners were built on brownfield land in Glasgow, the vast bulk of them as part of neighbourhood regeneration schemes. In Edinburgh 24,200 units were similarly built. By the time the Rogers report was published almost an eighth of the total housing stock in both Glasgow and Edinburgh was a home, usually a flat, built on brownfield land in the previous decade.

A number of academic and policy evaluations of housing developments on brownfield land in the Scottish cities have concluded that programmes, particularly the distinctive GRO grant programme, were effective in stimulating developer interest in brownfield land. Prior preparation of brownfield sites was important in smoothing the development process (see Chapter 3). The volume of new supply reduced premia on existing better quality homes in the city and facilitated the integration of the housing market across areas of the city that had previously been regarded as marginal or low demand. New private housing was provided on peripheral, and other, council areas undergoing renewal and it stimulated a great deal of local interest. In Glasgow around 90% of the purchasers of these moderate value houses either lived or had previously lived in the neighbourhood undergoing renewal; without the new provision they would have left the area and possibly the city.

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The more recent evidence is that there are a growing number of city centre, riverside and waterfront schemes in all of our cities that can be developed without significant or indeed any subsidy and that there is strong demand for higher value and quality homes in these now re-established cores (although the core was never anything less than well established).

If the Scottish experience had potential lessons for the Urban Task Force the converse was also true. Elsewhere in this report we draw attention to the importance of intermediate levels of action oriented plans, lying at a level somewhere between traditional structure plans and development plans. Such levels of plans require an amalgam of technical/design capability, financial acumen and ability to understand where projects fit into the economic, social and spatial systems of the city. Some might label this set of technical/professional skills urbanism or even socio-economic sensitive town and neighbourhood planning. Throughout this Review a great deal was said that suggested that Town Planning lost its confidence as a profession in the 1980’s and has not adequately recovered in Scotland to create a new understanding of urbanism and how best to analyse and design change in places. Lord Rogers has stimulated a different trajectory and debate in England and the RDAs in England are now all establishing, on behalf of the ODPM, Regional Centres to promote new ideas and designs for cities that are rooted in their social and economic aspirations.

4.5.3 Improving Designs

There is ample evidence from the past remaking of places that, amongst others, there are two important prerequisites for places to thrive in the long term. These are that ‘quality’ is important and the other is that ‘low income only’ schemes don’t work. The market often fails in identifying demands for quality and has little incentive to promote mix. The earlier sections of this chapter recognises the mistakes in the past record of politicians, planners, architects and academics in reshaping our cities. We need to find new ways to give voice and shape to the designs for places that we would like for the long term.

Much of what has been produced in Scottish city regeneration in the last decade, whether social housing or home-ownership, whether in the centre or on the edge, is decent housing. Some streets have been well thought through, but there are too few examples of where the new neighbourhood has a coherence in terms of urban design. Crown Street, Homes for the Future and the like are the exceptions that make the point. And similar remarks could be made about the indifferent, often repetitive design of much new suburban housing.

There is a criticism that in rethinking the roles of places in the process of regeneration there is a repetitiveness in Scottish experience. Critics argue that creativity is minimised in the design process and that the end products do not facilitate creative, interactive behaviour within city neighbourhoods. For instance, few community regeneration projects have developed interactive uses of new ICT within their neighbourhoods or linked their homes to wider non-place communities. Sophisticated ‘green solutions’ emerge in some projects but fail to become part of the norm. In city centre regeneration there has been minimal attention to the creation of 24 hour living-working districts for younger workers in the knowledge, media and other sectors. Critics claim we build for conservatism rather than creativity. Why have we not seen ‘creative’ districts emerge around the major schools of art, drama and music within Glasgow and Edinburgh? Arguably a ‘smart-successful’ city requires the neighbourhood provision that meets workers demands and facilitates social cohesion and interaction.
4.5.4 Improving Homes

The Housing Improvement Task Force is giving a new impetus to how housing systems in Scotland need to be refashioned to facilitate the repair and improvement of privately owned housing. This is particularly likely to have great significance for more effective ways to maintain the quality of flats and be of great benefit to our cities. We have noted earlier that there is an emerging issue, most acute in the cities, of difficulties in co-ordinating major repairs and improvements where Right To Buy had led to mixed ownership in high rise and other flats. And there is the growing issue of elderly owners who have the assets and, sometimes the incomes, to afford required repairs to their homes but often fail to do so. Research shows that this unwillingness is partly due to lack of information about problems and solutions, it may be due to the organisational difficulties that older people experience in making major repairs, but it also often stems from a desire to protect cash inheritances for children.

As Scotland embraces higher ownership rates (and they will show up significantly in cohorts ten years ahead from now) and the population ages, there are likely to be growing difficulties in this regard. If they are ignored the quality of the national housing stock will depreciate or policy spending will have to rise. It is not the optimal policy choice to leave pensioners to age in their own homes whilst that stock deteriorates at an increasing rate. Consideration might be given to how organisations such as Care and Repair could help co-ordinate (unsubsidised) repairs for the elderly and consider with the Council of Mortgage Lenders (CML) and others, ways in which to release repair resources against the equity value of homes in the most effective ways.

For cities to be better quality places Scotland must consider mechanisms which will encourage quality in the design of homes and neighbourhoods and also ensure that incentives and funding routes exist to maintain property quality in the national interest.

4.5.5 Mixing Communities, Including the Poor

There have been substantial efforts in GRO-grant and other programmes to encourage ‘mixed communities’ in the regeneration process involving home-owners. It is apparent that tenures are more mixed within many localities than was the case two decades ago. But it is not at all clear that this has meant really new social mixes, or simply the tenure switch of residents already in the neighbourhood. The 2001 Census may provide some important evidence in this regard. There may be a case for more detailed review of whether we have been creating more socially mixed communities and whether there have been social and regeneration benefits from any of the initiatives involved.
This is important, not just in ensuring that renewal schemes being led by the social sector include some provision of home-ownership units. But there is a new agenda emerging. More and more city schemes on brownfield land are capable of being developed without subsidy. Indeed there are rising and positive receipts on land in at least some parts of our cities, and this can only increase given the economic and demographic futures that we have identified. The question then, for some sites, is to what extent the seller (say a council) can extract some of the gains from the developer. In straight market transactions these gains would be fully reflected in the land price. However public authorities and councils are involved in this process in two ways. First, they own a substantial proportion of the brownfield land within three of our cities. Second, even when they are not the seller they are the planning authority.

Councils, aware of the rising values of city land, recognise that changing the planning status of a parcel of land creates a potential surplus. They seek to extract some of that surplus, usually in the form of additions to city infrastructure, by making consents conditional on developer actions. This action constitutes, in effect, a tax on either the seller or the developer. Some authorities have come to the view that they should have a standard tariff (tax rate) in particular classes of neighbourhood. Others take a case by case bargaining perspective.

Increasingly councils are looking to the possibility of having some of the development gains returned to the community in the form of affordable housing within higher income housing projects. Clearly this facilitates ‘income mixing’ and it would also reduce some of the pressures on Executive budgets if more housing could be provided in this way. There is however great variety, and lack of clarity, about what is now happening in these issues in the Scottish cities. In Glasgow there has been great pressure to include subsidised ownership within social regeneration schemes and effective community pressures to ensure that New Neighbourhoods for owners also include around a third of social housing, but at the same time the Glasgow Harbour proposal is to produce 600 high value homes without a single affordable home developed. Edinburgh has adopted a quite different approach, trying to secure consistent rates of affordable housing in similar projects.

The outcomes of such processes may influence Executive expenditure requirements (see Chapter 8) as well as the pace of city development.

4.5.6 Including Families

Much of the housing that has been built within Scottish city limits in the last decade has been flats. The market effort has largely reinforced rather than diversified dwelling types in the cities. This broad balance is unsurprising as not only has the key demand driver been new household formation, but also the widespread developer perception is that high density in development is the way to cover high land costs. That may be a reasonable pattern in Edinburgh where the land economics arguments all imply dense development. But do they hold equal validity in Glasgow and Dundee where there are substantial stocks of vacant and derelict land?

The research evidence for the Glasgow housing market area is clear, and it has been clear for more than a decade. There is a proportion of households, usually with young families, most with above average incomes and with a prior ‘career’ in one or two flats in the city, whom leave the city each year, who would have preferred to have chosen to remain in the city. There is now similar evidence for Dundee (and perhaps rather different evidence for Edinburgh implying that the high cost of home-ownership in the city is pushing them out to the city-region edge and imposing commuting costs on them).

\(^9\) Scottish Homes/City of Glasgow (1997) Greater Glasgow Housing Choice Survey
The evidence for Glasgow, and Dundee, is that some households are leaving the core city because on the transition from childless couple to family with children they find that there are relatively few family houses within the city that meet their requirements – it is primarily an issue of quality and availability rather than price. Survey evidence for the housing market area around Glasgow suggests that households would consider moving back to the city, to new neighbourhoods, if:

- developments were on a sufficiently large scale that the social mix could be similar to suburban developments;
- local schools, and especially primary schools, were of adequate quality; and
- developments were secure, that is crime free.

Substantial scale of change is possible, because of land availability, in Glasgow and Dundee, but aside from ensuring the interests of communities still residing where such developments might take place, school performance in both cities will have to improve. Neighbourhood crime issues are touched upon later. But overall, there is a recognition that the renaissance of housing markets in Glasgow and Dundee has to move beyond simply providing flats to create longer quality chains within city boundaries. However the demographics facing our cities suggests that demand for family housing may fall and that demand combined with significant expansion in the city cores may mean difficulties for the more marginal owner-occupied suburbs. More detailed discussion of the role of new house-building in Glasgow and Edinburgh can be found in Bramley and Morgan (2002).\(^\text{10}\)

4.6 HOUSING PRICES

4.6.1 City Price Patterns

We have concentrated so far on the volume, quality, mix and choice aspects of the growth of owner occupied housing in our cities and stressed that there are design and policy issues to be addressed. But there are equally important issues regarding city house prices, price changes and their economic impacts.

House prices in Scotland, and for the Scottish cities have typically been more stable than the English average and English cities. However, long term evidence for Glasgow, Aberdeen and Edinburgh shows that since the 1980’s average house prices in these cities have, over the longer term, at least kept pace with UK averages. Our cities and our central cities have endured neither relative nor absolute decline in their housing prices.

The 1990’s were, however, a little different. Southern UK housing markets, at the start of the 1990’s, were either still suffering price declines or slow recovery from house price falls, which Scottish cities had avoided (largely because the larger social sector meant that recession and unemployment had little impact on Scottish owners and because Scots have typically been much less likely to engage in housing equity withdrawal). That recovery, combined with subsequently faster rises in productivity and household formation, especially in southern England, meant that English house prices rose by a half in money terms in the 1990’s. As the 1990’s boom accelerated so did southern house prices and Scottish prices, with the exception of Edinburgh and the Lothians, have begun to lag behind English averages.

Through the 1990’s average Scottish prices also increased by close to a half but there have been marked differences across the city-regions. Between 1999 and 2000, second-hand house prices in Edinburgh and the Lothians rose by 58% and in the Northeast of Scotland, on the region focused around Aberdeen, by 57%. On Tayside and Clydeside the increase was just under 40%. However the core cities performed more strongly than their surrounding regions, with increases above 70% in Edinburgh, 80% in Aberdeen and 50% in Glasgow, with Dundee and Inverness lagging at just over 40%.

Within the cities, central city localities were amongst those that appreciated most rapidly. Whilst media coverage of housing prices has emphasised the Edinburgh boom, Sasines figures at more local scales make clear that there are segments of the Glasgow market (its higher value end) which have appreciated at rates not dissimilar to high value Edinburgh. More recent evidence suggest these well established patterns are continuing within the cities and that Edinburgh price trends are now more similar to south-east Britain than the rest of Scotland. It is the more marginal quality parts of cities, the outer parts of the city-regions, and much of western and central Scotland which have low appreciation rates which are holding overall Scottish price inflation well below the UK average.

The price dynamics of these housing markets reflect the demographic and economic changes outlined earlier in the report. This is apparent within the cities as well as between them. For example, neighbourhoods with higher rates of appreciation in recent years in all of our cities have been those that attract not just higher income local movers but disproportionately high shares of movers into the city-regions from outside of Scotland. Research by Communities Scotland has indicated that in the second half of the 1990’s well over a third of purchasers in the City of Edinburgh were arriving from outside of Scotland. By 1998 almost half of purchasers in Central Edinburgh and almost two-fifths in Outer Central and Waterfront Edinburgh were from outside of Scotland. Academic research in Glasgow has shown that more than a third of buyers in the Merchant City and the higher value West End markets originate from outside of Scotland. The main inward flows are from higher priced English regions (with earlier and higher housing equity rises). The nature of our house purchasing system may facilitate importing inflation in the cyclical upswing when Scotland lags southern Britain.
4.6.2 Policy Issues

We have indicated that the demand drivers of the last decade are likely to be replicated in the next, if with less pressure on family housing and more on high value two person homes. It is therefore pertinent to ask whether such rapidly and differentially rising house prices, which attract so much press and dinner table interest, should be so uncritically tolerated in our cities.

Some studies of city success indicators, including the European Urban Audit, include rising house prices as a success indicator. This may be valid, as an indicator of rising demand. But by the same token, it is a limited meaning of success to suggest that we all have to pay more for the same bricks and mortar that were built in the past. Rather house price rises are a potential sign of supply side failure, that is prices rise because rising demand is unmatched by increasing supply.

Rises in house prices (unrelated to improvement action) are of course welcome to those who own housing assets, and that is now over half of our city residents and almost two thirds of people in Scotland. But the proportion benefiting falls if one considers that existing owners who intend to trade-up in the market (usually more than half of existing owners) face rising buying prices (on higher value homes) as well as enhanced sales values. It is only those who intend to trade-down or out of the market who unambiguously gain. When gains occur, real or perceived, it is now well established that there is a housing wealth effect on overall domestic spending, so that house price booms can increase local consumer spending (and of course the converse applies when boom turns to bust). In general, the volume of transactions in Scottish city housing markets are also positively correlated with house price increases so that rising prices are associated with good times for estate agents, solicitors, valuers, removal agents and the white goods and carpets sectors (households spend when they move).

There are, however, also down-sides to this process. First, those entering the market now have to increase their share of income devoted to mortgage payments and reduce other savings and consumption. Second, those rationed out of the market may find rental costs rising as private landlords have to compete for properties and social landlords face rising land prices. All of these effects are apparent in Edinburgh; rising house prices for the better-off half in the city are imposing costs on those who cannot afford to buy and on owners forced to the edge of the city-region. There must be a concern then that rising house prices, and land values, could begin to limit the attractiveness of Scottish cities to potential migrants. If we need to attract more people there is merit in being able to expand housing provision without major house price increases and avoiding instabilities.

House prices reflect not just local authority infrastructure, planning and housing policy decisions and related Executive actions but also UK monetary and tax policies. The Executive has relatively few instruments available to shape housing demand but it does have the capacity to shape housing supply side changes. This suggests a need for a stronger understanding of the causes and consequences of housing market development in Scotland, including price developments in the cities.
Further, price changes, given their micro and macro-economic significance, deserve more consideration in regional investment strategies of Communities Scotland and in local housing strategies and structure plans. At present these plans produce quantitative targets of housing outputs, or ranges thereof, but say nothing about the price effects of achieving these targets or indeed the effects of under-specifying targets relative to real demands.

The need to make progress in raising productivity and safety in the construction sector and to address potential construction sector shortages (which have been widely identified for the decade ahead) has to be allied to an understanding of the costs of land. Recent press reports have highlighted the higher rate of new household formation in Scotland and with city household growth significant there is likely to be renewed debate about the overall balance of brownfield and greenfield land around Glasgow and Dundee and concerns about the ‘tightness’ of planning around Edinburgh and Aberdeen.

This review has highlighted the major economic significance to Scotland’s economy and population of dynamic centres being able to expand quickly and with minimal cost increases, for this will be a shaper of productivity, but this cannot be at the cost of sustainable development. The Executive is currently making significant progress in providing a better framework for spatial development in Scotland and in promoting the link between strategic plans and delivery action. But consideration might also be given to the issue of whether the present extent and form of green belts actually play the roles assumed of them. Just how does the provision of green belt impact housing provision and prices, and just how do they provide visual amenity and act as green lungs?

Scotland’s cities and city-regions, would benefit from a more sophisticated forward look on the housing market and a more incisive view of the social and economic causes and consequences of rising house prices. Because whilst there is much current excitement about rising house prices there seems little recognition that these rises reinforce the gaps between those that have and those that do not, between those that have to live in the worst council housing and those that can escape into the market.

As households make choices of where to leave and where to move to, they give much thought to neighbourhood quality. Studies of the social rental sector show that neighbourhood quality is a key influence on where people will accept housing offers. Market sector studies of the determinants of house prices (hedonic index studies) typically reveal that neighbourhood attributes can explain between a quarter and a half of house price variation. Selecting a particular house also means an array of access to different private services and amenities (close to shops), environmental qualities (close to green space, under the flight path), public services (schools, nurseries, health centres) and of course neighbours (similar, different). We now have to ally the previous discussion of housing issues to neighbourhood qualities to assess the overall residential choice aspects of Scotland’s cities.
4.7 CHOOSING NEIGHBOURHOODS

4.7.1 Patterns of Neighbourhood Satisfaction

Neighbourhoods differ physically in layout and density, in terms of location, amenities and accessibility, and socio-economic composition. This produces a diverse mosaic of neighbourhoods within the Scottish cities, though there are some underlying factors in shaping neighbourhood types. For instance, housing tenure is important because of its close association with other variables such as dwelling type and quality (non-traditional dwelling types and lower quality). As tenure selection is also influenced by socio-economic variables a consequent relation between low incomes and dwelling type can emerge. For example, whereas it is not uncommon in the US for high income households to live in high rise apartments in or at the edge of the central city, in Scottish cities high-rise flats are primarily owned by councils and let to the poor.

There is ample evidence of the association between tenure and income in the Scottish cities, though the relatively small size of the social rented sector in Edinburgh means that the capital has a wider tenure spread of lower income households than the other cities. The Scottish cities, reflecting their post-war commitment to public housing, also have two other distinctive neighbourhood patterns. First, because councils built dwellings in very large schemes there is often a sharp spatial division between different neighbourhood types and marked socio-economic segregation at very local levels. Drumchapel (at the edge of Glasgow) and Bearsden are respectively amongst the poorest and richest parts of the Glasgow city-region, their gap illustrated best by an eleven year difference in male life expectancy, but they are physically no more than 200 yards apart. Secondly, peripheral scheme development created major concentrations of poor people on the edge of cities (just as post 1980’s regeneration has brought more affluent households to the city core). Arguably housing policy and planning have given insufficient attention to whether this is a pattern that should be changed.

Neighbourhood classification schemes allow a synoptic view of how the mix of neighbourhoods differs from city to city. Between a third and a half of neighbourhoods in Inverness, Aberdeen, and Edinburgh would appear (not just to statisticians but residents and visitors) as relatively prosperous places for home owners (Chart 4.5). Glasgow stands out starkly both in the proportion of poor public housing estates (for that is the dominant neighbourhood type in the city) and the absence of affluent and prosperous areas of home-ownership (despite the recent and positive changes noted above). Chart 4.5 highlights the scale of the differential inheritance, in dwelling and neighbourhood types, that confronts the cities.
It is important to probe beyond areas and to assess residents’ views about
neighbourhood satisfaction as well as the factors which influenced their residential
location choices. The Scottish Household Survey (SHS) asked respondents to rate
their neighbourhood as a place to live and breaks down these responses by broad
urban/rural categories, individually for Aberdeen, Dundee, Edinburgh and Glasgow
and by MOSAIC neighbourhood type (Table 4.8).

**TABLE 4.8 Neighbourhood Classification Schemes**

<table>
<thead>
<tr>
<th>MOSAIC</th>
<th>ACORN</th>
</tr>
</thead>
<tbody>
<tr>
<td>High income areas</td>
<td>Affluent consumers with large houses</td>
</tr>
<tr>
<td>Middle income owner</td>
<td>Prosperous home-owners</td>
</tr>
<tr>
<td>Low income owners</td>
<td>Private tenements and flats</td>
</tr>
<tr>
<td>Better off council</td>
<td>Better-off Council areas</td>
</tr>
<tr>
<td>Disadvantaged council estates</td>
<td>Council estates, less well-off families</td>
</tr>
<tr>
<td>Families in council flats</td>
<td>Council estates, older residents</td>
</tr>
<tr>
<td>Renting singles</td>
<td>Poorest Council estates</td>
</tr>
<tr>
<td>Singles and flats</td>
<td>Unallocatable</td>
</tr>
<tr>
<td>Country dwellers</td>
<td>Agricultural communities</td>
</tr>
<tr>
<td>Institutional areas</td>
<td></td>
</tr>
</tbody>
</table>

For the four cities taken together, 43% of households rated their neighbourhood
as very good and 44% as fairly good. Only 7% said their neighbourhood was fairly
poor and 5% very poor. This indicates that most neighbourhoods in the four
largest cities are successful as residential environments. These data confirm the
findings of the 1996 Scottish House Condition Survey which also asked respondents
to rate their own neighbourhoods and included data for Inverness where
neighbourhood ratings are particularly high (Chart 4.6).
These results, at one level, are encouraging, because they suggest that almost nine out of ten city Scots are reasonably satisfied with the neighbourhood they live in. However it is worthwhile noting that neighbourhood satisfaction levels in rural areas are higher with 64% stating very good and 31% fairly good and that research on neighbourhood satisfaction levels in English cities has revealed similar findings.

Neighbourhood satisfaction rates vary across the cities (see Chart 4.6 below). These indicate that satisfaction levels are generally high; only 9% of respondents said that their neighbourhood was fairly poor or very poor as a place to live in Aberdeen, Dundee and Edinburgh. In Glasgow, however, this proportion was 17%. Glasgow also has the lowest proportion stating very good at 35%, with Edinburgh highest at 54%. In all four cities, however, a significant number of neighbourhoods in the social rented sector are rated as fairly or very poor places to live. The proportion of respondents in the social rented sector who rated their neighbourhoods as poor was 18%, 17%, 25% and 26% respectively for Aberdeen, Dundee, Edinburgh and Glasgow. These neighbourhoods contain a concentration of linked problems – high unemployment, poor health, poor services, poor quality of environment, inadequate housing and high crime.

These broad findings are reinforced by analysing satisfaction scores for the MOSAIC neighbourhood types in the Scottish national sample (Chart 4.7). A clear pattern emerges of high satisfaction ratings in the owner occupied neighbourhoods and significantly lower ratings in the neighbourhoods of council dwellings. The neighbourhood type with the lowest rating is “Families in council flats”, with 13% stating fairly poor and 13% stating poor. Because past policies favoured so much public housing in Scotland and then promoted large scale rehabilitation of older tenement neighbourhoods, with an intensity unmatched in the rest of the UK, it is these neighbourhoods in the deteriorated public housing system that now represent the worst choices within the Scottish system.
4.7.2 Determinants of Neighbourhood Satisfaction

More detailed analysis of the determinants of neighbourhood satisfaction in Scotland have been undertaken by Kearns for Communities Scotland.11 His analysis of neighbourhood satisfaction confirmed that the general appearance of an area (graffiti, cleanliness etc.) and satisfaction with the home were the most prevalent shapers of neighbourhood satisfaction, emphasising the importance not just of housing programmes but also the imperative of providing better quality public environments. Crime levels and the quality of schools were also important in shaping satisfaction with city living.

Housing services, in the sense of management by councils and other social providers, have great significance in places owned by such landlords and crime really matters where rates are high, but it is education which is most widely cited as a neighbourhood quality influence. Thus, whilst households may be dissatisfied with other services, such as street lighting or transport, these feelings were relatively unimportant in terms of determining their overall neighbourhood satisfaction. However, Kearns’ analysis also highlighted the importance of local retail provision for the satisfaction levels of those living in more deprived neighbourhoods.

In the previous chapter attention was drawn to the need to improve school performance. That analysis highlighted differences across the cities and the differential levels of attainment between city and non-city school children in pupil performance at age 16. However, that analysis also indicated the striking differentials between cities in terms of attainment levels in post compulsory education. Thus, pupils from Aberdeen and Edinburgh who continue their education into standard grades 5 and 6, show levels of attainment which are comparable with that of their non-urban counterparts. However, at the higher levels of achievement the gap between Glasgow and Dundee and Edinburgh and Aberdeen widens significantly.

Neighbourhood level analysis emphasises the vast variation within cities of levels of pupil attainment and engagement in post-compulsory schooling. In Glasgow, whilst schools in more affluent neighbourhoods perform at levels close to or above the Scottish average, those serving deprived catchments are performing at the very lowest levels. This simply reinforces opportunity gaps and perpetuates the relationship between urban deprivation and pupil performance across Scotland. However more local analysis shows that even in those parts of Glasgow and

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11 Kearns, A.J. et al The Determinants of Neighbourhood Satisfaction in Scotland, Communities Scotland
Dundee with the severest levels of deprivation, state education is performing well in some neighbourhoods. An important corollary however, is the fact that in more prosperous Edinburgh and Aberdeen, average performances at age sixteen fall below the Scottish average. Whilst this disparity disappears when levels of achievement at age 17 and 18 are measured, this suggests that less able and possibly more disadvantaged pupils are not achieving at levels which reflect the overall prosperity of the city. There is then the possibility of upgrading educational performance in the cities and of reducing the extent to which it acts as a spur to suburban movement for those who have incomes.

Kearns’ work also highlighted the significance of the impact of crime and disorderly behaviour on neighbourhood satisfactions; reinforcing prior Scottish results on crime and residential choice by Fyfe and others. It is important to be clear on the incidence and the impact of crime. Its effects are severe for victims, but the resultant fear of crime in which perceptions reinforce realities is also important in shaping residential choices and especially moves to the suburbs and the separation of low and high income groups. The Executive has placed a high priority in reducing crime so it is important to outline the pattern in cities and consider what the Executive is doing to improve the position.

4.8 CITY CRIME AND NEIGHBOURHOOD CHOICES

4.8.1 Police Recorded Crime Rates

Police recorded statistics shows that crime is most prevalent around the population centres of the central belt (Edinburgh and Glasgow), along with Aberdeen and Dundee. Other areas showing high crime rates include Inverclyde, Falkirk, West Dunbartonshire and Renfrewshire council areas. The absolute number of recorded crimes and ‘clear-up’ rates are shown for each city in Table 4.9. The figures also make clear that in the short period examined, following on similar trends since 1996, recorded crime levels and rates were falling in the cities.

**TABLE 4.9:** Number of Crimes Recorded by the Police and percentage Cleared Up by Council Area and Year

<table>
<thead>
<tr>
<th>Council Area</th>
<th>1999 Total Crimes</th>
<th>1999 % Cleared up</th>
<th>2000 Total Crimes</th>
<th>2000 % Cleared up</th>
<th>2001 Total Crimes</th>
<th>2001 % Cleared up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen City</td>
<td>32,604</td>
<td>34</td>
<td>30,833</td>
<td>30</td>
<td>29,071</td>
<td>33</td>
</tr>
<tr>
<td>Dundee City</td>
<td>17,651</td>
<td>38</td>
<td>16,546</td>
<td>39</td>
<td>16,130</td>
<td>33</td>
</tr>
<tr>
<td>Edinburgh City</td>
<td>54,363</td>
<td>37</td>
<td>54,208</td>
<td>43</td>
<td>52,034</td>
<td>42</td>
</tr>
<tr>
<td>Glasgow City</td>
<td>88,646</td>
<td>46</td>
<td>86,817</td>
<td>46</td>
<td>85,165</td>
<td>47</td>
</tr>
</tbody>
</table>

Crime rates, per 10,000 population for each council area shows that in 1999, Aberdeen City had the highest crime rate with over 1,500 crimes per 10,000 population, though its rapid reduction by 13.4% over the two years meant that more slowly reducing Glasgow (at 4% reduction) was the highest crime rate city in 2001 (Chart 4.8). Aberdeen generally shows comparable crime rates to Glasgow for 2000 and 2001 whilst Dundee and Edinburgh show similar levels across the three years.

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13 Source: Scottish Executive Statistical Bulletin, Criminal Justice Series, April 2002
4.8.2 Crime Types

Although the crime rates per 10,000 show only slight variation between cities, closer analysis of types of offence that are prevalent in each of the four cities suggests that different crimes may be characteristic of the four areas (Chart 4.9).

Glasgow reported the highest number of non-sexual crimes of violence with 122 per 10,000 population compared to 50 for Edinburgh, 42 for Aberdeen and 37 for Dundee. Glasgow also had the highest rate of crimes of carrying an offensive weapon with 47 per 10,000 compared to 16 for Dundee, 13 for the City of Edinburgh and 11 for Aberdeen. The rate for serious assaults was also considerably higher for Glasgow than the other four cities with 35 per 10,000 population compared to 9 for City of Edinburgh, 8 for Aberdeen and 7 for Dundee City.
Rates of domestic housebreaking for 2001 were higher in Aberdeen than for any of the other four cities with 144 per 10,000 population compared to 104 for Dundee, 90 for Glasgow and 56 for the City of Edinburgh. These patterns do change over time, however, vandalism varies little either by year or between the four cities with rates of 256 per 10,000 population for Glasgow compared to 248 for Dundee, 213 in Edinburgh and 207 in Aberdeen for the 2001 recording year. Glasgow is the only city to have shown a marked increase in vandalism rates from 1999 rising from 186 to 213 in 2000 and 256 in 2001.

Overall, police recorded crimes per 10,000 population would indicate a higher prevalence of personal crimes in Glasgow compared to the other Scottish cities, whilst household offences are greater in Aberdeen and Dundee with vandalism showing similar prevalence levels across the four cities.

4.8.3 Scottish Crime Survey

It is important to remember that not all crimes are reported to the police and, of those crimes that are, not all are subsequently recorded. The Scottish Crime Survey (SCS) provides an alternative measure of crime to police statistics and can also usefully inform an analysis of crime in Scotland by rural and urban populations (Table 4.10).

**TABLE 4.10** Prevalence of Household\(^{14}\) (HH) and Personal\(^{15}\) Victimisation by Settlement Size.

<table>
<thead>
<tr>
<th>Settlement Size</th>
<th>HH Victimisation (%)</th>
<th>Personal Crime (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Over 1 Million</td>
<td>100,000 to 999,999</td>
</tr>
<tr>
<td>Household Crime</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Once</td>
<td>11.1</td>
<td>11.6</td>
</tr>
<tr>
<td>Twice</td>
<td>1.6</td>
<td>3.2</td>
</tr>
<tr>
<td>Three Times or More</td>
<td>0.8</td>
<td>1.5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>13.5</td>
<td>16.3</td>
</tr>
<tr>
<td>Personal Crime</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Once</td>
<td>2.5</td>
<td>5</td>
</tr>
<tr>
<td>Twice</td>
<td>0.1</td>
<td>0.5</td>
</tr>
<tr>
<td>Three Times or More</td>
<td>0.3</td>
<td>0.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2.9</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Personal crimes are most prevalent in the very small settlements and cities. Household crimes are relatively high in the cities, but more of a problem in large towns. Interestingly, however, prevalence of household offences in the least densely populated areas is also relatively high, suggesting that crimes such as housebreaking, vandalism, theft of and from a motor vehicle as well as other household thefts are not uniquely characteristic of urban settlements. Data from the SCS supports the police recorded statistics for 2001 insofar as highlighting that both the overall number of crimes and prevalence of certain types of crime vary as a consequence of geographical location, but the prevalence of some types of offending are similar across settlements of varying size. Not all cities have higher crime incidence than all towns, and towns and villages are not unproblematic.

Any comprehensive review of crime in Scotland’s cities would therefore need to account for idiosyncrasies of individual cities, including analysis of the economic, housing and population characteristics of each of the Scottish cities, before a reliable rationale could be offered which might account for the differences in crime rates between the cities.

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14 Household Crime includes vandalism, theft from a motor vehicle, housebreaking, theft of a motor vehicle, bicycle theft and other household theft.

15 Personal Crime includes assault, robbery, theft from the person and other personal theft.
4.8.4 Fear of Crime

In addition to actual victimisation, it is also possible, using Scottish Crime Survey data, to explore geographical variation in fear of crime. Respondents from lower income groups are more likely to report that crime is an extremely serious problem in their area; however for all income groups, those living in rural areas are less likely to perceive crime as a problem than those in urban areas. Those in the 16-24 age band were less likely to view crime as an extremely serious problem than older groups and this was especially true of those living in rural areas (with 16% of young people reporting that they view crime as a problem in their area compared to 25% in more urban locations).

For older age groups the percentage of people viewing crime as an extremely serious problem in their area is greater in urban than rural areas but the percentage of those viewing crime as quite a serious problem is greater in rural than urban areas. In built up areas, young people (77%) feel more safe than those in the 25 to 59 year old category (72%) and those in the 60 plus category (58%). This pattern is not true of those in rural areas where the middle age group report higher levels of feelings of safety (82%) than either the young (71%) or elderly group (70%). Therefore, despite being at high risk of personal victimisation, young people living in urban areas do not demonstrate feelings of being unsafe in their community (Table 4.11).

**TABLE 4.11: Feelings of Safety by Age Group and Urban/Rural split**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 to 24</td>
<td>Very/Fairly safe 77%</td>
<td>Very/Fairly safe 71%</td>
</tr>
<tr>
<td>25 to 59</td>
<td>Very/Fairly safe 72%</td>
<td>Very/Fairly safe 82%</td>
</tr>
<tr>
<td>60+</td>
<td>Very/Fairly safe 58%</td>
<td>Very/Fairly safe 70%</td>
</tr>
</tbody>
</table>

4.8.5 Crime, Cities and Neighbourhoods

Data point towards high crime rates in Scottish cities with different crimes being characteristic of different cities. Fear of crime also varies as a function of urban and rural location but may also be influenced more broadly by age and social class variables. Kearns establishes that crime and fear of crime patterns are major shapers of neighbourhood satisfaction and there is survey evidence for Glasgow and Edinburgh that perceived crime rates do influence location choices. A 1997 survey by the Glasgow Alliance for example, indicated that whilst the most significant influences on households moving out of the city to the suburbs were house type and size (between a third and a half of respondents cited house size, type, garden etc. as the key factor), a fifth did cite the avoidance of crime as a decentralising force (and a sixth better schools).

Research has also established that people living in disadvantaged neighbourhoods encounter not only higher crime rates but display a greater sensitivity to crime, so that in such areas actual crime levels are ratcheted into proportionately higher levels of fear of crime. In such areas, Kearns has established that crime and fear of crime were more significant issues in detracting from the area's amenity, than they were for households in other area types. So falling overall city crime, but crime which is more intensely experienced in the poorest places, is the broad pattern that policy has to address. The probability of being burgled or subjected to violent crime is not greatest in more affluent areas, but peaks in the poorest places. Fyfe has reported that one third of households living in what the survey classifies as
‘poor council estates’ have experienced a burglary, compared to only a quarter of those in ‘prosperous home owner neighbourhoods’. More starkly, the risks of suffering violent crime are much more significant for residents of poor council estates than those residents of prosperous owner occupied areas (three or four times greater).

Patterns of crime illustrate the problem of a high city average being largely attributable to a restricted set of places. Although those who choose locations outside of our cities cite concern about city crime as a major factor for leaving the city, their actual experience of city crime is somewhat more limited. This does mean that the subset of poorest neighbourhoods are typified by these difficulties, and crime rates in the worst neighbourhoods are a continuing threat to the survival of these places; they may be abandoned without the housing provision being critically bad and it may be that it is the neighbourhood rather than the home that becomes unliveable. Policy may simply be mixing up, in causality terms, low housing demand with high crime.

Similar patterns and issues arise in relation to other forms of anti-social behaviour, not all of which are crimes. The Scottish Household Survey asked households about problems they encountered within their neighbourhoods (Chart 4.10). Although most respondents had no experience of these problems, a significant minority had some or a lot of experience. The most commonly experienced problem for all cities was ‘groups of young people hanging about’. Glasgow scored consistently worst (highest) in terms of experience of each of the problems. In all the major cities, a significant minority of residents have to put up with vandalism, young people hanging about, noisy neighbours, rubbish and litter, and people drinking or using drugs.

![Chart 4.10: Experience of neighbourhood problems (% saying each is very or fairly common)](chart.png)

Source: SHS
And these are the same places where crime is at its worst and most commonly they are manifested in particular parts of the social rented sector. Over a quarter of social rented tenants in Glasgow stated that experience of people drinking or using drugs was very common, almost a third of tenants in Edinburgh lived in neighbourhoods where rubbish and litter are very common, a third of Dundee’s tenants have fairly common experience of vandalism, and one fifth of Aberdeen’s tenants have very common experience of people drinking or using drugs.

Much of the recent attention directed towards urban crime and disorder issues has arisen in the context of ‘urban renaissance’ discussions concerned with ‘bringing back’ more affluent households to cities. The evidence from the Scottish cities suggests that we may need a somewhat different interpretation and approach. Firstly, it has to be said, the issue is not about primarily bringing people back, rather it is about encouraging them to stay in the city as they move from young to family households. Secondly, there is ample evidence that within our cities, there are high quality and high house price neighbourhoods which, far from displaying any signs of flight, are manifesting relatively higher property values over time. The policy requirement is to encourage the supply of more such neighbourhoods and this is a key challenge for city partnerships and authorities. Thirdly, it is clear that in making that provision there will have to be greater regard to resident perceptions about safety and school quality. Gated communities and segmented schools may be the easiest route to making new middle class estates within our cities. But they will have limited success if the core problems of poor housing, poor education and crime and disorder are not met where they are most acute. Urban Renaissance will only be sustainable in Scotland’s cities if we think city-wide and link actions for the least well off to our desire to have more income diversity within our cities.

However, it has to be stressed that the most typical trajectory of neighbourhood change in Scotland’s cities over the last quarter century has been improvement, not decline. The great majority of neighbourhoods in the Scottish cities have good quality housing, access to amenities, and an absence of socially disruptive behaviours. They are neighbourhoods which do not depreciate the housing stock, rather they contain and they allow housing choices with satisfactory outcomes.

4.8.6 Improving Neighbourhoods

Despite the overall satisfactory state of neighbourhoods and housing in our cities, at least according to the residents, there are established and emergent issues regarding neighbourhood options within our cities. The recent Community Regeneration Statement has set out the ways in which the Executive intends to build upon current progress in regeneration, improving mainstream services, integrating services, place and people policies through community planning and strengthening community social capital. As noted at the outset of this chapter, the overall set of neighbourhoods within a city, and not just the wellbeing of each one, is a broader concern for city and city-region policy. Whilst adopting the new priorities and principles of the Community Regeneration Statement, and leaving possibilities for new change delivery vehicles to Chapter 8, further actions might help to secure citywide progress. For instance:

- Advice, indicators and analysis for Local Housing Strategies could be expanded to develop a better understanding of the pattern of neighbourhoods and neighbourhood change within our cities and city-regions; to inform neighbourhood regeneration strategies;
In a joined-up world, linked places need not just holistic policies, but also integrated planning.

- Understanding of quality and change issues could be applied to successful as well as declining neighbourhoods;
- Whilst still prioritising resources for change in the less popular neighbourhoods of the social rented sector, more attention could be given to the existence of severe deprivation and decline issues in a few areas of older private housing, often close to city centres, in area regeneration and improvement grant strategies;
- More innovative thought could be given to the provision of quality and creative neighbourhoods within the private sector, and as to whether voluntary neighbourhood mechanisms to maintain neighbourhood interaction and quality could be encouraged;
- Councils could consider how to encourage the supply of the right mix of neighbourhood products across the quality spectrum to retain existing populations and attract the new; and
- More strategic thought could be given to the new housing developments taking place within our cities (for example, few flats for younger households provide lifts, but in a decade this requirement will begin to change significantly) and their implications for wider city-regions (for example successful development of family homes in Glasgow and Dundee could mean problems for city-region suburbs in light of falling numbers of households with families).

Communities Scotland, in conjunction with key regeneration partners, might usefully take a lead for Scotland in stimulating innovation, design, planning and practice for neighbourhoods and in establishing key understandings of how our cities and neighbourhoods are changing. Consideration should also be given to whether successful neighbourhoods may require a local policy framework. These might in turn boost efforts to place community planning at the core of integrating service provision and spatial policies at a more local scale. Meanwhile, the spread of household and neighbourhood choices well beyond core boundaries and out into the city-regions means that community planning in one authority will face demands to mesh with the wider city-region pattern of not just community plans but land use plans. In a joined-up world, linked places need not just holistic policies, but also integrated planning.
4.9 BETTER CITIES FOR LIVING

The discussion above has emphasised the ‘big picture’ outcomes for housing and neighbourhood choices in the Scottish cities and it has emphasised the place impacts of long term system change. That emphasis, in this Cities Review, can be justified, but it is always important to emphasise that beneath the generality of outcomes for a city or a tenure sector or even a single neighbourhood, outcomes for particular kinds of people or groups may be much better or worse than the average. Special needs in housing are important local issues and the adequacy of housing and neighbourhoods within a city may differ for households at different stages of the life course or for different ethnic groups.

A concern emerged in interviews during the Review that the Executive’s approach to social justice issues is still only thinly applied at more local delivery levels. The challenge can be made that there has not been, for instance, an audit of how city housing and neighbourhood policies impact any of the key groups of concern or of how they impact our specific social justice indicators. For instance, there are equalities concerns within the social justice agenda, and some of these concerns are of city and neighbourhood salience, for instance how ethnic minority communities fare within our cities. It could be argued that agencies are often insufficiently sensitive to these issues and concerns. Are there commitments in Scotland’s cities to use the strength of ethnic diversity to make our cities more varied and interesting, let alone fair? Some of the southern English cities such as Birmingham offer strong lessons about what ethnic awareness and variety can contribute.

Much has been accomplished in delivering an overall framework for social justice but city and neighbourhood transmission mechanisms, from spending to success, could be scrutinised and sharpened, as they are important in overall city policy. There are perhaps two important differences in emphasis in the Scottish discussion about urban renaissance. First, and perhaps because of the more pro-city policies we have long pursued, we act from an already well established basic confidence that Scotland’s cities are already enjoying some substantial recovery as places to live. We are, in fact, less sceptical about the prospect of renaissance. Secondly, the prevalent concept of renaissance is not simply about getting the more affluent back into cities. Much of local planning and delivery and national policy and debate directly conjoin that issue with a concern to make life better for those who already live in the cities. This may reflect different social attitudes to poverty and affluence, but it may also recognise a reality that in Scotland’s sharply income mixed cities, the affluent can neither drive away from nor extensively distance themselves from the externalities of poverty. Social justice strategies in the cities ultimately benefit everybody.

When viewed as aggregates, in a UK and European context, our cities score highly on cultural, physical and environmental qualities. As aggregates, they score highly on quality of life indicators and at a more disaggregated level the most common pattern of neighbourhood change is of quality improvement and rising property values. But setting these achievements beside the still considerable challenges of poor public housing neighbourhoods and urban inequalities, it is clear that though a lot has been done, there is still much to do.
The previous chapter concentrated on the homes and neighbourhoods that make up the bulk of land uses within our cities. But in using cities and in choosing whether or not to live there, residents have regard, as the quality of life studies showed, to a range of city attributes and services which are concentrated at points or within specialised districts within the city.

Sub-centres for entertainment and shopping are important, not least in the suburbs of the city-region, but it is the city centre that is the essence of “cityness”, the reflection of scale, centrality and variety. City centres matter – Scotland’s city centres are of crucial importance as magnets for shopping, tourism and leisure. Strong vibrant city centres are key anchors against de-concentration and they retain a link between core cities and the rest of the city-region by attracting commuters, shoppers and service users. For business visitors and tourists they are, to an often unrecognised extent, shapers of the image of Scotland – Scotland’s ‘shop windows’. This chapter examines the public realm at the core of the cities and then considers how retailing, leisure and tourist activities impact on the cities.

5.1 THE CITY CENTRE AND THE PUBLIC REALM

City centres are relatively specialised in that they contain relatively low shares of residential activity and minimal amounts of manufacturing. Services, retailing and public spaces dominate. A range of factors make for a competitive city centre – a quality public realm, with pedestrian friendly spaces; good transport links to the city centre; the pull factor of good shops, museums, and culture; better design, promoting high quality, complementary development; events, cleansing, lighting, signage, marketing and promotion, security, etc.

Clearly these different requirements may be contradictory, and in many senses this is the secret of successful city centres. People wish freedom to express themselves and meet new people, but they also want security and safety. Shoppers wish ready access to the core, but to have pedestrianised spaces free from cars. City centre residents want ‘buzz’ but they also want to have peace and quiet in their homes. Planning, designing and managing city centre spaces to reduce these conflicts, to reduce the effects of negative ‘spillovers’, is a complex challenge to which our cities have responded well over the last decade or two.

The range of measures outlined above can contribute to:

- making the city centre (and the city more generally) a more attractive place to live;
- attracting new business development, and in particular headquarters development;
- enhancing the competitiveness of the retailing offer;
- enhancing the attractiveness of our cities to tourists; and
- more generally acting as the ‘shop window’ for a city.

The intangible benefits of improved confidence and shared vision for private sector investment should not be neglected. This is an area in which good, co-ordinated public action can reduce negative spillovers and investor uncertainties, with considerable leverage obtainable from public spending. For instance, the £10 million invested by the public sector in Buchanan Street (Glasgow) complemented and added value to the private sector investment of £100 million in Buchanan Galleries.

The previous chapters drew attention to important gaps in benchmarking city economic performance and neighbourhood quality. Not enough is being done to track the relative competitiveness of our city centres across the different ranges of competition they face, whether locally or nationally. For instance, city centres
face competition from city edge shopping and retail outlets. Around 9% of Glasgow shoppers surveyed felt that their spending in the city centre had fallen as a result of the opening of the Braehead Centre. And competition from other cities (not least in England) is growing for discretionary leisure and recreational spending. If our cities fail to offer a ‘competitive’ product, essentially the range and quality of retailing and services and the quality and safety of the public realm, we risk losing investment and spending elsewhere. If investment/spending moves to edge of city retail/leisure parks then urban sprawl and unsustainable transport patterns will result. If cities outside Scotland are the gainers, then Scotland as a whole will be the loser.

There is evidence within Scotland and elsewhere in the UK that strategic investment in the city centre public realm, as part of an integrated package of measures, can have a significant pay off. The two case studies below outline the results of a major upgrading of public realm quality, focused around the prime shopping street in Glasgow, and the comprehensive revitalisation programme currently underway in Newcastle-Upon-Tyne city centre.

**GLASGOW CASE-STUDY:**

City Centre Users and Their Perceptions

Glasgow City Centre Partnership interviewed nearly 1,000 city centre users in July and August 2001. Over 40% of those selected randomly for interview were either staying overnight in the city (20%) or visitors on a day trip to Glasgow (22%), reflecting the major importance of tourism to the economy of the city centre.

Positive factors which draw people to Glasgow are the variety and quality of retailing, the friendliness of its people, and its attractive city centre environment. Some 56% of visitors to the city stated that the quality of environment was an important or a very important factor in their decision to visit Glasgow.

More than four out of five respondents expressed the view that the city centre offers an attractive environment in which to shop. This is a higher proportion than in 1999, prior to the majority of the public realm improvements. Of those who knew the city before the public realm programme, almost nine out of ten consider that the city is more attractive than before, and a half consider that it is much more attractive. The work was seen as high quality; ‘up market’; good for pedestrians; creating a more spacious ‘European’ feel; more contemporary – a recognition that some of the previous streetscapes had a dated feel; and to have particular appeal to younger people.
Half of respondents felt that Glasgow’s street environment was now better than that of other cities they knew, and a further 42% that it was similar.

A significant minority of respondents claim to stay longer in the city centre (27%), spend more money there (9%) or visit the city centre more often (19%) as a result of the works. 60% of visitors to the city said that they were more likely to return to Glasgow as a result of the improvements and 80% that they were more likely to recommend Glasgow as a place to visit. These are highly significant findings in terms of their implications for economic impact.

Negative aspects of the city centre are noise and traffic, litter and lack of cleanliness, the presence of homeless people, and loitering and crime. A bare majority of respondents thought that cleanliness in the city was acceptable, while over a quarter thought that the city centre was not satisfactory from the point of view of cleanliness and litter.

Property owners generally took a very positive view of the public realm works and the impact that they have had on the attractiveness of the city centre to shoppers. Glasgow was now felt to have the edge on comparable city centres such as Birmingham, Leeds, Sheffield and Manchester. However, they were reluctant to attribute any change in values or letting potential to the public realm works – in the short term, influences such as the advent of a new anchor tenant were felt to be much more powerful. It was however acknowledged that there had been some positive impact on rental and letting potential, especially for newly pedestrianised areas, and that there was likely to be an impact on values in the longer term.

The vast majority of retailers and other occupiers (80%) considered that the work had made the city centre more attractive, and 51% considered that it had made the city centre much more attractive. 64% of businesses thought the street environment was now better or much better than that in comparable centres. The majority thought that the public realm improvements had helped to attract more day visitors and tourists to the city.

Source: Glasgow City Centre Monitoring Report, 2001

NEWCASTLE UPON TYNE CASE-STUDY:
Evaluation of the Grainger Town Project in Newcastle City Centre

The Grainger Town Project was established in 1997 to promote and support the comprehensive regeneration of the centre of Newcastle Upon Tyne. For many years, Grainger Town had experienced economic decline. Retailing had declined since the mid 1970’s, office activities left in the 1980’s and 1990’s. As a result, employment fell substantially. By the mid 1990’s, Grainger Town had a large amount of empty floorspace and many historic buildings were in a state of serious disrepair or even dereliction. The 10 year programme commenced in April 1996, with some £41 million of earmarked public spending from the Single Regeneration Budget, English Partnerships, English Heritage, Newcastle City Council, the Heritage Lottery Fund and other public sector agencies. The core elements of the Project are capital expenditure on buildings and improvements to the public realm, with this physical regeneration supported by a number of other initiatives. Some £4 million has been committed to public realm works so far.
Key outputs as of 2001 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>March 2001 (Actual)</th>
<th>March 2003 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs created</td>
<td>593</td>
<td>1859</td>
</tr>
<tr>
<td>New businesses</td>
<td>211</td>
<td>220</td>
</tr>
<tr>
<td>New commercial floorspace</td>
<td>23,528 m³</td>
<td>113,483 m³</td>
</tr>
<tr>
<td>Office rentals</td>
<td>8.4% p.a. growth</td>
<td>(cf edge of centre 7.7% p.a.)</td>
</tr>
<tr>
<td>New residential units</td>
<td>182</td>
<td>491</td>
</tr>
<tr>
<td>Buildings brought back into use</td>
<td>59</td>
<td>78</td>
</tr>
<tr>
<td>Private sector leverage</td>
<td>£63m</td>
<td>£185m</td>
</tr>
</tbody>
</table>

While the project is still at the half way stage, it is clear that the physical, economic and demographic decline of Grainger Town has not just been halted, but has been reversed. There is renewed confidence within the retail, leisure and commercial property markets; at least some schemes are now going forward without grant support. Private sector investment is ahead of expectations. The character of the area has also been enhanced, and street life is returning. Grainger Town is no longer simply perceived negatively as a problem area. But there is local recognition that investment/intervention needs to be sustained for the long term if the gains are to be secured and built on.


Yet responsibility for improving the public realm is fragmented and the priority attached to the issue across Scotland’s 5 cities has varied considerably in recent years – see Table 5.1 below. Dundee, which has been quite explicitly trying to re-establish its role as a regional centre, and Glasgow have invested sizeable sums in their public realm, drawing in particular on Local Authority, LEC and ERDF funding; Aberdeen and Inverness have invested rather less with Edinburgh almost entirely relying upon its inherited public realm (and in all the expenditure is modest in contrast to the expenditures noted in the Grainger case study).

### TABLE 5.1: Public Realm Expenditure 1991-2001

<table>
<thead>
<tr>
<th></th>
<th>Aberdeen* £ million</th>
<th>Dundee £ million</th>
<th>Edinburgh £ million</th>
<th>Glasgow £ million</th>
<th>Inverness* £ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Government</td>
<td>n/a</td>
<td>5.64</td>
<td>3</td>
<td>9.6</td>
<td>n/a</td>
</tr>
<tr>
<td>LEC</td>
<td>n/a</td>
<td>4.56</td>
<td>1.5</td>
<td>8.2</td>
<td>n/a</td>
</tr>
<tr>
<td>EU/ERDF</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>8.7</td>
</tr>
<tr>
<td>Lottery</td>
<td>0.55</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>n/a</td>
</tr>
<tr>
<td>Private Sector</td>
<td>n/a</td>
<td>0.45</td>
<td>–</td>
<td>0.6</td>
<td>n/a</td>
</tr>
<tr>
<td>Scottish Homes</td>
<td>n/a</td>
<td>0.2</td>
<td>–</td>
<td>–</td>
<td>n/a</td>
</tr>
<tr>
<td>Passenger Transport Authority</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>0.8</td>
<td>–</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5.85</strong></td>
<td><strong>10.85</strong></td>
<td><strong>4.5</strong></td>
<td><strong>27.9</strong></td>
<td><strong>1.35</strong></td>
</tr>
</tbody>
</table>

Source: Town Centre Managers

*figures for individual funders not available
The relative success of Dundee and Glasgow illustrate that given adequate priority it is possible to pull together sufficient investment resources to make a difference, but much remain to be done in all 5 cities:

**Aberdeen** – The city centre has seen significant activity, including pedestrianisation of several streets, conversion of derelict buildings into homes, improved tourism attractions, promotional and city centre management projects, but the big challenges remain. An Urban Realm Strategy has been prepared proposing 5 key projects over the next 5–10 years: increasing pedestrian priority on Union Street; creation of a civic square at Broad Street; better integration of private sector housing developments with the city centre core; improved management of and access to Union Terrace Gardens; revitalising the Castlegate area by promoting a cultural quarter and refurbishing key buildings; plus ongoing city centre management initiatives such as maintenance & cleansing, facelift & floodlighting, tourism events and public art and events.

**Dundee** – Considerable progress had been made. Looking ahead, further investment capital for the city centre is available, though it is harder to find the investment for secondary retailing areas. Maintenance is the key problem, with significant pressures on council budgets. The quality of the capital works mean that public/business aspirations for quality maintenance have been raised.

**Edinburgh** – Edinburgh’s city centre public realm is under stress and is generally recognised to fall short of what is expected of a city of major European standing. Much of the investment to date had come from roads/transportation budget, but these sources are now under considerable pressure from other quarters. The City Centre Strategic Audit, recently conducted by the partner agencies, has resulted in work to develop a City Centre Public Realm Strategy. Future aspirations for Princes Street alone are in the region of £50 million. City of Edinburgh Council is undertaking an initial investment of approximately £2.5 million in city centre public realm improvements, but a long term capital funding package is not in place and likely delivery is in the order of 10–15 years, when 5 years is more consistent with the competitive challenges faced by Edinburgh city centre. There is also a shortfall in maintenance funding.

**Glasgow** – There has been sizeable spending on the Sauchiehall Street, Buchanan Street, Argyll Street core, as part of a package of economic, transport and social investment. Looking ahead, investment in the public realm is planned for the Merchant City (where ERDF and Heritage Lottery Fund monies will be available); the Broomielaw which might receive developer contributions; and in the longer term George Square. Funding was not yet in place for the second and third of these and competition between the city centre and outlying residential areas for resources remains an ever present issue. There is also an on-going maintenance requirement if the public realm improvements are to be maintained to a high standard.

**Inverness** – Inverness is only just beginning to focus on the issue. Existing pedestrianisation is now showing its age. Plans to extend city centre pedestrianisation to Union St, Church St and Queensgate are contingent on the Cross rail-road link to remove road traffic from the city centre core. Total price tag of the improvements and the link is £11.3 million, of which £4 million will come from the private sector.
But available evidence suggests that the funding available is likely to fall significantly short of what’s required to deliver local aspirations. The main non-local authority sources of capital funding for new works are not guaranteed in future:

**Enterprise Network** funding will continue to be available where city centre public realm projects can show beneficial outcomes in line with the guidance from the Executive in ‘A Smart, Successful Scotland’. But priorities vary at the local enterprise company level. SE-Glasgow and SE-Tayside funding will continue but probably at lower levels and more selectively, reflecting the sizeable expenditures of previous years. SE Edinburgh and Lothian have identified public realm improvements as a priority for future action, by contrast SE-Grampian and Inverness and Nairn LECs are unlikely to prioritise their respective city centres. In Chapter 3 it is argued that the Scottish Enterprise Network needs to revise its appreciation of geography and be seen to give due attention to economic issues which relate to place and property investment. Public realm investments fall into that category.

**ERDF funding** has contributed significantly to public realm improvements in the past. But the current west, east and south programmes and the transitional programme for the Highlands and Islands were all due to end in 2006. There has been no decision in Brussels about the size and shape of any successor programmes, but it is certain that the total of funding will be much reduced.

**Historic Scotland** and the **Heritage Lottery Fund** are likely to continue as niche players only.

The key **Heritage Lottery Fund** programme is the Townscape Heritage Fund. Scotland has received some £13.5 million from this source allocated to 15 schemes, but only two in the cities (the Merchant City, Leith). A number of other cities had applied in the first round and had their bids rejected, and none have applied since. Three more rounds were planned up to 2004/5. Revised bids from the cities would be welcome, but they would be competing with market towns, country parks projects and rural heritage initiatives and are not currently viewed as priorities.

**Historic Scotland** spend is likely to continue broadly at recent levels:

**TABLE 5.2: Historic Scotland: Grant Expenditure by City Area**

<table>
<thead>
<tr>
<th>City</th>
<th>Total Awards</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>£519 k</td>
<td>0.59</td>
</tr>
<tr>
<td>Dundee</td>
<td>£1,032 k</td>
<td>1.16</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>£25,072 k</td>
<td>28.27</td>
</tr>
<tr>
<td>Glasgow</td>
<td>£14,815 k</td>
<td>16.70</td>
</tr>
<tr>
<td>Inverness</td>
<td>£ 204 k</td>
<td>0.23</td>
</tr>
<tr>
<td>Scotland</td>
<td>£88,701 k</td>
<td>100</td>
</tr>
</tbody>
</table>

It is noticeable that Edinburgh had done particularly well at accessing Historic Scotland grant funding. The Edinburgh World Heritage Site Trust (and its predecessors the Old and New Town Trusts) acts as a local agency vehicle for receiving block funding from Historic Scotland and dispersing small scale grants to private owners. It has led the development of a proactive strategy for the built environment and encouraged private landowners to invest in repair and renovation. The Heritage Trust model might have a role to play in the other 4 cities and possibly elsewhere.
And the burden of maintaining/servicing city centres currently rests almost entirely with local authorities, who have to balance the respective needs of the city centre and localities (the main non-local authority funders of capital works – ERDF, Scottish Enterprise, Heritage Lottery – are unable to contribute to the ongoing requirements for revenue spending). As a result, all 5 cities are experiencing problems in meeting ongoing maintenance/service needs, not least in maintaining the sizeable capital investments of recent years. It is essential that capital works have associated maintenance and management funding fully in place.

Given the scale of the challenge/opportunity facing Scotland’s city centres, and the partial nature of the response so far, it will be important to ensure that the cities have the institutions and the funding commensurate with the scale of the task.

5.1.1 City Centre Strategies and Delivery

It is clear that we need better mechanisms for addressing our collective stake in our city-centre assets. The starting point must be the Community Planning process, the city centre strategy must flow from city and city-region needs. Within the context of this wider vision for the city, a comprehensive strategy and action plan is required for each of our city centres, developed in close collaboration with the private sector. This needs to articulate a shared vision and pull together diverse programmes/funding sources.

Current Town Centre Management initiatives in Scotland’s cities are providing a focus for marketing and lobbying activities, but they are under-resourced, in effect living from hand to mouth. Edinburgh City Centre Partnership’s income from the local authority and business in 2001/02 was only £725,000 – yet it is one of the better funded UK town centre partnerships! Central to the work of the Community Planning Partnership, is putting in place the means and mechanisms to develop, deliver and monitor the strategy. Each city needs to examine the effectiveness of current arrangements and their appropriateness for the challenges ahead, including the future role and resourcing of the Town Centre Management activity.

Given the inadequacy of existing sources of funding, consideration could be given to exploring alternative funding mechanisms, not as a replacement, but as a supplement to the more traditional sources of funding.

There is a significant and direct private sector stake in the success of our city centres (and indeed other retail and office locations around our cities and elsewhere). Retailers, property companies and business generally benefit from a quality environment, whether in terms of extra retail footfall, higher rentals or an attractive environment for employees and customers. But there is at present no way of systematically tapping into this potential value to the private sector. Voluntary approaches are frustrated by free-rider problems. As a result, much needed investment of benefit to the business community remains undone or incomplete.

Business Improvement Districts (BIDs), common in the United States, but still untried in the UK, could potentially provide a vehicle for raising collective resources for additional infrastructure, maintenance or other services in the city centre, tailored according to local circumstances. BIDs are arguably a form of community budgeting, a locally managed multi-purpose budget targeted on the city centre. As a mechanism for recognising a common interest in an area, equitably and transparently, BIDs might have a role to play in all 5 cities (tailored according to their different needs and scale). But the case will have to be made in each city and protection afforded to business interests to ensure their consent to any scheme.
we need better mechanisms for addressing our collective stake in our city-centre assets.

Table 5.3 below illustrates the current rateable income raised from selected retail centres in the 5 cities, and gives a sense of the scale of sums that might be raised by means of a modest percentage levy on rateable value.

**TABLE 5.3: Summary of Rateable Values and Estimated Rates Due**

<table>
<thead>
<tr>
<th>City</th>
<th>Defined City Centre Area</th>
<th>Total Rateable Value (£ million)</th>
<th>Total Estimated Rateable Income Due (£ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glasgow</td>
<td>Buchanan Street</td>
<td>34.3</td>
<td>16.4</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>Princes Street</td>
<td>31.1</td>
<td>14.9</td>
</tr>
<tr>
<td></td>
<td>George Street</td>
<td>16.5</td>
<td>7.9</td>
</tr>
<tr>
<td>Aberdeen</td>
<td>Union Street and adjacent streets/shopping centres</td>
<td>5.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Dundee</td>
<td>High Street, Murraygate, Overgate and Wellgate Shopping centres</td>
<td>22.7</td>
<td>10.9</td>
</tr>
<tr>
<td>Inverness</td>
<td>High Street and Eastgate shopping centre</td>
<td>4.3</td>
<td>2.1</td>
</tr>
</tbody>
</table>

To explore this issue further, the Cities Review established a working group involving key stakeholders (City Centre Managers, City Councils, Scottish Chambers of Commerce, Federation of Small Businesses, Scottish Enterprise, Scottish Retail Consortium, Historic Scotland).

It is clear that in some of the cities there were considerable frustrations at the lack of progress on city centre improvements. There is general recognition that voluntary contributions are resulting in under-powered city centre partnerships. The business sector appears in principle prepared to accept the introduction of BIDs, but the climate has been soured by a history of adversarial relations at local level and concerns about additional financial burdens on business. The business sector therefore needs to be made central to the introduction of BIDs, and this will involve explicated a much clearer private sector contribution not just to visions but real action plans for the city centres. Full and open consultation and engagement is essential to explain the workings and objective of the BID proposal and councils will have to take clear, open leadership roles in these partnerships.

Scottish Ministers have announced that they propose to consult on the introduction of Business Improvement Districts in Scotland. The following considerations might usefully be taken into account in such a consultation.
BUSINESS IMPROVEMENT DISTRICTS: KEY CONSIDERATIONS

Is there a strong case for restricting BIDs to funding measures that improve the local business environment and giving the private sector a lead role in any partnership?

Before a BID is introduced, should an affirmative vote be required by ratepayers (as is being proposed for England for a double threshold: a majority of those voting by rateable value and by number)?

Should any scheme be time-limited, with a fresh vote required to continue beyond this period?

How important is it that BID spending is “additional” to existing spending and is seen to be so – is “additional funding for additional services” the key?

Should transparency, additionality and accountability for delivery be guaranteed on the basis of an explicit “contractual” agreement, based on best value with full availability of information, and formal accountability for delivery?

New strengthened public/private sector delivery vehicles would have a crucial part to play, pulling together funding contributions, levies and planning agreements. Provision would also be required at the local level concerning the long-term maintenance of any capital works.

5.1.2 Making the Centre a Stage

New funding mechanisms, and better informed partnerships to promote investment and services in the public realm, especially in the city centres would renew their strengths and create stronger cores in the city-regions. Changes have to emphasise the diverse interest of business but also residents who live in the city core, and there are growing numbers of the latter. Cleanliness in the public realm is important and so is the design of buildings and spaces. But security, for businesses, residents and shoppers is also a concern.

Public order in the public realm of the city centre is not just the responsibility of the police, but of property owners and citizens themselves. The solution to the problem of disorderly conduct by the young going beyond ‘play’ has to be owned by these groups and the city centre stakeholders. There have to be renewed attempts to design to minimise crime, not just for individual buildings but in the integrated design of wider ‘quartier’. Encouraging higher levels of activity, with more people using the streets, with more people as residents in new or renovated property, can be as effective as CCTV and other related surveillance measures. Partnerships, public commitment, people on the streets will all help safety in the city centre but so also does, in the required times and places, reassuring policing.

There is much that the cities have progressed on this agenda over the last decade but there is obviously much more to achieve. Because as the next sections show city centre usage is set to rise.

5.1.3 Retailing Choices

Cities have long been important centres of consumption. Far removed from their humble origins as local market places, today’s cities potentially offer shoppers an array of goods and services sourced from around the world, in shopping environments which have often elided the boundaries between necessary household activity and entertainment.
As one of the most significant sectors of the economy, retailing is one of the largest Scottish urban employers. But more than this, the quality and range of a city’s retail sector reflects on and contributes to its vibrancy, image and attractiveness to residents and visitors alike. A growing and dynamic retail sector can help restore and rejuvenate our cities; a deteriorating retail offering can play its part in undermining the image and reputation of an area. At its worst, lack of retail amenity can result in abandonment and dereliction of key central property, and the loss of consumers and their spend to locations outside the city. Alternatively, at its best, well planned retail space has the potential to bring our cities to life – contributing to multi-functional centres by helping create city ‘buzz’, attracting a range of different types of people at different times of the day, generating business for other city centre attractions and services.

5.1.4 The Inheritance

A number of factors, from organisational restructuring in the retail sector to changes in planning policy and increasing car ownership, have dramatically altered the retail landscape of Scotland (and Western Europe) over the last decade. These factors have operated in a climate of increasing retail activity, as real incomes have risen. Estimates of retail sales in Scotland suggest an increase from £13 billion in 1994 to approximately £19 billion in 2000.

Throughout the 1990’s, there has been significant market concentration, with large firms growing faster than smaller independents. It is estimated that currently ten firms account for approximately 40% of Scottish retail sales. The 1990’s also witnessed significant agglomeration of shopping outlets, with an increasing preference for larger, modern properties. Thus, whilst the number of shops in Scotland declined from around 30,000 to 22,500 through the 1990’s, retail floorspace actually increased over the period. The opening of large shopping centres, often in ‘out of town’ locations, accounts for the majority of additional floorspace. This has resulted in a significant redistribution of retail sales from traditional High Streets, including city centres, to peripheral shopping malls. And traditional suburban retailing has been affected by the same developments, indeed vacant shops can be seen in prosperous inter-war suburbs.

The growth of out of town shopping centres resulted from a number of factors: market-led demand for larger units; increasing mobility on the part of higher spending consumers; and the adoption of a less restrictive approach to out of town developments by the then Conservative government in the 1980’s.

The relative shift to out of town shopping has offered the consumer considerable benefits in choice, quality and price competition. Comparisons of UK and US experience reveal that land costs comprise a much higher proportion of retailing costs in the UK, and this holds true for Scotland. But it has also had sizeable negative effects on our cities: it has not only threatened the vitality of our city centres and local suburban centres, but promoted car use with associated congestion and pollution, contributed to urban sprawl, and by creating differential access, limited the services available to those who do not have access to a private car – amongst whom are many of the most disadvantaged of our city residents.

The contrasting retailing fortunes of Glasgow, Edinburgh and the other three cities in the 1990’s is discussed in the boxes below.
GLASGOW: SCOTLAND’S LEADING RETAIL CENTRE

With an annual turnover of £2.4 billion, Glasgow is Britain’s second most important retail centre, and considered the “place of choice” by Scottish retailers. The 2001 Experian Retail Centre index\(^1\) ranks Glasgow as number 2 in the top 500 retail centres, surpassed only by London’s West End.

As a centre which has been successful for 20 or 30 years, Glasgow has continuing cumulative appeal, and benefits from a large population catchment and good transport links, including an extensive railway network and adequate parking. In line with the UK trend of growing retail provision, floor space has increased by 31% for food and 32% for non-food in Glasgow between 1994 and 1999.

This healthy performance partly reflects the forward-thinking approach of developers and Glasgow City Council who have both continued to invest in the retail offering and, as noted above, the public realm in the city core. Buchanan Galleries, for example, has successfully attracted new retailers to the city, such as John Lewis.

This sustained investment in the range and quality of the city centre retail offering has probably enabled Glasgow to weather the challenge presented by edge of centre retailing and Braehead in particular. While 9% of city centre shoppers interviewed in September 2001 felt that they had reduced their spend and their frequency of visits since the opening of the Braehead Centre, 6% reported that the opening of the Buchanan Galleries had increased the frequency of visit and spend in the city centre. Braehead’s emphasis on leisure facilities and its targeting of family consumers may also have limited the direct competition with the city centre.

The UK is currently viewed as an important location for expansion by a number of European companies, and as the second most important UK shopping centre Glasgow city centre should be well placed to build on its current position by attracting further investment by international companies.

EDINBURGH: RENEWING THE RETAIL OFFERING

With an annual turnover of £1.9 billion, Edinburgh is the second most important centre in Scotland and 12th in the Experian UK ranking of the top 500 shopping centres. However, this aggregate figure masks considerable competition between the Edinburgh shopping centres. And Edinburgh, Fife and Lothian residents are increasingly drawn not only to the other Edinburgh centres but also to Glasgow: £150 million of retail spend is lost to Glasgow each year.

While high value premium shopping (especially fashion) is taking off in George Street, Princes Street is facing considerable challenges as a retail location, with the number of vacant properties noticeably increasing in recent years. A range of factors explain the relatively poor performance of Princes Street: high rental values (Princes Street rents are the second most expensive in the UK, after London’s West End); the constraint of development on one side of the street only; the prevalence of small, low quality buildings while retailers are increasingly opting for large modern spaces; heritage controls restricting new development; a patchy record of investment in the public realm and the lack of a long-term vision for retailing in Edinburgh.

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\(^1\) Retail centres across Scotland have been ranked as part of a UK study by the information company Experian. The rankings were based on surveys of around 1,100 shopping locations and about 330,000 retail outlets in the UK. The score is based on a number of performance indicators such as floorspace and the number of major multiple, comparison and quality independent retailers. Negative factors such as vacant floorspace were also considered.
Edinburgh’s retail centres are distributed between the city centre and large scale peripheral developments, such as Kinnaird Park (500,000 sq ft), the Gyle (400,000 sq ft) and Ocean Terminal (440,000 sq ft). The initial development at Kinnaird Park, for example, permitted comparison retailing, in direct competition with the city centre.

Edinburgh City Council is now seeking to limit new development at out-of-centre locations in order to protect the city and district centres. The existing and draft replacement Structure Plans for Edinburgh and the Lothians both place emphasis on enhancing retailing in central Edinburgh by encouraging further development into the city centre. But Edinburgh faces a major challenge if it is to turn Princes Street around.

The City of Edinburgh Council and its arms’-length development company EDI have invested considerable effort into the promotion of a major shopping development in central Edinburgh. The ‘Princes Street Galleries’ proposal has to date proved abortive, but there have been some recent investments, including the new Harvey Nichols department store and related retail units on St Andrews Square. Permissions have also been granted recently for the refurbishment and merging of a number of smaller units along Rose Street and Princes Street, including a scheme for the demolition and redevelopment of the former C&A building. Other opportunities also exist. One of the options currently being examined for the expansion of Waverley Station, includes provision for significant shopping floorspace as part of the new station facilities.

Accessibility is also an issue for Princes Street. The evidence is mixed. Bus passengers numbers have been rising in recent years, but survey data suggests continued reluctance by many shoppers to use public transport. In this context, the plentiful free car parking available at the out of centre retail locations will remain a significant competitive challenge for Princes Street. Ensuring adequate accessibility by public transport to the central retail area will be crucial for the successful implementation of congestion charging in Edinburgh.

Key will be ensuring effective collaboration between public agencies and with the private sector. Co-ordinated efforts are now belatedly emerging through the City Centre Management Company and the emerging City Centre Management Strategy.
ABERDEEN, DUNDEE AND INVERNESS: THE REGIONAL CENTRES

The smaller cites of Aberdeen, Dundee and Inverness are all strong local shopping centres with captive hinterlands.

With an annual retail turnover of around £1 billion, Aberdeen is the third most important centre in Scotland, with most of the major retailers present. It benefits from the highest average incomes in Scotland, and the main shopping area in Union Street is now fully let.

Dundee has an annual retail turnover of around £0.6 billion. Dundee’s compact centre has improved greatly in recent years and customer spend is increasing for the city. The city council has successfully redeveloped the city centre, including a major retail development: incorporating the Overgate shopping Centre – an enclosed one sided mall incorporating an open vista onto the City’s centre. Much of the centre has also been pedestrianised. Many of the major retailers are now in Dundee, though provision is still lacking at the top end of the market, such as the more exclusive fashion stores. These improvements have helped overcome a historic lack of provision compared to the catchment population due to leakage to neighbouring retail centres.

Inverness is very much a regional centre serving the Highlands, and as a result has traditionally offered a wider retail offering than Inverness’ own population would warrant. It has good provision of convenience shopping, but less choice for high order goods. There is currently substantial retail investment underway which will underpin the city’s future retailing offering.

National Planning Policy Guidelines on Town Centres and Retailing (NPPG8), published in 1998, set out to protect and enhance town centres. When considering proposals for new developments, planning authorities are obliged to adopt a sequential approach to site selection, with town centres being the first choice, followed by edge of town centre sites and then out of town sites. This approach acknowledges that self-contained out of centre shopping malls tend to be disconnected from civic space and do not have a positive impact on the rest of the city. Instead, policies favour town centres because they are, usually, accessible by a range of transport means and for many people constitute the focal point of community life.

Out of centre shopping developments are still acceptable in particular circumstances, provided that they cater for a need which cannot be satisfied by development on a town centre site or on the edge of town – for example, units for the sale of bulky goods which are generally inappropriate for and difficult to accommodate in town centres. Such developments should also not affect the vitality and viability of the town or city centre and should be accessible by a range of transport, not just the car. NPPG8 has been largely welcomed by the retailing sector, particularly by smaller outlets. Chains such as Sainsbury and Tesco are also moving into more central locations, partly as a result of the planning system, but also as a reflection of their desire to develop new store formats to attract cash rich/time poor customers. This strategy captures trade not only from the growing number of high earning city centre workers, but also the new urbanites who are increasingly choosing to live in the city centre. Out of town development is currently at its lowest since the early 1990’s, while town centre development is at its highest since the 1980’s.
It is perceived that control of major retail development at the city-region level is less strong following local government reorganisation. This can result in Councils competing against each other for major retail proposals. NPPG8 Town Centres and Retailing provides a basis on which decisions on such proposals can be taken on a consistent basis. The Scottish Executive is planning research in 2003 to monitor the effectiveness of NPPG8.

5.1.5 Looking Ahead

The Scottish Executive commissioned research on the future of retailing in Scotland which forecasts that by 2015:

- retail sales in Scotland will increase to in excess of £26 billion
- retailer concentration will increase and 10 retailers will account for 60% of retail sales
- over 80% of food retailing is likely to be accounted for by a combination of 200 stores and e-retailing operated by 3 or 4 firms.

These trends are likely to reinforce the attractiveness of city centres and edge/out of town developments, at the expense of secondary retail areas around city centres and in smaller towns – trends which are already apparent in all the cities. The social and quality of life implications for all members of society will need to be monitored.

Looking further ahead, internet shopping represents a highly uncertain element in the retailing scene. Predictions in the 1990’s suggested that the internet might account for 5 to 10% of retail by 2005. This would have had an impact on the high street; however these targets have never been realised. It is unlikely that e-commerce will effect retail shopping in the short to medium term future. However, studies suggest that likelihood of buying on-line increases with the length of time users have been using the internet. This suggests that increases in internet usage might lead to similar lagged hikes in on-line sales. The great imponderable is whether this will lead to a reduction in physical floorspace.

The ‘soft’ people issues of crime (both to the retailer and the shopper) and the quality of the wider public services in the city centre are likely to become more and more important in determining shopping location decisions. The traditional city centre will need to improve to compete with the managed/controlled shopping environment of the shopping mall or retail park. This will have implications for public agencies as well as retailers, and is relevant to our discussion of city centre partnerships and Business Improvement Districts in the earlier section in the Chapter.

The Scottish cities differ widely in terms of their retail provision, face different challenges and benefit from different opportunities. The question of what sort of cities we want, and the implications that different retailing patterns have is however an important question for all of our cities.

Arguably, retailing patterns of today suffer too much from a lack of policy intervention in the past. Fuelled by commercial assumptions that people with money are mobile, retail developments in the last decade have contributed to congestion, pollution, abandonment of local and city centre shops, (resulting in neighbourhood decline) and problems accessing services for the less mobile population. Yet retail provision within the cities is pivotal to the vitality and vibrancy of our cities, and requires a strategic approach. This will be an important issue for the proposed City-Region Development Plans.

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2 Future Patterns of Retailing in Scotland, John Dawson, Professor of Marketing, Edinburgh University (2000)
5.2 CIVILISED CITIES: ARTS AND CULTURE

Arts and Culture is a broad term. It includes theatre, literature, classical music, sculpture and painting; and ranges through the cinema, traditional music and jazz to the street culture of music and clubbing. The café and the bar may be as culturally relevant as the theatre and the museum. Arguably it is popular culture which most enlivens cities for the young, perhaps even the majority of Scots. For the crucial 18-25 year-old group, popular culture will have important implications for decisions on where to go to college and work.

Visual art, theatre and music all entertain and inform and can contribute to the city experience. There is no doubt that for many residents and visitors the supply of such events or facilities enlivens places. In that sense culture undoubtedly plays a key role in shaping city image, with implications for tourism and inward investment. And there is a growing awareness that active involvement in cultural activities can play important roles in regeneration and addressing social exclusion.

5.2.1 The Economic Significance of Arts and Culture

World class festivals, art collections and other cultural activities play a significant role in attracting visitors to our cities. They also influence directly the international image of cities as places to invest and live. The ‘must see’ pull of attractions is a core economic/social asset for our cities.

Cultural tourism currently accounts for 37% of world travel and is growing in significance. UK residents take an average of 200,000 holiday trips per year to Scotland for cultural reasons (theatre, concerts, opera, ballet, museums, art galleries, heritage centres) and these trips lead to expenditures of £36 million per annum. More than one in seven of UK holiday visitors to Scotland participate in cultural activities as part of a holiday, accounting for nearly a quarter of all the money spent by holidaymakers in Scotland. 58% of overseas holiday trips in Scotland include visiting museums, art galleries and heritage centres and 16% of overseas visitors watch performing arts.

Arts and culture is also a significant economic sector in its own right. Scotland-wide employment in the arts and culture sector (covering film video production/distribution, television & radio, literature, music, theatre, popular music) is around 25,000. Arts & culture jobs are disproportionately city based: disaggregated data for 2000 suggest that nearly 40% of this employment is in the four cities.

5.2.2 Punching Above Our Weight?

In many respects Scotland – and Edinburgh and Glasgow in particular – are punching above our international weight artistically and culturally. The Edinburgh summer Festivals, some major cultural icons of international significance, e.g. Burns, Charles Rennie Mackintosh, the culture of the Highlands, and artistic/heritage collections which can compete with the majority of other European Cities are obvious examples.

The significance of the major cities in Scotland is illustrated by their sizeable share of Scotland’s most important cultural assets. The Scottish Museums Council’s 2001/02 Audit of Museums and Galleries provides information on the ‘significance’ of collections, applied consistently across museum collections, irrespective of size, location or funding status. For the purposes of the Audit, five categories of significance were identified: international, UK, Scottish, regional and local – Table 5.4 lists the 20 most significant collections (a number of museums with smaller collections also have high percentages of objects of international, UK and Scottish importance e.g. Burns’s Cottage at Alloway, the Glasgow School of Art).

3 Derived from Labour Force Survey, NOMIS data
4 NOMIS
Edinburgh and Glasgow in particular – are punching above our international weight artistically and culturally.

**TABLE 5.4:** 20 Largest Collections of International, UK and Scottish Significance

<table>
<thead>
<tr>
<th>Organisation</th>
<th>% of all items of International UK and Scottish Significance</th>
<th>% of Organisation’s Own Holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Museums of Scotland</td>
<td>32.91</td>
<td>91.2</td>
</tr>
<tr>
<td>Royal Botanic Garden</td>
<td>24.81</td>
<td>100.0</td>
</tr>
<tr>
<td>University of Glasgow</td>
<td>10.90</td>
<td>87.4</td>
</tr>
<tr>
<td>Glasgow City Council</td>
<td>6.77</td>
<td>61.1</td>
</tr>
<tr>
<td>Bank of Scotland Archives</td>
<td>5.50</td>
<td>100.0</td>
</tr>
<tr>
<td>University of Aberdeen</td>
<td>2.52</td>
<td>75.1</td>
</tr>
<tr>
<td>Perth and Kinross Council</td>
<td>1.64</td>
<td>40.2</td>
</tr>
<tr>
<td>Renfrewshire Council</td>
<td>1.51</td>
<td>53.8</td>
</tr>
<tr>
<td>City of Edinburgh Council</td>
<td>1.50</td>
<td>52.8</td>
</tr>
<tr>
<td>Aberdeen City Council</td>
<td>1.38</td>
<td>83.0</td>
</tr>
<tr>
<td>National Galleries of Scotland</td>
<td>0.78</td>
<td>100.0</td>
</tr>
<tr>
<td>Dumfries and Galloway Council</td>
<td>0.68</td>
<td>30.4</td>
</tr>
<tr>
<td>University of St Andrews</td>
<td>0.61</td>
<td>49.7</td>
</tr>
<tr>
<td>Scottish Fisheries Museum Trust</td>
<td>0.53</td>
<td>73.9</td>
</tr>
<tr>
<td>Shetland Islands Council</td>
<td>0.48</td>
<td>47.6</td>
</tr>
<tr>
<td>Scottish Mining Museum Trust</td>
<td>0.45</td>
<td>74.2</td>
</tr>
<tr>
<td>East Ayrshire Council</td>
<td>0.43</td>
<td>57.4</td>
</tr>
<tr>
<td>Falkirk Council</td>
<td>0.40</td>
<td>24.0</td>
</tr>
<tr>
<td>Dundee City Council</td>
<td>0.38</td>
<td>23.5</td>
</tr>
<tr>
<td>Orkney Islands Council</td>
<td>0.36</td>
<td>30.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>94.54</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Scottish Museums Council, 2002

The above analysis also illustrates the widespread distribution of collections of quality across different types of museums, underlining the point that collections of national significance are not exclusively within the care of the National Museums and the National Galleries and they are not all located in Edinburgh.

Edinburgh’s festivals, in particular the internationally high profile International Festival, Festival Fringe, Film Festival, Book Festival, Edinburgh Tattoo and Hogmanay festivities, bring major cultural, social and economic benefits for the City and Scotland as a whole. They underpin Edinburgh’s role as Scotland’s gateway for international tourism. In 1996, the direct and indirect economic impact to the city was £122 million, supporting some 2,251 full-time jobs. There has been a long-term growth in overseas visitors to Edinburgh’s festivals, now representing 31% of attendance at the Tattoo, 18% at the International Festival and 15% for the Fringe. The Edinburgh summer Festivals make a unique contribution to the
world festival circuit. There are no Festivals elsewhere in Scotland that compare with the Edinburgh Festivals in cultural and economic significance at a national and international level, however others, such as Celtic Connections have significant spin-offs for city image and ‘buzz’.

Glasgow City Council has for some years now had an explicit policy of promoting tourism to the city through major cultural festivals, responding to opportunities to compete for awards such as the European City of Culture, the Year of the Visual Arts, and the Year of Architecture and Design, as part of the change over from a manufacturing to a service and creative centre. It is widely held up within the UK and overseas as a model of pro-active city image building.

The arts and cultural provision of Edinburgh and Glasgow in particular, but also Dundee, has received substantial investment and modernisation in recent years. In Edinburgh, the 1990’s saw the opening of the Museum of Scotland, the new Traverse Theatre and the revamping of the Lyceum and Festival Theatres; and Our Dynamic Earth, the Dean Gallery of Modern Art, The Festival Hub and the Royal Yacht Britannia all opened in 1999, joined by the new Dance Base in 2001. Glasgow has similarly transformed its offering, beginning with the opening of the Burrell Collection in 1983, with more recent additions such as the Royal Concert Hall (1990), the Gallery of Modern Art (1996), the new Tron Theatre (1999), and The Lighthouse (1999). The Tramway was refurbished in 2000 and the Centre for Contemporary Arts opened in 2001. Dundee has established DiscoveryPoint and the new Contemporary Arts Centre, underpinning a new cultural quarter at the west end of the city centre, with over 300,000 visitors recorded in 2000.

The challenge for the future is to ensure that the offering in Edinburgh and Glasgow remains internationally competitive; to ensure that Dundee maintains its recent progress; and to address the needs of Aberdeen and Inverness which have seen less activity/investment in recent years.

The competition does not stand still, with prestige investments in regional centres within Europe (e.g. Bilbao Guggenheim) and within the UK (e.g. Tate Modern, new Imperial War Museum in Manchester) all commanding ‘must see’ status. At the same time, some of Scotland’s greatest assets are suffering from long-term under-investment and under-exploitation.

During the Cities Review’s programme of consultations in Aberdeen, repeated reference was made to a lack of breadth and depth to Aberdeen’s cultural offering. The business community in particular expressed concern that a lack of city ‘buzz’ was deterring skilled professional workers from moving to the city to work. These concerns are being addressed through the Community Plan for Aberdeen, aberdeen futures, which is discussed further below.

Inverness and the wider Highlands & Islands face major challenges in attracting visitors in an increasingly competitive global market for global tourists. Tourism is a key contributor to the wider Highlands & Islands economy, however both total visitor and overseas visitor numbers have declined since 1990. The Highlands has a relatively small number of heritage visitor attractions which are a draw in their own right, most are small-scale and relatively under-resourced. Inverness itself lacks significant ‘must see’ tourist attractions, the city centre generally has suffered from a lack of high quality investment in the public realm and is disconnected from its most distinctive asset, the River Ness. This affects both Inverness’ competitiveness as a tourist destination, but also its attractiveness as a place to invest, live and learn. There is recognition locally that action is required to lift the quality of the cultural/tourist offering in Inverness, which has galvanised the city’s European Capital of Culture 2008 bid – see below.
In considering the way forward for both Aberdeen and Inverness, the significant turn around in Dundee’s image and cultural provision in recent years illustrates what is possible in a small city, with a clear sense of vision, of the positive impact of investment in cultural provision and a proactive strategy for delivering.

5.2.3 Supporting the Arts and Culture Base

It can be argued that the provision of financial support for arts & culture from national sources is unduly driven by historical considerations and institutional arrangements, rather than genuinely reflecting the role or significance of what is supported. This gives rise to claims for more “equal treatment” by the cities other than the capital. These cannot be ignored, but equally a proper understanding of the background factors is important.

In the museum/gallery sector, the National Institutions are funded by the Scottish Executive. Local Authority collections are chiefly supported from general local authority revenue/capital allocations – which are supported by the Executive’s block grant to authorities. By contrast, university museums receive the bulk of their income from the Scottish Higher Education Funding Council and similar sources; the independent museums rely on diverse sources of income, the most important being admission charges – over a fifth of the total.

As noted above, funding source and levels are not related directly to the quality/size of the collection. Little attempt has been made to achieve effective strategic planning across the sector, which remains very fragmented, or to address alleged inequity in the geographic allocation of funds. No wider strategy has guided the pattern of funding.

In the arts, the Scottish Arts Council (SAC) is one of the main vehicles for central government support. The four National Performing Arts Companies take a significant share of the total revenue grant – around 35%. Each of these companies receives some support from local authorities, but this has been declining in recent years. These Companies are funded to perform at a range of venues throughout Scotland and do so successfully. The SAC also supports a large number of other organisations, the majority of which are located in the cities. Many similarly perform in a range of venues. Venues tend to be the responsibility of local authorities, but not where they are producing venues – e.g. the Theatre Royal, the Royal Lyceum, Dundee Rep or the Citizens – where the artistic companies, funded by the SAC, in effect support the on-going costs of the venue. All venues are eligible to apply for lottery financing for capital improvements.

Overall funding levels need to be adequate to allow our main cities to match the best and improving provision in competing English and European centres. Short-term economies might otherwise simply lead to loss of arts competitive capacity over the longer term.

Lottery funding has played a substantial role since the 1990’s in renewing and enhancing the arts and culture assets owned by local authorities, the national institutions and the independent sector. But Lottery funding for capital has declined substantially in recent years – a trend which is forecast to continue. As part of the 1998 Lottery reforms, the focus has moved away from capital projects and towards people and activities. One of the results of this has been a decline in the number of awards to large capital projects.
Table 5.5 below illustrates changes in arts capital spending since the mid-1990’s.

TABLE 5.5: Capital Spending on Arts & Culture

<table>
<thead>
<tr>
<th>£ million</th>
<th>Local Authority Capital Spending on Theatres, Entertainment, Museums and Galleries</th>
<th>Arts Lottery Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996/97</td>
<td>10.760</td>
<td>24.189</td>
</tr>
<tr>
<td>1997/98</td>
<td>9.276</td>
<td>29.983</td>
</tr>
<tr>
<td>1998/99</td>
<td>12.256</td>
<td>12.092</td>
</tr>
<tr>
<td>1999/00</td>
<td>14.698</td>
<td>10.352</td>
</tr>
<tr>
<td>2000/01</td>
<td>10.627</td>
<td>2.450</td>
</tr>
<tr>
<td>2001/02</td>
<td>9.144</td>
<td>12.991</td>
</tr>
</tbody>
</table>

Source: Scottish Executive, Scottish Arts Council
Note: Local Authority spend in column 1 will include some Lottery grants.

Moreover, local authority revenue and capital expenditure for this and wider arts and culture purposes (i.e. including sport and libraries) has declined substantially in real terms in recent years\(^5\): and so has not compensated for reducing Lottery income. If these trends and policy shifts continue, a more strategic approach with clearly identified priorities at national and at local level may be helpful in ensuring the available funding is used effectively.

5.2.4 The Geographical Patterns of Funding

It is of course not the case that every area should receive identical funding support. Some variation in funding is inevitable because major centres of population tend to attract the larger capital projects, e.g. a city theatre or museum will serve a much wider surrounding area: the National Galleries in Edinburgh or the Kelvingrove in Glasgow attract visitors from well beyond their host cities. Some areas of the country may already have a very good range of arts facilities and are therefore less likely to need new facilities. However, even taking these factors into account, it would appear that some areas of the country have benefited less than others from arts funding.

As noted above, the great bulk of Scottish Executive funding for arts and culture purposes goes to the core funded national arts organisations, largely located in Glasgow and Edinburgh: National Museums (mainly Edinburgh), National Library (Edinburgh), National Galleries (mainly Edinburgh), Scottish Opera (Glasgow), Scottish Ballet (Glasgow), The Royal Scottish National Orchestra (Glasgow) and The Scottish Chamber Orchestra (Edinburgh).

These are, of course, national bodies providing cultural services for national (and international) audiences and thereby serve their surrounding hinterlands and the rest of Scotland. The national institutions have a legal duty to collect and undertake research for the benefit of Scotland as a whole; the national companies have a duty to make their performances accessible to audiences throughout Scotland. It is appropriate that they are funded as national bodies.

What of the argument that the national significance of other museums and galleries also warrants national funding? This argument needs to rest on more than just the presence of nationally or internationally important items in a collection. As we have seen, significant numbers of collections would thereby qualify. It is the contribution of the collection in terms of out-reach to wider national audiences, research, touring that is key. The national contribution of some other organisations, whether local authority owned or independent, may deserve national recognition, but such formal recognition would need to be combined with more explicit definition of their duties and accountability for them to the nation as a whole.

\(^5\) Bonnar Keenlyside (2002), A survey of local authority provision for arts and culture, Scottish Executive
Local Authority spending levels vary significantly – Table 5.6 sets out the latest figures for museums and galleries. The city authorities and Highland Council rank amongst the higher spenders, representing 57% of the total, Glasgow alone spending nearly a third of the Scottish total. This is commensurate with their relatively higher holdings of quality collections (Table 5.6).

**TABLE 5.6: Local Authority Revenue & Capital Expenditure on Museums and Art Galleries 2001-02**

<table>
<thead>
<tr>
<th>Provisional Outturn (£ million)</th>
<th>Ranking</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen City</td>
<td>2.338</td>
<td>5</td>
</tr>
<tr>
<td>Dundee City</td>
<td>2.385</td>
<td>4</td>
</tr>
<tr>
<td>Edinburgh City</td>
<td>2.826</td>
<td>3</td>
</tr>
<tr>
<td>Glasgow City</td>
<td>12.803</td>
<td>1</td>
</tr>
<tr>
<td>Highland</td>
<td>1.678</td>
<td>7</td>
</tr>
<tr>
<td>Scotland</td>
<td>38.834</td>
<td></td>
</tr>
</tbody>
</table>

Source: Scottish Executive

The geographical distribution of Scottish Arts Council expenditure, including Arts Lottery funding but excluding support for the National Companies and the Edinburgh Festivals, is set out in Table 5.7. Excluding the National Companies and the Edinburgh Festival, Edinburgh would appear to do significantly better than the other cities. However, Table 5.7 is based upon the postal address of each of the organisations in question. This has significant implications for interpreting the data. Core-funded bodies supported by the Scottish Arts Council may have a ‘home-base’ in e.g. Edinburgh or Glasgow, but by their nature they are strategic organisations which have a regional, and often also a national, importance with regard to their artistic output and audiences. Their remits often include touring, outreach and educational activity which extend well beyond their base of operations. For example, over 40% of the Scottish Arts Council’s core-funded bodies (2001-02 awards) are organisations which provide wider sectoral services.

...a more strategic approach with clearly identified priorities at national and at local level may be helpful in ensuring the available funding is used effectively.
TABLE 5.7: Scottish Arts Council Awards by Area: 1999-00 to 2001-02

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>550,030</td>
<td>2.6</td>
<td>595,034</td>
<td>2.82</td>
<td>612,749</td>
<td>2.9</td>
</tr>
<tr>
<td>Dundee</td>
<td>832,101</td>
<td>5.93</td>
<td>966,228</td>
<td>6.77</td>
<td>1,078,175</td>
<td>7.56</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>4,624,191</td>
<td>10.27</td>
<td>4,667,315</td>
<td>10.37</td>
<td>5,053,545</td>
<td>11.23</td>
</tr>
<tr>
<td>Glasgow</td>
<td>3,812,080</td>
<td>6.15</td>
<td>4,247,373</td>
<td>6.85</td>
<td>3,447,480</td>
<td>5.56</td>
</tr>
<tr>
<td>Inverness</td>
<td>390,901</td>
<td>6.01</td>
<td>486,436</td>
<td>7.48</td>
<td>572,343</td>
<td>8.81</td>
</tr>
<tr>
<td>Scotland</td>
<td>26,680,127</td>
<td>5.61</td>
<td>29,714,541</td>
<td>5.81</td>
<td>32,186,341</td>
<td>6.29</td>
</tr>
</tbody>
</table>

Source: Scottish Arts Council

A similar spatial analysis can be undertaken for Lottery funding. Table 5.8 below shows the number and value of awards from the three arts and culture related funds to each of the cities and the Scottish average since the inception of the lottery in 1993.

TABLE 5.8: National Lottery Awards by Theme by Area: 1993-2002

<table>
<thead>
<tr>
<th>Area</th>
<th>Arts</th>
<th>Heritage</th>
<th>Millennium</th>
<th>Totals for all Lottery Funds (including Charitable, Sport, New Opportunities)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>£2,593,505</td>
<td>£1,743,125</td>
<td>£155,650</td>
<td>£17,369,911</td>
</tr>
<tr>
<td>Dundee</td>
<td>£12,402,358</td>
<td>£6,478,115</td>
<td>£1,936,042</td>
<td>£34,283,169</td>
</tr>
<tr>
<td>City of Edinburgh</td>
<td>£37,210,077</td>
<td>£78,088,669</td>
<td>£30,505,969</td>
<td>£216,646,135</td>
</tr>
<tr>
<td>Glasgow</td>
<td>£55,401,866</td>
<td>£52,505,280</td>
<td>£107,287,908</td>
<td>£290,084,879</td>
</tr>
<tr>
<td>Highland</td>
<td>£6,909,826</td>
<td>£8,972,634</td>
<td>£41,479,119</td>
<td>£84,101,405</td>
</tr>
<tr>
<td>Scotland</td>
<td>£158,693,888</td>
<td>£252,683,897</td>
<td>£197,713,656</td>
<td>£1,029,650,707</td>
</tr>
</tbody>
</table>

Source: Department for Culture, Media & Sport, August 2002
There is again significant variation in levels of funding between the cities, the Highlands and the rest of Scotland. Edinburgh, Glasgow and the Highlands have done particularly well compared to the Scottish average. In particular, figures for the Millennium fund skew the figures for Edinburgh and Glasgow (with almost 70% of such awards going to the two cities). Even more striking is the persistently poor performance of Aberdeen in attracting awards under the arts, heritage and millennium funds, which mirrors the position for Scottish Arts Council funding above. This is particularly pertinent given local concerns about Aberdeen’s cultural and wider image discussed above and is clearly an issue for the City Council to address in discussion with funding partners.

Lottery distributors are required by the Government to ensure that the distribution of funding is as fair as possible and to address issues of deprivation. The National Lottery Act 1998 empowered Ministers to require distributors to produce strategic plans for their use of lottery money and allowed them to adopt a more proactive approach in the allocation of Lottery funding, enabling them to solicit applications from groups or areas which previously have been under-represented.

In recent years, a significant amount of effort has gone into addressing the specific needs of deprived areas, reflecting concern that some are not generating sufficient numbers of quality applications and as a result receive less than might be expected under an equitable distribution formula. This is a positive development.

But the wider importance of arts and culture to the overall city and national economy needs to be taken into account. National funding bodies could usefully develop, in partnership with national and regional stakeholders, a national perspective on the gaps in cultural provision in cities and key existing assets requiring strategic investment.

The development of a properly strategic approach needs to be supported by a better understanding of the role of arts and culture investment in the wider economy, both direct and indirect. In recent years, the Executive in partnership with the Scottish Arts Council have commissioned research on the impact of culture on addressing deprivation. The evaluations of Glasgow’s year as European City of Culture emphasised the economic benefits, but the research is now dated. Contemporary research on the wider economic impacts of arts and culture might be helpful in this context.
5.2.5 Future Challenges: Providing Strategic Focus

Looking ahead, Scotland needs to sustain a world class reputation and status, with benefits for local communities, for visitor numbers and for the overall image of Scotland as a vibrant contributor to world culture and a ‘must see’ destination. This involves improving the cultural product and increasing awareness of it, in the face of ever greater international competition, in particular to:

› develop and maintain existing facilities and events to an international standard in line with the ever more demanding expectations of visitors and residents;

› improve the choice and range of visitor attractions, cultural facilities and tourism infrastructure and exploit linkages/synergy between them;

› raise awareness of Scotland’s artistic and cultural legacy and contemporary activity and stimulate interest in visiting Scotland by general and targeted marketing at home and abroad.

The Scottish Executive and other funders are taking a number of initiatives to begin addressing investment needs and opportunities:

› substantial Lottery Fund awards to the Kelvingrove Gallery/Museum and the Mitchell Library in Glasgow;

› investment of over £33 million of Lottery and Exchequer funding to assist the redevelopment of Hampden Stadium;

› one-off Scottish Executive funding of £3 million in 2001/02 to the Glasgow museums;

› investment in the Playfair development to create a world class exhibition space from the RSA building in Edinburgh;

› Scottish Executive funding of the Scottish Museums Council £1.5 million grant scheme for strategic change in Scotland’s over 300 non-national museums;

› the provision of additional revenue support from the Scottish Arts Council (£890,000 in 2002/03) and the Scottish Executive (£400,000 between 2002 and 2004) for the Edinburgh International Festival.

There is arguably now a need to develop a strategic perspective on investment and development of the major national assets whether owned/funded nationally, by Local Authorities or independently (including key festivals/events, art galleries, museums, libraries and other collections), bringing together the various funding bodies, identifying priority collections and activities with the potential to bring benefits to Scotland over the short, medium and longer term; planning a programme for developing and exploiting these; identifying the level of investment required; and integrating these plans with wider cultural, development and tourism strategies.

A key building block in arriving at this greater strategic focus will be the Major Events Strategy for Scotland, which Scottish Ministers are committed to developing. Successful events boost visitor numbers and spending, as well as raising Scotland’s international profile. Scotland already hosts a number of successful events, others are being established (e.g. Burns Festival in Ayrshire, Festival of the Sea 2003) or being bid for (e.g. Euro 2008). But current practice lacks coherence. A Major Events Strategy is therefore being established to attract and develop major events. The strategy will help improve co-ordination, encourage the sharing of best practice and develop a portfolio of targeted events to underpin Scottish tourism and brand messages.
Ensuring greater strategic focus cannot be the responsibility of one single body. The Major Events Strategy is being developed by a Steering Group involving Glasgow and Edinburgh Local Authorities, the Enterprise Networks, CoSLA, VisitScotland, sportscotland and the Scottish Arts Council. Cross-institutional working will increasingly become the norm. Scotland could benefit from harnessing the collections and experience of both public and independent sectors. The Scottish Executive, Local Authorities, VisitScotland, Scottish Enterprise, Scotland the Brand, Universities (e.g. Hunterian Museum), National Trust for Scotland and independent collections all have contributions to make.

Increased emphasis needs to be given to aligning funding strategies – and decisions – building more effective links between the long-term aspirations and strategies of the Executive, Local Authorities, and other partners.

Much is already happening at the level of the different stakeholders:

- VisitScotland is developing a more focused approach to cultural tourism in Scotland;
- The City of Edinburgh Council is developing a wider Festival Strategy, both to promote existing strategies and introduce additional events at other times of the year;
- The relevant Scottish distributors (Scottish Arts Council and Scottish Screen), and the relevant UK distributor active in Scotland (the Heritage Lottery Fund) have all developed strategies to reflect Scottish circumstances;
- A number of Local Authorities and their local partners are developing shared visions, objectives, and implementation strategies for their cultural sectors in the context of Community Planning. See the example of Aberdeen below.

**Aberdeenfutures: a Strategy for Arts and Culture**

The Community Plan for Aberdeen, Aberdeenfutures, has identified arts and culture as a priority area for action, linked to aspirations for enhancing the city’s image and diversifying the economy. A £7.4 million upgrading and expansion of His Majesty’s Theatre is planned, consideration is being given to a possible mid-scale performing arts venue and ambitious targets have been set for expanding the cultural sector in Aberdeen. The challenge is to deliver these ambitions, in partnership with local and national bodies.

- Inverness’ bid for designation as Capital of Culture 2008, albeit unsuccessful, illustrates how local and national partners working together can visualise a step-change in a city’s cultural offering – see Box.
European Capital of Culture 2008: Inverness/Highland Rising to the Challenge

The Inverness/Highlands was the smallest city, the first city-region and the first largely non-urban area ever to seek the designation of European Capital of Culture. Inverness/Highland was the only Scottish contender and was competing against 12 other UK Cities for the title.

The bid was led by a partnership of regional organisations and was prepared after extensive out-reach activities to tap the enthusiasm and imagination of local people and groups. The bid focused the efforts and aspirations of regional interests and the local community on the challenge of building on existing cultural/sporting strengths and addressing concerns about the existing cultural/visitor offering in Inverness in particular.

The bid proposed a mix of capital developments and a wide-ranging programme of events, both in Inverness and in the wider region: a major extension to Eden Court Theatre; a new cultural quarter to enhance the city centre riverside area of Inverness, comprising a cultural complex, housing an art gallery museum space for visiting exhibitions, genealogical centre and 600 seat conference venue, and a new city square; new sports facilities and libraries at several locations throughout the region; a new Highland Football Academy, arts projects at Fort William, Caithness and Dingwall.

Although ultimately unsuccessful, the energy and commitment generated within Inverness/Highland so far promises to leave a sizeable legacy for the future. For example, the Scottish Executive will now work with the bid partners to mount a Highland Year of Culture.

An active strategy for exploiting Scotland’s museum and visual arts sector, linked to wider promotional activities, can contribute to attracting inward tourism, help attract conference business and promote inward investment by improving and communicating the quality of life of an individual city and Scotland as a whole.

Used effectively Scotland’s museum and gallery and wider cultural/heritage resources could strengthen the nation’s national and international profile.

Quality touring exhibitions can raise Scotland’s profile, conveying the image of a cultural nation with a high quality of life. In recent years, Glasgow Museums (in partnership with Glasgow School of Art and the Hunterian Art Gallery) have taken Mackintosh to the United States and to Japan; the National Galleries of Scotland have toured an exhibition in the US, and their major exhibitions are regularly seen in London; Aberdeen Galleries have toured Japan; and Glasgow Museums are planning a tour of Impressionist Painting in North America. These have been one-off projects. But the experience of Glasgow’s Mackintosh exhibition in America has shown that touring high-quality material can raise a city’s and Scotland’s profile, and more particularly can be exploited by tourism and inward investment agencies for awareness marketing. Temporary exhibitions within Scotland can also provide marketing opportunities, particularly in the UK market.

Whether for residents or tourists there may be a case for the Executive to take a lead in developing a more positive view of city possibilities and of convincing many Scots, many of them more interested in popular culture, that this effort is important. The next section makes some of that argument by emphasising the growing significance of city tourism.
Every year, Scotland’s five cities welcome nearly 10 million visitors.

### 5.3 CITY TOURISM

Every year, Scotland’s five cities welcome nearly 10 million visitors. As centres for art and culture, shopping, sport, leisure and a multitude of events and festivals, the cities have a key role in attracting visitors to Scotland. Additionally, as the main centres for industry, business services, commerce and education they also attract a disproportionate share of business travellers and conference attendees.

Inward tourism grew during the 1990’s, with overseas tourism reaching a peak in 1998 and domestic tourism in 2000 – see Table 5.9 below. Overseas tourism began to decline in 1999, notwithstanding continued growth in world tourism levels. 2001 proved a difficult year for both overseas and domestic tourism with the twin shocks of Foot & Mouth and September 11th. In this difficult climate, Edinburgh and Glasgow have actually fared better than the rest of the Scottish tourism sector; both have increased their share of tourism spend between 1995 and 2001, substantially so in the domestic market.

**TABLE 5.9: Expenditure by Overseas/Domestic Visitors 1995-2001**

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overseas Visitors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Of which</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Edinburgh</td>
<td>256</td>
<td>268</td>
<td>255</td>
<td>312</td>
<td>254</td>
<td>255</td>
<td>244</td>
</tr>
<tr>
<td>Glasgow</td>
<td>155</td>
<td>162</td>
<td>166</td>
<td>165</td>
<td>193</td>
<td>137</td>
<td>141</td>
</tr>
<tr>
<td><strong>Domestic Visitors</strong></td>
<td>2,792</td>
<td>3,276</td>
<td>3,724</td>
<td>3,490</td>
<td>3,600</td>
<td>3,699</td>
<td>3,412</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Edinburgh</td>
<td>352</td>
<td>434</td>
<td>476</td>
<td>489</td>
<td>518</td>
<td>662</td>
<td>660</td>
</tr>
<tr>
<td>Glasgow</td>
<td>256</td>
<td>371</td>
<td>421</td>
<td>389</td>
<td>393</td>
<td>611</td>
<td>530</td>
</tr>
</tbody>
</table>

Source: VisitScotland

* Survey method changed in 2000. Pre-2000 figures have been recalculated, but possible discontinuity in the data series remains

There are a number of possible explanations for the better performance of cities. The growing importance of short breaks and in particular city breaks, which is associated with higher spending; the increase in households without children; and the growth in cultural tourism are all possible factors.
It is clear though that cities are making an increasingly important contribution to Scottish tourism and to the Scottish economy. The traditional tourism sales images for Scotland, of wild landscapes, remote lochs and imposing castles, now co-exist alongside a growing reputation for cosmopolitan and dynamic city centres boasting impressive cultural offerings, fine architecture, vibrant night life, designer retail outlets and quality restaurants.

The cities, particularly Edinburgh and Glasgow, are both magnets in their own right and gateways to the rest of Scotland. Virtually all of Scotland’s overseas visitors will visit at least one of the cities, most notably Edinburgh. In total, the five cities account for nearly half of the trips made in Scotland and 40% of all overnight stays. These contribute around £2 billion to the Scottish economy every year – a figure that amounts to almost half of the total spent by tourists in Scotland, or 2.5% of Scotland’s Gross Domestic Product (GDP).

City tourism also has a vital role in attracting visitors throughout the year. The main tourist destinations of Edinburgh and Glasgow tend to attract tourists more evenly throughout the year than Scotland in general. Unsurprisingly, Inverness is the most seasonal of the cities. The range of attractions and activities available in the cities has also meant the cities are better placed to withstand detrimental events, such as rainy summers or Foot & Mouth Disease. Although overall tourist spend fell in Highland region, for example, from £693 million in 2000 to £553 million in 2001, in Edinburgh, it only fell £5 million to £872 million.

Yet if our cities are vital to Scottish tourism, visitors are also important to the cities themselves. They contribute to a variety of economic sectors – through direct employment in tourist related industries (35% of Scottish tourism related employment is in the 4 main cities, see Chapter 3); and by augmenting demand in sectors as diverse as retailing and construction to local food production and creative industries. They also generate demand for infrastructure, from shops to concert halls, and may help maintain the viability of marginal services, such as low demand air routes. Their demand promotes diversity, enhancing the city to the benefit of both tourists and residents. Providing employment, generating wealth and creating city ‘buzz’, tourists enhance the vibrancy of the cities, and potentially contribute to their reputation and image throughout the world.

The relative importance and the nature of the tourist industry varies significantly between the cities – see Chart 5.2.

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**Chart 5.2: Purpose of UK Visitors Trip**

- Edinburgh: Holiday 80, Business 20, Visiting friends/family 0, Other 0
- Glasgow: Holiday 75, Business 25, Visiting friends/family 0, Other 0
- Inverness: Holiday 70, Business 30, Visiting friends/family 0, Other 0
- Dundee: Holiday 65, Business 35, Visiting friends/family 0, Other 0
- Aberdeen: Holiday 60, Business 40, Visiting friends/family 0, Other 0
- Scotland: Holiday 70, Business 30, Visiting friends/family 0, Other 0
Edinburgh is the second most popular city in the UK for overseas visitors (only surpassed by London), whilst Glasgow, at fifth in the UK ranking, is the next most popular Scottish destination – see Table 5.10 below.


<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd</td>
<td>Edinburgh</td>
</tr>
<tr>
<td>5th</td>
<td>Glasgow</td>
</tr>
<tr>
<td>13th</td>
<td>Inverness</td>
</tr>
<tr>
<td>22nd</td>
<td>Aberdeen</td>
</tr>
<tr>
<td></td>
<td>Dundee</td>
</tr>
</tbody>
</table>

It is Edinburgh’s success in the overseas visitor market that makes it the most important Scottish visitor destination in terms of both overnight stays and spend. By contrast, visit and spend by UK residents are similar for Glasgow and Edinburgh – see Chart 5.3 below.

**CHART 5.3: Spend by UK and Overseas Visitors**

The popularity of the two cities is based on the sheer breadth of attractions. Edinburgh Castle is consistently the most popular paying tourist attraction in Scotland, but both cities boast a variety of concert halls, theatres, museums and art galleries. Additionally, festivals and events, such as “T in the Park” in Glasgow and the Edinburgh International Festival, are held throughout the year. Glasgow’s better performance in the domestic market, possibly reflects greater awareness of the Glasgow offering by UK visitors and the pull of Glasgow’s shopping facilities.

Both Glasgow and Edinburgh unsurprisingly have a strong business tourism base. Edinburgh is 14th in the ICCA League of World Conference Destinations.
The relatively small city of Inverness attracts just over a million visitors per year, reflecting the role of the city as a gateway to the Highlands in general and Loch Ness in particular. Visitors to Inverness are more likely to stay over-night than visitors to the other Scottish cities, generating higher spend per visitor than the Scottish average. Tourism is extremely important to the local economy, a fact illustrated by the percentage of people employed in tourist related jobs; reflecting in part the weakness of other business sectors – see Chart 5.4 below. Inverness has a greater proportion of its workforce employed in tourism than any other Scottish city, though in absolute terms Glasgow has the largest number of tourism-related workers.

Given the importance of tourism to the Inverness economy, it is vital that the city capitalises on its advantages to consolidate and grow visitor numbers. Its city status in itself represents a significant opportunity, raising the profile of the city and enabling it to be marketed along with the other Scottish cities by VisitScotland. In 2002, the Area Tourist Board, together with other public sector partners, initiated a marketing campaign to launch Inverness as a City Break destination. The main challenges for Inverness are that although its amenities such as shops, restaurants and hotels attract visitors en-route to major attractions located close-by, such as Loch Ness and Culloden, there is a lack of things to do within the city itself and the quality of the city centre environment is relatively mixed, although for its size it does support a varied programme at the Eden Court and in traditional music. It is also relatively inaccessible and, compared to its competitors lacks amenities, such as 4 star hotels. The city’s bid for European Capital of Culture has provided a focus and catalyst for thinking about the city’s future – the challenge will be delivering the resulting vision.

In relative terms, tourism is much less important to Aberdeen and Dundee. Very few overseas tourists visit either city whilst the total amount spent by all tourists is less in these cities than the income generated by much smaller Inverness (Chart 5.3). Aberdeen and Dundee have the lowest proportions of visitors who are on holiday of all the Scottish cities. Both cities lack ‘must see’ attractions that would lever in holiday makers and neither is perceived as a resort destination. Both also suffer, to varying degrees, problems of peripherality. Aberdeen, however, like Edinburgh and Glasgow, does unsurprisingly benefit from a relatively high number of business travellers because of the oil industry.
Cities provide a unique product, where the size of the centre and the scale of the local population underpins a high quality tourist product. Given the contribution that cities make to Scotland’s tourist business, there is a need both to market the cities, and to ensure the benefits are collectively shared by other cities and the rest of Scotland.

Arguably, given the proximity of Edinburgh and Glasgow, and the poorer performance of Glasgow in attracting overseas visitors, there is an argument for more pro-active overseas marketing and/or greater co-operation between the two Area Tourist Boards. Significantly, the Edinburgh web site makes no mention of Glasgow, and vice versa.

It is to be hoped that such difficulties will be addressed in part by VisitScotland’s new marketing strategy, which will move away from distinct geographical areas to marketing based around themes. “Cities” has been identified as one theme and is in the process of being developed. It will include Glasgow, Edinburgh, Stirling, Dundee, Inverness and Aberdeen. Cities are also included in other themes, such as “Romantic Scotland”.

This also underlines the importance of sustaining and enhancing what the cities offer to visitors, in terms of ‘must see’ visitor attractions, the quality, safety and friendliness of the public spaces, the quality of the service and the friendliness of the people. New ways of making better information available to visitors have to be examined.

It is important to remember that the same factors that appeal to tourists also often appeal to residents. A place that is competitive in the global tourism market, is also likely to be competitive in the market for inward investment, talent and wider reputation.

5.4 NURTURING THE LIVELY CITY

This chapter has emphasised that there are opportunities to increase both funding for and the effectiveness of public realm projects in the cities, that retailing quality and variety is growing, that clear forward strategies are required for the city centres and that a hard look has to be taken at both the wider impacts of and funding arrangements for arts and culture in the city. Tourist numbers show how cities that are well served in these respects can attract interest and economic activity. And of course the ease of getting to Scotland and moving between and within the cities also matters to residents, commuters and tourists. Transport issues are the concern of the next chapter.
6.1 INTRODUCTION
Transport is central to the economic, social and environmental future of Scotland’s cities. Labour markets, business locations, accessibility to customers, housing choices, inward (and outward) tourism, the shape, density and pattern of our urban areas – all influence, and are in turn influenced by, the availability, price and speed of our transport links.

This chapter discusses the key challenges and opportunities facing Scotland’s cities, the particularly complex set of issues surrounding transport and the economy and the three key transport connections shaping Scotland’s future development: travel within the city and the city-region; travel between cities; and air links, particularly international connections.

6.2 THE CHALLENGE
Demand for transport is the product of a complex set of relationships which evolve over time.

Over the long-term, the primary determinants of transport demand are underlying demographic/social change (e.g. population, household size and its distribution) and economic change (e.g. household income, economic structure, business formation). Changes in the supply of transport (whether new/improved public transport services, changes in the performance of road vehicles or indeed changes in their relative attractiveness) will in turn affect individual’s travel choices. How this is expressed will be shaped by the cumulative effect of individual land-use planning decisions, whether for a single house or a new shopping centre. The complex interactions between these factors will also shape individual attitudes and behaviours. The amount of time that UK residents are prepared to spend travelling is surprisingly stable over time and between places, but emotional attitudes to public transport, for example, can and do change over time, in response to objective changes in service but also in response to more subjective factors.

At the level of the individual traveller change is dynamic and unpredictable, but at the macro-level patterns of change tend to be long-term and well signalled. It is therefore possible to set out with some confidence the broad direction of change and in particular how it has affected Scotland’s cities.
The private car is overwhelmingly the dominant mode of travel in Scotland. The estimated total volume of traffic on major roads has grown by about 16% since 1990. This growth has not been evenly distributed, but has instead been concentrated on Scotland’s trunk roads and in the Central Belt and the major urban areas.

Table 6.1 relates traffic volumes on Scotland’s major roads to the relevant road length for each of the local authority areas. The pattern is clear: trunk roads consistently carry the highest traffic volumes, reflecting their role as both through routes and local distributors; and for both trunk roads and other major roads traffic volumes are highest in the Central Belt and the four major cities and diminish as one gets further away. There is nothing particularly surprising about this. But the consequences are apparent in increased congestion and unpredictable journey times on trunks roads and in/around cities.

**TABLE 6.1:** Traffic Density on major roads by road class and LA in 2000
(million vehicle kilometres per km of road)

<table>
<thead>
<tr>
<th>Council</th>
<th>Trunk Total</th>
<th>Local Authority A Roads</th>
<th>Total Major Roads</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Lanarkshire</td>
<td>21.79</td>
<td>5.37</td>
<td>10.57</td>
</tr>
<tr>
<td>Glasgow City</td>
<td>13.12</td>
<td>5.70</td>
<td>8.60</td>
</tr>
<tr>
<td>Edinburgh, City of</td>
<td>7.54</td>
<td>6.85</td>
<td>7.05</td>
</tr>
<tr>
<td>Aberdeen City</td>
<td>6.94</td>
<td>6.32</td>
<td>5.56</td>
</tr>
<tr>
<td>East Renfrewshire</td>
<td>9.27</td>
<td>4.48</td>
<td>5.94</td>
</tr>
<tr>
<td>Dundee City</td>
<td>9.59</td>
<td>3.93</td>
<td>5.57</td>
</tr>
<tr>
<td>West Lothian</td>
<td>13.91</td>
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<td>5.26</td>
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<tr>
<td>West Dunbartonshire</td>
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<td>5.11</td>
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<td>Inverclyde</td>
<td>2.72</td>
<td>7.25</td>
<td>4.94</td>
</tr>
<tr>
<td>Falkirk</td>
<td>8.30</td>
<td>2.80</td>
<td>4.76</td>
</tr>
<tr>
<td>Midlothian</td>
<td>8.65</td>
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<td>4.43</td>
</tr>
<tr>
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<td>–</td>
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<td>3.83</td>
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<td>Fife</td>
<td>8.09</td>
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<td>South Lanarkshire</td>
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<td>Argyll &amp; Bute</td>
<td>1.19</td>
<td>0.53</td>
<td>0.74</td>
</tr>
<tr>
<td>Shetland Islands</td>
<td>–</td>
<td>0.85</td>
<td>0.65</td>
</tr>
<tr>
<td>Orkney Islands</td>
<td>–</td>
<td>0.45</td>
<td>0.45</td>
</tr>
<tr>
<td>Eilean Siar</td>
<td>–</td>
<td>0.40</td>
<td>0.40</td>
</tr>
<tr>
<td><strong>Total: all Scotland</strong></td>
<td><strong>4.04</strong></td>
<td><strong>1.50</strong></td>
<td><strong>2.31</strong></td>
</tr>
</tbody>
</table>

Source: Scottish Transport Statistics 2001 – Table 5.2, Table 6.4(b)
The private car is overwhelmingly the dominant mode of travel in Scotland.

While estimated road traffic levels for Scotland as a whole would appear to have remained broadly stable over the last five years, there has been considerable regional/local differentiation. In particular, traffic mileage on Lothian roads increased by over 16% over the same period.\(^1\) And the available evidence points to renewed increases in the years ahead. Road traffic is currently predicted to grow by a further 27% over the next two decades (Table 6.2).

**Table 6.2: Projected Local Traffic Growth from 2001**

(All vehicles)

| Source: Review of Local Transport Strategies and RTRA Reports, Steer Davies Gleave (2002), CGTM3 Central Economic Case; Inverness City projection based Highland Local Transport Strategy |

<table>
<thead>
<tr>
<th>Region</th>
<th>Projected traffic growth without targets (% vehicle Kms)</th>
<th>Projected traffic growth assuming local Road Traffic Reduction Act targets achieved (% vehicle Kms)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National average</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Edinburgh City-Region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Edinburgh</td>
<td>12%</td>
<td>18%</td>
</tr>
<tr>
<td>East Lothian</td>
<td>8%</td>
<td>15%</td>
</tr>
<tr>
<td>Midlothian</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>West Lothian</td>
<td>9%</td>
<td>17%</td>
</tr>
<tr>
<td>Glasgow City-Region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Glasgow City</td>
<td>8%</td>
<td>15%</td>
</tr>
<tr>
<td>East Dunbartonshire</td>
<td>10%</td>
<td>17%</td>
</tr>
<tr>
<td>East Renfrewshire</td>
<td>10%</td>
<td>18%</td>
</tr>
<tr>
<td>North Lanarkshire</td>
<td>8%</td>
<td>21%</td>
</tr>
<tr>
<td>Renfrewshire</td>
<td>7%</td>
<td>14%</td>
</tr>
<tr>
<td>South Lanarkshire</td>
<td>10%</td>
<td>18%</td>
</tr>
<tr>
<td>West Dunbartonshire</td>
<td>8%</td>
<td>16%</td>
</tr>
<tr>
<td>Aberdeen City-Region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aberdeen City</td>
<td>10%</td>
<td>19%</td>
</tr>
<tr>
<td>Aberdeenshire</td>
<td>11%</td>
<td>21%</td>
</tr>
<tr>
<td>Dundee City-Region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dundee City</td>
<td>6%</td>
<td>12%</td>
</tr>
<tr>
<td>Angus</td>
<td>8%</td>
<td>16%</td>
</tr>
<tr>
<td>Perth &amp; Kinross</td>
<td>8%</td>
<td>16%</td>
</tr>
<tr>
<td>Highland</td>
<td>8%</td>
<td>14%</td>
</tr>
<tr>
<td>Of which Inverness City</td>
<td>13%</td>
<td>22%</td>
</tr>
</tbody>
</table>

\(^1\) Scottish Transport Statistics 2002, Table 6.4(b); Scottish Transport Statistics 1998, Table 6.3(a).
The largest increases are again being forecast for the cities and/or their surrounding hinterlands:

- Almost 80% of the predicted 27% increase in road traffic by 2021 is projected to be in and around the 4 major cities, with traffic projected to grow by 30% in Edinburgh, 24% in Glasgow, 22% in Dundee and by 34% in Aberdeen.

- Traffic in Edinburgh, Aberdeen and Inverness is projected to grow faster than or at the same level as the surrounding city-region – this probably reflects their role as primary drivers of economic growth, and in particular employment growth, in their respective city-regions.

- Traffic growth in Glasgow and Dundee is projected to lag traffic growth in the surrounding city-region, either reflecting the more diverse pattern of employment and residential development in their respective city-regions or in the case of Dundee the forecast decline in household numbers. The more dispersed pattern of traffic growth projected in the Glasgow city-region is probably both a consequence of and a contributor to the difficulty of servicing suburban and off-centre developments by public transport. Public transport services, whether fixed (rail) or in principle flexible (bus), are in practice best able to serve radial trips to/from a city centre or similar, rather than the multi-dimensional transport needs of say North Lanarkshire or West Lothian.

A key influence is likely to be ongoing changes in levels of car ownership. While Scotland’s peripheral rural areas have of necessity had high levels of car ownership, Scotland’s urban areas have historically experienced much lower levels of car ownership. Indeed, Scotland has the highest number of households without access to a car of any UK nation/region, except London. Only the North-East of England and London have lower numbers of cars per 1,000 of population. Relatively low car ownership in Scotland presumably reflects historically low household income, compact urban areas with good accessibility, and the extensive network of bus services.

Significant differences are also apparent between Scotland’s cities. Car ownership is higher than the Scottish average in the Aberdeen area and, marginally so, in the Lothians. Both Glasgow and Dundee have significantly lower car ownership than the Scottish average (Table 6.3). Similar patterns are discernible for those holding a driving licence. These differences again presumably in part reflect wealth effects.

### TABLE 6.3: Percentage of Households with access to one or more cars

<table>
<thead>
<tr>
<th></th>
<th>1991</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen City</td>
<td>60.0</td>
<td>62.1</td>
</tr>
<tr>
<td>City-Region</td>
<td>68.2</td>
<td>71.5</td>
</tr>
<tr>
<td>Dundee City</td>
<td>45.3</td>
<td>50.8</td>
</tr>
<tr>
<td>City-Region</td>
<td>53.4</td>
<td>60.0</td>
</tr>
<tr>
<td>Edinburgh City</td>
<td>53.5</td>
<td>58.7</td>
</tr>
<tr>
<td>City-Region</td>
<td>57.5</td>
<td>63.6</td>
</tr>
<tr>
<td>Glasgow City</td>
<td>33.4</td>
<td>40.5</td>
</tr>
<tr>
<td>City-Region</td>
<td>48.4</td>
<td>55.0</td>
</tr>
<tr>
<td>Highland</td>
<td>68.5</td>
<td>73.1</td>
</tr>
<tr>
<td>Scotland</td>
<td>57.4</td>
<td>63.5</td>
</tr>
</tbody>
</table>

Source: Scottish Transport Statistics, Scottish Household Survey

\[2\] Automobile Association
... car ownership in Scotland is on a strongly upward trend...

But car ownership in Scotland is on a strongly upward trend, with households having use of at least one car rising from 57.5% of Scottish households in 1991 to 63.5% in 2001. A key challenge for Scotland and its cities will be managing the implications of car ownership levels closer to those common elsewhere in the UK (which are in turn rising closer to higher car ownership levels elsewhere in northern Europe). If car ownership in Edinburgh and Glasgow reaches the existing ownership levels of say Bristol then this would imply an additional 35,000 and 90,000 cars on the road respectively. This underlines the importance of breaking the link between car ownership and use.

6.3 THE OPPORTUNITIES

Lower car ownership is associated with greater use of other modes of transport. In 1999/00, public transport, walking or cycling was the primary means of travel to work for 55% of Edinburgh residents, 52% of Glasgow residents, 45% of Aberdeen residents and 42% of Dundee residents. This compares with 32% of those residing elsewhere in Scotland. This is in large part a consequence of the greater availability of convenient and good quality public transport services in the large urban areas – see Table 6.4 below.

**Table 6.4:** Views on public transport: is it convenient? is it good quality? (1999/2000)

<table>
<thead>
<tr>
<th>Convenience of public transport</th>
<th>Quality of public transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenient</td>
<td>Fairly</td>
</tr>
<tr>
<td>All Scotland</td>
<td>43%</td>
</tr>
<tr>
<td>Large urban areas</td>
<td>54%</td>
</tr>
<tr>
<td>of which</td>
<td></td>
</tr>
<tr>
<td>Aberdeen City</td>
<td>53%</td>
</tr>
<tr>
<td>Dundee City</td>
<td>57%</td>
</tr>
<tr>
<td>City of Edinburgh</td>
<td>55%</td>
</tr>
<tr>
<td>Glasgow City</td>
<td>54%</td>
</tr>
<tr>
<td>Other urban areas</td>
<td>46%</td>
</tr>
<tr>
<td>“Accessible” small towns</td>
<td>37%</td>
</tr>
<tr>
<td>“Remote” small towns</td>
<td>38%</td>
</tr>
<tr>
<td>“Accessible” rural areas</td>
<td>22%</td>
</tr>
<tr>
<td>“Remote” rural areas</td>
<td>14%</td>
</tr>
</tbody>
</table>

Source: Scottish Household Survey

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3 Scottish Household Survey
International comparisons of car usage are only available for Glasgow – see Table 6.5. This data shows that although Glasgow has a relatively sustainable modal split when compared with other Scottish cities, when compared with similar sized conurbations in Western Europe, it tends towards the bottom half of the league table. This suggests that there is considerable scope for improvement, and much to be learnt from European cities, where walking, cycle and public transport play a far more significant role in city journeys.

**TABLE 6.5: Modal split for selected European cities (%)**

<table>
<thead>
<tr>
<th>City</th>
<th>Car</th>
<th>Public Transport</th>
<th>Foot/cycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madrid</td>
<td>30</td>
<td>32</td>
<td>38</td>
</tr>
<tr>
<td>Amsterdam</td>
<td>31</td>
<td>17</td>
<td>51</td>
</tr>
<tr>
<td>Frankfurt</td>
<td>42</td>
<td>21</td>
<td>37</td>
</tr>
<tr>
<td>Vienna</td>
<td>41</td>
<td>30</td>
<td>28</td>
</tr>
<tr>
<td>Glasgow</td>
<td>55</td>
<td>12</td>
<td>33</td>
</tr>
<tr>
<td>Rome</td>
<td>57</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>Lille</td>
<td>62</td>
<td>7</td>
<td>31</td>
</tr>
<tr>
<td>Athens</td>
<td>65</td>
<td>22</td>
<td>12</td>
</tr>
</tbody>
</table>

Public transport (and walking and cycling) remains competitive in cities and major urban areas more generally. This reflects:

- the generally compact nature of Scotland’s cities, facilitating short journeys from home to work;
- the continued importance of high volume radial routes, which allow the provision of good quality, high frequency public transport services;
- the deterrent effect of city centre (and increasingly suburban) congestion to travel to work by car;
- the growing prevalence of traffic restraint measures, such as traffic calming, pedestrianisation, loss of road space to buses, and rising costs of parking for those who do not have free employer parking; and
- measures to improve public transport services.

But even in cities this competitive advantage is under threat. As noted above, car ownership is increasing and more diverse journey patterns in our daily lives are making traditional radial public transport services less appropriate for many requirements. For example, the increasing number of parents combining part or full time work with raising children is creating more complex journeys between work, home and nursery. And even where the demand is there, capacity limitations on specific public transport routes can result in overcrowding, so turning away prospective users.

Since the 1950’s, travel in Scotland’s cities has therefore shared the general move away from public transport and towards the car (e.g. peak hour bus journeys to Edinburgh centre were 31,000 in 1989 but 19,000 in 1996). There is some evidence that the significant investment in public transport friendly measures since the late 1990’s has stemmed this trend, at least in Edinburgh and Glasgow, but it is far too soon to claim a turning of the corner in favour of more sustainable transport options.
Scotland’s cities and their hinterlands therefore both experience the most acute problems of traffic growth and congestion, but also offer the greatest opportunities in terms of making sustainable transport a reality. Can we build on existing relatively high levels of public transport, walking and cycling in the cities, before wider economic and societal change further erodes the competitiveness of sustainable transport options?

6.4 THE EMERGING RESPONSE

The Scottish Executive’s aim is to stabilise road traffic at 2001 levels by 2021. As we have seen, a key element of this will be establishing a long-term strategy to tackle congestion in our major metropolitan areas. That is why 9 out of the Executive’s top 10 transport priorities in Scotland’s Transport: Delivering Improvements, focus on improving public transport and providing motorists with public transport alternatives in and around our cities, where these do not already exist.

Table 6.2 above shows Local Authorities’ own projections of traffic growth for their area assuming the road traffic reduction targets contained within the Local Authority Local Transport Strategies are delivered. These projections should be treated with care: the local authority derived projections in column 2 reflect local assumptions rather than the national assumptions on economic growth used in column 1; and the projections in column 2 will not be consistent across local authorities. But the pattern is clear:

- Only Edinburgh, Aberdeen, Aberdeenshire and East Renfrewshire are anticipating reductions in traffic growth to below “trends continued levels” over the period to 2021 (Chart 6.1 shows Aberdeen and Glasgow as examples). This will require significant public transport investment and traffic management measures.
- The other Local Authorities, including Glasgow and Dundee, are either projecting unchanged or higher levels of traffic growth. This is perhaps less surprising for the outer city-region authorities, where complex journey patterns and car dependence are the norm, but in the case of the two city authorities, suggests either an optimistic view of local economic growth or an unwillingness to take radical traffic reduction measures, perhaps related to concerns that such measures would have a detrimental impact on economic growth.

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4 In vehicle kilometres
The Scottish Executive’s aim of stabilising traffic volumes by 2021 is extremely challenging. By the end of 2002, the Executive will be undertaking a comprehensive review of the targets of the four main cities and their neighbouring authorities, to review targets, and to revise them where appropriate, and to identify the range of measures (and associated costs and benefits) necessary to deliver these by 2021. These will include measures aimed at increasing walking and cycling, growing train passenger numbers and local bus use. This will be followed by a detailed review of the Road Traffic Reduction Act reports belonging to the remaining local authorities, to be completed by June 2003.

The immediate policy challenge has a number of aspects:

- How best to allocate resources to make a difference? Hitherto a large part of capital funding has gone on local projects, which have often proved too small to make a difference and were often stand-alone, so poorly placed to exploit synergies/network benefits. Scotland’s Transport: Delivering Improvements recognises that in future a more directive, top-down prioritisation of available resources is required, focusing on tackling congestion in and around Scotland’s major metropolitan areas. The shifting of new spending away from the bottom-up Public Transport Fund to the new national top-down priorities reflects this change of direction, but this will inevitably face competing calls for funding from across Scotland.

- In tackling the congestion problems, no single solution will be applicable in all circumstances. Packages of measures will be required, and empirical evidence from the UK and elsewhere is compelling that these will need to comprise both ‘sticks’ and ‘carrots’: ‘carrots’ without ‘sticks’ just do not work. This requires political courage – both in making the decision to try new approaches and in the small day-to-day decisions that enforce and roll-out the measures required. Improved public transport on its own does not necessarily cut car trips. Complementary packages of improved public transport and traffic management measures (whether traffic calming, bus lanes, parking restrictions/charges, bus lanes or road tolling) do. Those who take action now will benefit in the long term through improvements to the liveability and efficient working of their areas, but in the short-term the cost/disruption of the new measures will loom large and may disadvantage those who act over those who don’t.

The City authorities are leading the way here: City of Edinburgh Council is consulting on the introduction of urban congestion charging, ambitious traffic management schemes are being introduced in Glasgow and Edinburgh city centres and on key radial routes; Edinburgh and Aberdeen have produced maximum parking standards for new developments, other authorities, such as Glasgow City Council and Aberdeenshire Council are at the final stages of their preparation.

It is clear the Scottish Executive will have a key role. A particular challenge will be how best to support those who are prepared to take the measures to help themselves and how to ensure a balanced approach in planning decisions and provision of work place/retail parking. This is especially so in the case of Edinburgh. Transport topped most consultees’ ‘must do’ lists for Edinburgh. Growing the wider Edinburgh city-region labour market is crucial if the area is both to anchor recent development and sustain further economic growth. Nowhere else in Scotland are the transport challenges so great and the opportunities so considerable.

- As we have seen, the drivers of transport choices are long-term in both their emergence and their effect. Decisions we take now on the location of a new office development, a new hospital or an out-of-centre retail park, can have implications for travel choices for years to come. A poorly sited development, largely dependent on car access, will lock in problems for the long term. It is
far easier to design a sustainable development in the first instance, than retrospectively to bolt-on public transport, cycling and walking options after the event. This thinking now runs through the National Planning Policy Guidelines on Business and Industry (NPPG2), Housing (NPPG3), Town Centres and Retailing (NPPG8) and Transport (NPPG17). The challenge will be to ensure delivery on the new policy direction on the ground.

Road traffic authorities, transport operators, Strathclyde Passenger Transport and others need to work together to reduce congestion in our major urban centres. And as we will see below, it will be imperative to address transport at the level of the city-region.

**TRANSPORT AND ECONOMIC CHANGE**

Economic change continues apace, with the provision of transport infrastructure and services often lagging behind. Our City Travel To Work and Housing Market Areas are expanding – see below; employment patterns are changing (part-time work, 24-hour working, “stretched days”, off-site working); choices of business location are evolving, in particular the growth of edge of city office parks and the revitalisation of the central business districts; and the long-term shift from manufacturing to services continues. All impose new transport demands: out of hours services, personal safety, connecting new locations and more diverse travel patterns.

**The Challenge From Business**

To explore the emerging business issues, the Cities Review Team undertook a series of focus group discussions with selected businesses from the five cities. Key issues arising included:

- Skills shortages and rising house prices forcing businesses to recruit from further afield; yet concern that unless public transport can be improved, long-distance commuting will involve staff stress and turnover;

- Recruitment and staff retention would be helped by measures to ensure accessible affordable housing;

- Reliability and travel times were still ‘much better than in south-east England’, but in a competitive market improvements are needed to attract and retain labour;

- For most, transport is a middle-ranking issue rather than a major problem. Skills, research and market opportunities were all seen as more important. But congestion and parking difficulties were of growing concern to firms in Edinburgh and Glasgow;

- Business still prefers sites with ample parking but these are less likely to be available, especially in Central Belt. Peripheral city business zones allow much higher levels of car usage, yet create their own parking and congestion problems. Need for general improvement in urban public transport linked to regional corridor improvements.

- Need to introduce high quality public transport at an early stage in the development of business locations both on city centre fringes and on edge of city sites;

- Longer periods of business opening now a fact of life for many, with 25% of staff in some firms operating on a ‘stretched day’, increasing proportion of women in the workforce, and shift to more flexible hours – corresponding need to ensure safe evening travel by public transport, improved service frequency into the evenings, better lighting and greater ‘buzz’/activity in business areas which tended to become dead after 6 p.m.;
‘Hot-desking’ and flexible working becoming more common, but wide adoption would have to overcome strong managerial (and employee) cultural attachment to ‘normal’ work and office hours and ‘hands-on’ managerial supervision;

Firms from Inverness, Aberdeen and Dundee attach considerable importance to good quality links to Edinburgh and Glasgow – to access business/university contacts and airports and to demonstrate to business visitors that the ‘peripheral’ cities were accessible;

Firms in Aberdeen, Inverness and Dundee reported a marked rise in video conference and other measures to reduce business travel costs – much of this being related to travel beyond Scotland;

Most business air travel was based on access to hub airports with a good range and frequency of international services (not solely Heathrow, several firms preferred to use continental hubs). This meant a strong interest in access to Edinburgh and Glasgow airports for onwards connections and/or connecting flights to other hubs.

Considerable interest in improving air connections, though ‘image’ benefits difficult to measure and some uncertainty about how far such improvements would directly increase net jobs and business profitability. Yet perception that failure to improve links to major airport hubs might mean a loss of existing headquarters or missing out on global company expansion.

The linkages between transport, the levels and distribution of economic activity and labour force behaviour are undoubtedly crucial, but the mechanisms at play are far from straightforward:

Improved transport links can economically benefit the better connected area, if it increases markets that can be served from a given location, but they can also harm its economic prospects, if quicker/cheaper access allows external suppliers to supplant indigenous suppliers.

The effects of improved transport links can affect different socio-economic groups differentially. Professional and managerial people travel further than people in unskilled or partly skilled occupations. New or improved rail services may disproportionately benefit medium to higher income groups, with the lower paid excluded by relatively higher rail fares. Similarly, out of town locations can offer improved all round access by private transport, benefiting those having use of a car, while at the same time severely limiting access by public transport, dependent on pre-existing infrastructure or minimum passenger volumes to make routes viable, excluding those without access to a car from taking up employment opportunities.

At current levels of employment nationally/regionally, there are just not the significant groups of unemployed around, who would be able to take up employment if only transport options were available (e.g. as illustrated by the rapid rate at which the Motorola redundancies found new employment). Opening up new transport links or offering cheaper fares may allow some individuals to take up higher paid and added value employment to the benefit of the overall Scottish economy, but it is unlikely in itself to bring the unemployed back into the labour market, without associated investment in pre-employment training/skills. The more significant role of new or improved transport links is likely to be in opening up new areas for housing development at longer distances from places of employment.

5 Scottish Household Survey, 2002
Individual responses to improved transport links can also be complex and may sometimes cut across the objectives underlying the particular improvement(s). For example, extended transport links to serve a wider catchment area may actually encourage longer and longer commuting trips, so exacerbating congestion. Similarly, efforts to regenerate a depressed community, by helping individuals travel to more distant employment opportunities, may in the long-term result in them moving closer to their new place of employment once they have the income to do so, so failing to address the problems of the depressed community that led to the original transport investment.

As a consequence, much of the discussion about transport and the economy in Scotland lacks well-rooted supporting evidence. Decisions are being made about funding priorities and the choice/design of specific projects with only the most generalised and crude understanding of the economic dimension.

The Standing Advisory Committee on Trunk Road Assessment (SACTRA) examined the relationship between “Transport and the Economy” in their 1999 Report to the UK Government. Recognising the importance of the issues, they recommended that transport appraisals should include an economic impact report, focusing on the functioning of local labour markets.

This approach is being implemented within Scotland through the Scottish Transport Appraisal Guidance requirement that project promoters prepare Economic Activity and Location Impact assessments, which seek to assess income and employment effects. This seeks to ensure that the earliest possible consideration is given to the wider objectives and implication of transport policies and projects as part of the definition of problems to be addressed and potential solutions.

Further work at a strategic/regional level to set the economic context and objectives for the Executive, local authority and private sector policies would be helpful to inform decisions on specific projects. The changing Edinburgh, Glasgow and wider Central Belt labour markets would in particular benefit from empirical research to inform future decision making on transport priorities within the framework of the economic Activity and Location Impact assessments, the proposed City-Region Plans and the National Planning Framework. The planned Scottish Executive research study to investigate how future demographic, household, employment and associated lifestyle changes in Central Scotland will affect patterns of land use and related transport needs over the next 20 years is a useful start in addressing current gaps in both our data and understanding. Links with the Future Skills Unit, Local Enterprise Companies and employers might also be beneficial.

6.5 TRANSPORT WITHIN THE CITY AND THE CITY-REGION

The available evidence points to a significant increase in most of the city travel to work catchment areas over the last decade.

While the 1991 census remains the most recent authoritative data set on travel to work, the emerging Scottish Household Survey results for 1999-2001 allow us to explore how travel to work patterns may have changed over the last decade.

At the aggregate level, it can be seen that many more people now work in the cities, but reside elsewhere, than they did 10 years ago (Chart 6.2).
Glasgow, Aberdeen and especially Dundee have seen significant increases in inward commuting. The high absolute level of inward commuting for Glasgow may be because, unlike the other 3 cities, Glasgow is effectively the central core of a wider contiguous urban conurbation. Edinburgh’s relatively stable share of inward commuting is striking, but as we shall see below, may reflect Edinburgh’s relative success in partly accommodating the city’s expanding employment, by increasing population within the city boundary.

To explore the spatial implications of these changes the Derek Halden Consultancy plotted the 1991 census data and the Scottish Household Survey date for each of the four cities as shown in Figures 6.1-6.4.

**FIGURES 6.1-6.4: Changes in Travel To Work Areas since 1991**

**FIGURE 6.1 – Glasgow TTWA**

The 1991 primary travel to work area for Glasgow (10% and over of working residents) extended to the Campsies in the north, Erskine in the west, Newton Mearns in the south and Ballieston in the east. Moving forward to 1999/2001, there is evidence of a substantial extension of the Glasgow travel to work area. The greatest changes being to the north, the south-east and the south-west to include more of Stirling, East Ayrshire, Renfrewshire and North/South Lanarkshire. However, Inverclyde appears disconnected from the Glasgow travel to work area, despite its relative proximity to the city.
In 1991, the primary Edinburgh travel to work area was broadly aligned with the Lothians. In Fife, only North Queensferry and Inverkeithing were exporting 10% or more of working residents to Edinburgh. Elsewhere, only the Peebles area and east Falkirk are covered beyond the Lothians. The 1999/2000 changes for Edinburgh are even more marked than for Glasgow with the 10% boundary encompassing large parts of the Scottish Borders, South Fife and North/South Lanarkshire.

Similarly major changes are evident for Dundee. In 1991, the primary Dundee travel to work area covered a fairly tight area around Dundee and the southern end of the Tay Road Bridge. By 1999/2000 the 10% boundary had extended to the outskirts of Glenrothes and Perth, and well beyond Arbroath.
In 1991 the Aberdeen travel to work area was significantly more extended than was the case for the other 3 cities. In the west, the 10% TTWA extends to Aboyne, a distance of over 50km from Aberdeen. In the south, the 10% zone extends nearly to Montrose and in the north New Deer is again nearly 40km from Aberdeen. By 1999/2000, the extremely large TTWA for Aberdeen had changed only marginally.

Given the very substantial changes that have occurred in the cases of Glasgow, Edinburgh and Dundee, the lack of change in Aberdeenshire is striking. The 40+ km commutes observed for Aberdeenshire in 1991 are now common across central Scotland, while travel to work journeys in the north-east itself have stopped lengthening. It may be that other areas of Scotland have been catching up with patterns of travel first seen in Aberdeenshire 10 years ago, due to higher household income and car ownership levels. It may be that the north-east of Scotland was the first to reach the limits of what is sustainable over the long term. If so, the level of change in the boundaries across Scotland which can be expected over the next ten years will be very much less than the changes observed over the last 10 years. Alternatively, the factors that propelled longer travel to work journeys in the north east (i.e. household income, house prices, car ownership levels), may have further to go in Edinburgh and the Central Belt more generally, implying further lengthening of travel to work journeys in these areas.

It can be argued that the rate and scale of these changes may have caught local, regional and national policy unawares. Their effects will only become fully visible when it is too late to do much about the underlying trends other than learn to live with them. The policy implications are several and significant:

- Increasingly rapid changes in patterns of transport demand seem likely to require increasingly rapid decisions on, and implementation of transport infrastructure projects. The provision of transport infrastructure needs to be accelerated if there is to be any hope of supply catching up with the changing pattern of demand. It can take 10-15 years to deliver major rail, road or tram projects, e.g. the proposed tram schemes for West and North Edinburgh are unlikely to be up and running until 2009. In the meantime, roads will be further congested affecting the reliability of journey times – a major issue for business – and causing further damage to the environment.

- Failing to meet the needs of enlarged travel to work areas will be expensive in terms of congestion, delays, unreliability and environmental costs. But accommodating such extended travel patterns will also be expensive, in terms of public expenditure on new/enhanced infrastructure, costs incurred by individual travellers and costs to the environment. The resulting accessibility improvements are in turn also likely to promote further lengthening of journey trips. Part of the solution to this
dilemma lies in ensuring an adequate supply of affordable housing in or near the cities. This is particularly the case in Glasgow and Dundee where substantial amounts of derelict or under-utilised land are available in the city core. In the case of Edinburgh, the scale of development pressures and the limited opportunity for further development in the city mean that development will need to be distributed across the region, with matching transport infrastructure/services to allow the resulting networks to function. In all cases, a balance will need to be struck between the sustainability implications of larger, denser urban cores supported by high quality public transport within the city and a more extensive pattern of development underpinned by high quality public transport corridors. Getting this right will be one of the key challenges for the new city-region strategic development plans.

Our evolving transport governance arrangements are struggling to adapt to the more extensive patterns of travel evolving in the city-regions. Yet with growing employment levels in most of the cities, rising levels of inward commuting in all and tight labour markets emerging in some, it is becoming increasingly important that our city-regions operate as effective transport networks. The role of partnership working and partnership funding in bringing together local, regional and national resources, with in some cases input from the business community, is crucial to future progress. Transport partnerships are active in the North-East, South-East, West Central Scotland and the Highlands and Islands – see Table 6.6. But there is at present no partnership for the wider Dundee area and all the existing partnerships are having to confront the difficulties of making decisions by consensus. A greater shared understanding of regional priorities and a strong focus on core issues will be important if progress is to be made.

**TABLE 6.6: Scottish Transport Partnerships**

<table>
<thead>
<tr>
<th>Relevant Transport Partnership</th>
<th>Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>North-East Transport Partnership (NESTRANS)</td>
<td>Aberdeen Council; Aberdeenshire Council; business community</td>
</tr>
<tr>
<td>South-East Scotland Transport Partnership (SESTRAN)</td>
<td>City of Edinburgh Council; Borders Council; East Lothian Council; Midlothian Council; West Lothian Council; Fife Council; Falkirk Council; Clackmannanshire Council; Stirling Council</td>
</tr>
<tr>
<td>West of Scotland Transport Partnership (WESTRANS)</td>
<td>Glasgow City Council; Argyll and Bute Council; West Dunbartonshire Council; East Dunbartonshire Council; North Lanarkshire Council; South Lanarkshire Council; East Renfrewshire Council; Renfrewshire Council; Inverclyde Council; North Ayrshire Council; East Ayrshire Council; South Ayrshire Council; Strathclyde Passenger Transport (associate)</td>
</tr>
<tr>
<td>Highlands and Islands Transport Partnership (HITRANS)</td>
<td>Highland Council; Eilean Siar Council; Orkney Council; Shetland Council; Argyll and Bute Council</td>
</tr>
</tbody>
</table>
The role of the land use planning system as the key focus for resolving these pressures and trade-offs becomes even more important. The post-1996 Structure Planning arrangements bear little relationship to the enlarged gravitational pull of the cities. Decisions on housing requirements, land supply and allocations are in many cases being taken at too local a level. The new city-focused strategic development plans emerging from the Executive’s Review of Strategic Planning will play a crucial role in aligning development planning more closely with what is happening on the ground.

6.6 INTER-CITY CONNECTIONS

The priority of successive Scottish Office administrations in the 1960’s, 1970’s, 1980’s and through to the early 1990’s was to ensure good accessibility to all parts of Scotland. This involved substantial expenditure in putting in place a modern road system linking Scotland’s principal towns and cities to each other and to the major markets outside Scotland. The 1960’s saw construction of Forth and Tay Road Bridges and the M8 and dualling of the A74; the 1970’s saw construction of the M9, M90 and significant works on the A9; the 1980’s further major works on the A9 including construction of the Kessock Bridge, dualling of the A94, construction of the Edinburgh bypass and major works on the A75. Figure 6.5 illustrates the results of this policy.

By 1990 journey times by road had significantly reduced to most points in Scotland. Since 1990, upgrading of the M74 to motorway standard, and continuation of the trunk road enhancement programme have secured further incremental gains in journey times. The challenge now is to maintain existing levels of accessibility in the face of rising peak time traffic volumes.

A similar pattern is apparent for rail. Table 6.7 sets out the fastest timetabled journey time between the cities and between the cities and London over the last forty years. Significant reductions are recorded through the 1960’s and 1970’s, but most journey times have been broadly constant over the last 10 years or so.
Looking ahead, the M74 northern extension will open access to the south and west of the Glasgow region and access by rail from the Central Belt to England is due to improve significantly over the next decade: in particular the Strategic Rail Authority’s 10 year plan promises improvements in rail journey times between England and Glasgow and Edinburgh by 2005 and 2010 respectively.

Otherwise, the majority of investment is being targeted at maintaining existing travel times between key locations rather than securing a step-change in journey times. Scotland’s Transport: Delivering Improvements confirmed that the Scottish Executive’s priority for the next decade would be to continue with this strategy, focusing on congestion problems in Scotland’s main urban areas. Given finite budgets, it is right to prioritise maintaining existing levels of accessibility in the face of rising traffic volumes within the city-regions, but good accessibility for economic and tourism development has assumed a central role in national economic development thinking and the further north in Scotland one goes, the greater was consultees’ concern about peripherality within the UK and in relation to Europe.

During the review process, the business community repeatedly expressed concerns about the connectedness of the cities, particularly connections between centres in the north of Scotland and Edinburgh and Glasgow. In this context, it may be helpful to explore how the accessibility of different geographical areas within Scotland relate to their competitiveness; and to identify what level of accessibility would decisively alter for the better business or tourist perception of specific Scottish regions’ accessibility. A striking example of the sensitivity of demand to service improvements is the 45% increase in passengers on the Edinburgh to Glasgow service following the introduction of a 15 minute frequency.

### 6.7 PASSENGER AIRLINKS

#### 6.7.1 Why airlinks matter?

Airlinks play a particularly important role in Scotland, making a significant contribution to the economy and social welfare.
Air services are the only realistic means of reaching most international destinations; and they are the quickest means of travelling to the southern UK. As a result, Scots make extensive use of air travel for domestic as well as international journeys. The average number of return trips per head of population in Scotland is currently estimated at 1.75, second only to London within the UK.

Airlinks play a disproportionate role in the inbound tourism market – see Chart 6.3. Overseas tourists in particular are reliant on air travel.

While the new Rosyth-Zeebrugge ferry should reduce this reliance somewhat for tourists coming from North-West Europe, the availability, frequency and price of direct air links is likely to remain an important determinant of Scotland’s competitiveness as a tourism destination.

Aviation directly supports close to 15,000 jobs in Scotland and accounts for 1.2% of Scotland’s GDP, but its indirect significance is likely to be much greater. Air services serve an important role in attracting inward investment and helping to stimulate and sustain the growth of local businesses by opening up new markets and supply chains. The key growth sectors for the Scottish economy, such as financial and business services and high-tech industries (including bio-technology, software and optical and electrical engineering) all depend on good quality access to Scotland’s principal export markets in UK, Europe, North America and elsewhere.

Airports are frequently the focus of ‘clusters’ of businesses requiring easy and frequent access to air services, e.g. the aeronautical cluster in the west of Scotland focused on Glasgow Prestwick and Glasgow Airports; the financial and business services cluster in the vicinity of Edinburgh Park and the hi-tech industries clusters in West Lothian and Fife, both of which have convenient access to Edinburgh Airport; and the international oil supply sector in and around Aberdeen. Edinburgh and Aberdeen Airports have particularly high shares of business usage (see Table 6.8).
An indispensable attribute of the competitive city is an airport provided with direct international connections. A city needs an airport offering frequent and fast connections with other main centres in Europe to be a commercial centre of European significance. Scotland airports are clearly lagging well behind in this respect (see Table 6.9).

### TABLE 6.9: International Connections Served by Selected European Airports

<table>
<thead>
<tr>
<th>City</th>
<th>Number of International Connections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brussels</td>
<td>196</td>
</tr>
<tr>
<td>London (Heathrow)</td>
<td>170</td>
</tr>
<tr>
<td>Dusseldorf</td>
<td>168</td>
</tr>
<tr>
<td>Stockholm (Arlanda)</td>
<td>167</td>
</tr>
<tr>
<td>Milan</td>
<td>154</td>
</tr>
<tr>
<td>Oslo</td>
<td>92</td>
</tr>
<tr>
<td>Manchester</td>
<td>81</td>
</tr>
<tr>
<td>Dublin</td>
<td>75</td>
</tr>
<tr>
<td>Toulouse</td>
<td>66</td>
</tr>
<tr>
<td>Geneva</td>
<td>51</td>
</tr>
<tr>
<td>Birmingham</td>
<td>49</td>
</tr>
<tr>
<td>Glasgow</td>
<td>13</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>7</td>
</tr>
<tr>
<td>Aberdeen</td>
<td>7</td>
</tr>
<tr>
<td>Prestwick</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Cities Review Team from Airport websites

#### 6.7.2 Recent Traffic Trends

Passenger traffic to/from Scotland’s airports has increased significantly over the last decade, doubling during the 1990’s to reach 16.2 million passengers per annum (m.p.p.a.) in 2000, with a steady though incremental increase in destinations served. But average growth has been faster at UK regional airports as a whole (8% p.a.) than at Scottish airports (7% p.a.). While both Edinburgh (10%) and Prestwick (40%) have been growing well above the UK average, Glasgow (5.8%), Aberdeen (2.3%) and Inverness (6.2%) have lagged behind national average growth (see Table 6.10).

---

6 Buursink, Euroservices and Euroairports 1994; Begg, Urban Competitiveness 2002
Post-2000 data suggests that, despite the general slump in air travel since September 11th, Edinburgh and Glasgow are continuing to grow strongly, both in absolute and relative terms (see Table 6.11).

### TABLE 6.11: BAA Traffic Summary, July 2002

<table>
<thead>
<tr>
<th>Airport</th>
<th>July 2002</th>
<th>% change</th>
<th>12 months to July 2002</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glasgow</td>
<td>885</td>
<td>+6.5</td>
<td>7,519</td>
<td>+6.4</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>685</td>
<td>+15.4</td>
<td>6,556</td>
<td>+13.3</td>
</tr>
<tr>
<td>Aberdeen</td>
<td>247</td>
<td>-1.7</td>
<td>2,538</td>
<td>-1.4</td>
</tr>
<tr>
<td>BAA Total</td>
<td>12,881</td>
<td>+0.4</td>
<td>121,426</td>
<td>-3.0</td>
</tr>
</tbody>
</table>

Source: BAA

Growth has been fastest in international scheduled services, which have increased their relative share of total traffic – see Table 6.12. Both Edinburgh and Prestwick had annual growth rates above the average for all UK regional airports. Prestwick’s 79% annual growth was from a very low base and reflects the expansion of ‘no frills’ services. Edinburgh’s annual growth rate of around 18% is attributable to full scheduled carriers. Glasgow’s scheduled international traffic is heavily focused on transatlantic services where growth has been less rapid than on routes to Europe and stagnant since the events of September 11th, 2001.

### TABLE 6.12: Total International Passengers at Scottish Airports 1991-2000

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>115</td>
<td>256</td>
<td>336</td>
<td>221</td>
<td>12.6%</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>252</td>
<td>538</td>
<td>1,108</td>
<td>856</td>
<td>17.9%</td>
</tr>
<tr>
<td>Glasgow</td>
<td>736</td>
<td>699</td>
<td>1,256</td>
<td>520</td>
<td>6.1%</td>
</tr>
<tr>
<td>Inverness</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>NA</td>
</tr>
<tr>
<td>Prestwick</td>
<td>2</td>
<td>189</td>
<td>365</td>
<td>363</td>
<td>78.8%</td>
</tr>
<tr>
<td>Scottish Total</td>
<td>1,105</td>
<td>1,682</td>
<td>3,065</td>
<td>1,960</td>
<td>12.0%</td>
</tr>
<tr>
<td>UK Regional Airports Total</td>
<td>5,783</td>
<td>10,125</td>
<td>16,929</td>
<td>11,146</td>
<td>12.7%</td>
</tr>
<tr>
<td>Scotland as % of all</td>
<td>19.1%</td>
<td>16.6%</td>
<td>18.1%</td>
<td>18.1%</td>
<td>8.7%</td>
</tr>
<tr>
<td>UK Total</td>
<td>49,916</td>
<td>74,708</td>
<td>105,500</td>
<td>55,584</td>
<td>8.7%</td>
</tr>
</tbody>
</table>


Regional Airports defined as the largest regional airports considered under 2002 Air Transport Study
UK Total excludes small UK airports.
Inverness currently has no international services; a service to Amsterdam started just before September 11th was then withdrawn. International travel from the Highlands therefore depends heavily on connecting services at Gatwick and to a lesser extent Edinburgh, Glasgow and Luton.

As can be seen from the above, recent growth in domestic/international traffic at the main Scottish airports is broadly similar to patterns of growth elsewhere in the UK, and is presumably influenced by similar factors: rising household incomes, growth of ‘no frills’ services exerting downward pressure on fares and greater economic integration with other European countries.

But the uncomfortable reality is that growth to date has not reduced Scotland’s dependence on London and/or continental European hubs. Glasgow and Edinburgh airports’ catchment population and inbound visitor traffic is sufficient to support a wide range of domestic scheduled services, but only a skeleton network for short haul international scheduled services. Aberdeen and Inverness airports service even more limited scheduled route networks. This has implications for Scotland’s attractiveness as a business location/partner, though it is not possible to quantify the scale of the effect.

Compared to the major regional airports elsewhere in the UK, Edinburgh and Glasgow have small catchment populations. In particular, Manchester, Liverpool, East Midlands and Birmingham each have a 1-hour road catchment of over 5.5 million people. Moreover, within Scotland, the available catchment population is shared between two separate Central Belt airports.

The temptation is, of course, to debate the relative merits of Glasgow and Edinburgh, and to approach the decision as if it is a zero sum game. But the historical inheritance of two airports is a fact, and previous studies have shown the high financial and environmental cost of consolidation at one or other site or at a new Central Scotland airport. Looking ahead, the UK Government Air Transport Consultation is forecasting sizeable further major increases in passenger volumes – see Table 6.13.

**TABLE 6.13: Comparison of Passenger Forecasts for Each Demand Scenario at 2030 (million passengers per annum)**

<table>
<thead>
<tr>
<th>Airport</th>
<th>2000 Actual</th>
<th>2030 Air Transport Study Scenarios</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>2.5</td>
<td>4.2 to 5.2</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>5.5</td>
<td>9.0 to 22.5</td>
</tr>
<tr>
<td>Glasgow</td>
<td>6.9</td>
<td>10.2 to 19.6</td>
</tr>
<tr>
<td>Inverness</td>
<td>0.3</td>
<td>0.3 to 0.8</td>
</tr>
<tr>
<td>Prestwick</td>
<td>0.9</td>
<td>2.5 to 2.8</td>
</tr>
<tr>
<td>Total</td>
<td>16.1</td>
<td>26.2 to 50.9</td>
</tr>
</tbody>
</table>

Source: UK Government Air Transport Consultation

This would bring Edinburgh and Glasgow Airports up to or close to the current passenger throughput of Manchester Airport (18 million passengers in 2000, sufficient to support an international scheduled network of over 60 destinations). The key need is to exploit the forecast increase in demand to secure the best possible outcome for Scotland.

This is not to advocate demand management/allocation by government. It is important that the individual customers, whether business or leisure, are allowed to choose their preferred point of departure, whether for full scheduled, ‘no frills’ or chartered flights. This will in time bring forward new services to a greater number of destinations.

Improved access to the airports has a key role to play in enlarging the catchment areas of the airports, (in the case of Edinburgh, potentially into the north east of England) as well as improving access from the existing catchment area and reducing dependence on the car. Only Prestwick currently has direct rail services, but there are studies, currently ongoing, assessing the opportunity for rail access to other key airports.
SUSTAINABLE CITIES
7.1 THE ENVIRONMENTAL IMPORTANCE OF SCOTLAND’S CITIES

Scotland’s cities are as central to Scotland’s environmental sustainability as they are to its economic and social wellbeing.

Though the sparsely populated Highlands and Islands may be the landscape most readily associated with ecological issues, it is our densely populated cities that have some of the greatest impacts on Scotland’s environment, and provide the daily backdrop for most of our population. This chapter explores the environmental impact that our cities have, and examines measures that could reduce that impact.

Cities are characterised by their density of population and intensity of economic activity. As such our cities are inevitably the locus of much domestic and commercial energy consumption, and much of our greenhouse gas emissions, including carbon dioxide, which contribute to climate change. They are also the source of a significant proportion of our domestic and commercial waste.

Cities, as centres of interaction for the city-region and beyond are also the major source of journey origins and the focus of travel destinations, for commuting, social and leisure purposes. Cities also have ‘dirty footprints’, and flows of air and water over and through our cities carry environmental damage well beyond the city limits. They therefore impose sizeable burdens on their surrounding regions, the Scottish environment and, indeed, other nations.

In recent decades it has been recognised that more effective design and management of settlements can reduce the environmentally damaging effects of economies and populations. Scottish cities offer considerable potential to manage our impact on the environment in a more sustainable way; contributing to efforts to meet UK emissions targets. For example, as centres of population and employment, they are likely to represent the focus of future development, regeneration and building activity and therefore offer the potential for significantly improved energy conservation. By concentrating resource use, and hence waste production, they offer the greatest opportunity to develop financially viable recycling schemes. By “concentrating” travel our cities offer the potential to plan out travel and to promote more environmentally sustainable forms of transport. There are also opportunities to encourage resource efficiency amongst businesses, improving productivity through the more efficient use of resources and raw materials, and through improvements to waste management, distribution and logistics.
Reducing the environmental impact of our city dwellers and urban based activities would make a substantial contribution to the reduction of Scotland’s national environmental impact and contribute towards meeting international agreements.

Our cities are also particularly important when considering the concept of environmental justice. Environmental justice has only recently come to political prominence and can mean slightly different things to different people, but in essence is concerned with the unfairness that arises when certain sections of our society experience a less healthy, more unpleasant environment than others. Kevin Dunion of Friends of the Earth Scotland suggests that:

“Environmental Justice is experienced as a result of practices or policies which, intentionally or unintentionally disparately impact on living conditions of people in low income groups. More generally, environmental injustice exists when authorities fail to afford or uphold rights, where people are unable to adequately participate in decision making processes which affect them and where means of redress are inaccessible”.

Over the last century there have been major developments in urban regulations, services and infrastructure that have reduced the negative environmental impacts of city living. For example, polluted water supplies and slum housing, which generated serious public health issues for all residents have been tackled. Over the last 40 years successive Clean Air Acts have radically improved the well-being of city residents and the appearance of building facades. However less progress has been made in dealing with those effects that impact on communities both geographically and socially distant from the city core.

Where poor people and poor environments coincide within cities, this produces particular urban environmental justice concerns. As discussed in Chapter 3, socio-economic differences are reflected in patterns of housing choice, creating a spectrum of neighbourhoods that span the most privileged to the most deprived. 69% of the most deprived postcode sectors in Scotland are in the cities. And those poorest neighbourhoods are often felt by their inhabitants to be the worst environments, often comprising deprived peripheral estates, typified by signs of neglect and abandonment: vacant, burnt out or boarded up homes; abandoned vehicles, open space blighted with litter and dumped household rubbish, vandalised amenities and buildings daubed with graffiti.

CHART 7.1: Particularly Liked Aspects of Neighbourhoods

Source: Scottish Household Survey 2001

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1 Gibb et. al. 1998 Scottish Area Deprivation Index, The Scottish Office
There is little data on the prevalence of environmental injustices in Scotland, or indeed the extent to which poor people and poor environments coincide; however survey evidence suggests that it is poorer people who are least satisfied with their neighbourhoods. The Scottish Household Survey (SHS) for example, found that nearly one tenth of residents from disadvantaged council estates rated their neighbourhood as very or fairly poor, compared to none of the residents from high income areas, or just 2% of residents from middle income areas. The SHS also provides some analysis that partially addresses the environmental concerns that may inform these figures. Chart 7.1 shows that respondents are more likely to consider their neighbourhood is well maintained, nicely landscaped and enjoy good views the more they earn. Similarly, residents of lower income areas are significantly more likely to complain of neighbourhood problems, such as graffiti, dog fouling and vandalism (Chart 7.2).

It is now recognised that there are major social justice challenges in our city-regions, not just the core cities but in poorer parts of Fife, Lanarkshire and elsewhere. It is also increasingly recognised that action to address social justice and environmental justice can be mutually reinforcing. However, to date there has been no comprehensive audit of such problems to identify where they are most keenly felt. It is evident that much further work is needed to develop an understanding of where and how problems of environmental justice occur, what communities perceive as the greatest problems and what must be done to co-ordinate efforts to tackle them.

2 Those earning less than £6,000 do not conform to this pattern, possibly because this category includes comfortable retirees with assets, but low earnings.
Scotland’s cities are vitally important to making an equitable contribution to global sustainability if Scotland, as a nation, is to achieve the vision, outlined in “Meeting the Needs” to have regard for others who do not have access to the same level of resources. In simple terms, Scotland’s cities are one of the major sources of our environmental impact and also one of the primary solutions to our environmental problems.

But how well are Scotland’s cities performing? Are they making the contribution to sustainability that is needed if Scotland is to live within its fair share of global resources? And how does the performance of our cities compare with each other, with the rest of Scotland, and with cities elsewhere?

7.2 HOW SUSTAINABLE ARE SCOTLAND’S CITIES?

The sustainability of Scotland’s cities, in terms of their consumption of a ‘fair’ share of the earth’s resources, and in comparison to the performance of cities elsewhere, can be examined in 2 ways:

- Firstly, through an analysis of a range of individual statistics on some of the primary measures of ‘sustainability’;
- Secondly, through the generation of a single ‘composite’ measure of ‘sustainability’ using ecological footprint analysis.

7.2.1 Key Measures of the Sustainability of Scotland’s Cities

To take the sustainable development agenda forward, and to focus efforts to improve performance, the Scottish Executive has adopted three groups of priority environmental issues. These are: resource use, energy and travel. These three priority areas form the backbone of “Meeting the Needs...” recently published by the Executive to provide a definition and vision of sustainable development in Scotland and to set out a comprehensive set of targets, together with a commitment to review them, against which our progress will be assessed.

Until now there has been little consideration of sustainability below a Scotland level – and in particular in our cities. The Executive has not developed any sub-Scotland indicators and targets, though many local authorities will have their own indicators and targets that have an impact on sustainability, whilst Audit Scotland reports regularly on indicators on waste.

It is clear that our cities offer considerable potential for moderating society’s impact on the environment and contributing towards realising the vision of a sustainable Scotland. There is therefore now a case for the Executive, in consultation with local authorities, public agencies and others, to articulate the contribution our cities can be expected to make towards achieving that vision. In attempting to do so, the publication of a National Planning Framework should be helpful in providing a spatial framework for outlining how the different cities, towns and rural areas of Scotland can each make a distinctive contribution to the realisation of a sustainable Scotland. Indicative targets for improving our performance in the priority areas of resource use, energy and travel at a city level, could also be considered.

In this section the performance of the five cities is reviewed against each of the priority areas and, where possible, is compared with the performance of cities and other areas outwith Scotland.

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Scotland’s cities are one of the major sources of our environmental impact

7.2.2 Waste/resource use

Table 7.1 shows recycling rates of household waste from 1996/97 to 2000/01 for local authority areas covering the 4 largest cities (figures for Inverness relate to Highland Council as a whole as no separate figures are available). Dundee has the highest current rate at 7.4%, albeit on a falling trend, while Highland has the lowest at 2%.

**TABLE 7.1:** Percentage household waste recycled

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Government</td>
<td>n/a</td>
<td>5.64</td>
<td>3</td>
<td>9.6</td>
<td>n/a</td>
</tr>
<tr>
<td>Aberdeen</td>
<td>n/a</td>
<td>5.4</td>
<td>7.2</td>
<td>4.3</td>
<td>3.6</td>
</tr>
<tr>
<td>Dundee</td>
<td>9.6</td>
<td>12.3</td>
<td>8.1</td>
<td>8.6</td>
<td>7.4</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>4.6</td>
<td>4.5</td>
<td>4.2</td>
<td>4.9</td>
<td>5.5</td>
</tr>
<tr>
<td>Glasgow</td>
<td>1.4</td>
<td>1.6</td>
<td>2.2</td>
<td>2.5</td>
<td>3.4</td>
</tr>
<tr>
<td>Highland</td>
<td>3.6</td>
<td>2.9</td>
<td>2.9</td>
<td>2.2</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Source: Audit Scotland

There has been little improvement in the cities in recent years, and indeed rates of recycling have actually declined in Aberdeen, Dundee and Highland. With the exception of Dundee, all of the cities landfill over 94% of household waste, predominantly to rural locations: for example, Edinburgh’s waste is exported to Dalkeith and Dunbar. All the cities’ rates of landfill are above the Scottish average of 92%. This practice is highly unsustainable, as disposal of waste to landfill squanders valuable resources, releases pollutants into the soil and water systems, and emits methane, a powerful greenhouse gas that contributes to climate change. Disposal to landfill is defined in the National Waste Strategy for Scotland as the least desirable practice in the hierarchy of waste practices.4

Additionally, it is viewed as undesirable by the rural communities adjacent to landfills, a factor that adds to the increasing difficulties of finding new sites. Aberdeen is currently running out of suitable sites, because of difficulties in obtaining further planning permissions. As a result, as well as planning to significantly increase recycling and composting, it is currently considering incineration as an alternative option, though this method is only one step up the waste hierarchy.

An additional consideration is the degree to which the per capita production of waste varies between the cities: Glasgow producing the least per resident, whilst Aberdeen creates the most (Table 7.2). This suggests that the scale of the challenge varies between the cities, and that different solutions may be appropriate in different cities.

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**TABLE 7.2:** Waste data summary – tonnes per capita

<table>
<thead>
<tr>
<th>Tonnes</th>
<th>Aberdeen</th>
<th>Dundee</th>
<th>Edinburgh</th>
<th>Glasgow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste (dom + com – landfilled)</td>
<td>0.90</td>
<td>0.72</td>
<td>0.84</td>
<td>0.81</td>
</tr>
<tr>
<td>Diverted waste (recycled, composted, incinerated)</td>
<td>0.02</td>
<td>0.14</td>
<td>0.02</td>
<td>0.01</td>
</tr>
<tr>
<td>Total</td>
<td>0.92</td>
<td>0.86</td>
<td>0.86</td>
<td>0.82</td>
</tr>
</tbody>
</table>

Sources: DETR, SEPA

Dundee has the best waste management record of the cities with about 8% recycled or composted, 30% incinerated for energy production, and just over 60% of municipal waste landfilled. Other than Dundee, the cities are lagging well behind some rural and island authorities in making progress on improving their performance.

Orkney and Shetland lead the way on waste management with only 12.5% and 29.1% respectively of household waste disposed of to landfill, 71.5% and 60% incinerated for energy recovery, and 16% and 10.9% recycled. Aberdeenshire, Angus, Perth & Kinross and the Scottish Borders are other, primarily rural authorities who have made strides in improving recycling rates – with between 14% and 18% of household waste recycled.

The recycling performance of the five Scottish cities compares unfavourably to some English local authorities and to many European authorities. The best performing English authorities in 2000/01 were Eastleigh (with almost 39% of domestic waste recycled), Stockton on Tees (35%), Forest Heath (28%) Chiltern (26%) and Middlesborough (24%) with nine other authorities achieving rates over 20%. The average rate for Metropolitan Authorities in England in 2000/01 was 10% and for Unitary Authorities 11.4%. In addition, some English cities have achieved rates well above those of the Scottish cities, with Birmingham (11.4%), Leeds (10%) and Bristol (10.4%) all recycling a higher proportion of domestic waste.

Recycling rates outside the UK are higher again. Many local authorities abroad have adopted zero waste strategies in which, through a combination of waste minimisation, re-use, composting and recycling, the aim is to reduce landfill to zero. Pathfinder authorities can be found in Australia, New Zealand, North America and continental Europe. However, it is important to consider how zero targets are met. Some strategies might achieve zero landfill by switching almost wholesale to incineration – only one step up the waste hierarchy. An integrated system, with only residues incinerated, is better.

Significant progress has been made by Canberra, which has set a target of zero landfill by 2010. It has reduced waste going to landfill by 40% and increased recycling from 22% to 66% between 1993/1994 and 1999/2000. Similar levels of recycling and composting have been achieved elsewhere (e.g. Edmonton and Halifax in Canada). At a national level, other EU countries have already attained high recycling levels and have adopted high targets in the short to medium term. Austria, the Netherlands and Germany have already reached 45-50%, and Finland has a recovery target, excluding Energy from Waste schemes, of 70% by 2005.

There is an urgent need to improve the record of waste management in our cities. The EU Landfill Directive of 1999 requires local authorities in the UK to progressively reduce the amount of biodegradable municipal waste landfilled to 35% of the 1995 level by 2020, with intermediate targets of 75% by 2010 and 50% by 2013. This will require radical changes in waste management practices by all five cities, with rapid shifts in disposal methods from landfill to alternatives further up the waste hierarchy, if targets are to be achieved.
The Executive has set a national target of 25% recycling and composting of municipal waste by 2006, with implementation being delivered through the Area Waste Plans currently being finalised by local authorities and the Scottish Environment Protection Agency. The Executive is also funding the Waste and Resources Action Programme (WRAP) and the Remade Scotland initiative to develop the market for recycled materials. At present, localised recycling and other targets have not been set, but the Executive intends to take powers to set targets for local authorities in the Local Government Bill. These targets will be based on the Area Waste Plans as it is important that they should be appropriate to what can be achieved in different areas, taking into account the particular challenges that arise for waste recycling for different types of settlement, from dispersed rural to dense urban.

The relative efficacy and cost of the different methods available to collect recyclate, such as kerbside sort systems, co-mingled collection systems and the use of mini-recycling centres, vary depending on settlement type. For example, kerbside sorting arrangements are well suited to low density suburban developments, which offer both enough space for roadside sorting and enough households in relative proximity to achieve economies of scale, whilst such arrangements are impractical for tenement blocks or rural areas. The cost-effectiveness of collection systems across different types of neighbourhoods needs to be considered to achieve an effective, spatially sensitive policy, and to ensure best value is achieved from the £170 million additional resources allocated in the 2002 Scottish Budget. Particularly, given the poor performance of our cities thus far and given that cities (containing a high proportion of the population) produce the vast majority of household waste, careful thought needs to be given to the relative scope for improvement and the contribution we must expect our cities to make to increasing recycling rates, if national targets are to be achieved.

Waste management is likely to become increasingly prominent as an issue in the Scottish cities with opposition growing to both landfill and mass burn waste to energy plants, and pressure to adopt higher recycling targets. The achievement of these targets will require significant increases in kerbside collection of pre-sorted waste, widespread change in household behaviour and considerable political will on the part of local authorities. Some cities elsewhere in the UK and Western World have shown what is possible, and some predominantly rural areas of Scotland are ahead of our cities in this respect.

One of the other factors that promotes cost-effective recycling is high participation rates amongst households. The Executive’s Public Attitudes to the Environment in Scotland survey will be a useful tool for identifying factors that influence the propensity of different types of households to recycle. By examining the relationship between household characteristics, such as access to a car, qualifications, property type, distance from recycling centres and the family type, the survey should provide a composite picture of the factors which both encourage and inhibit recycling rates. Such analysis will enable councils and other partners to direct resources most effectively at measures which both encourage households to recycle more and make it easier for them to do so.

A major challenge is therefore for the city authorities, in consultation with the Executive, to consider urgently how they can shift the balance of their waste management strategies in favour of more sustainable practices. At the same time the public sector needs to consider how best to build on the “Do a Little, Change a Lot” campaign, to encourage and facilitate greater rates of recycling by households across Scotland, but particularly in our cities.

7.2.3 Energy Consumption

Energy inefficiency in Scotland’s housing stock is obviously wasteful and makes a significant contribution to greenhouse gas emissions (including Carbon Dioxide (CO₂)) which exacerbate climate change, and increases consumption of non-renewable fuels, and expenditure on heating. About 30% of Scottish carbon emissions are attributable to supplying hot water to, and heating buildings. Scottish housing, via energy consumption, currently emits about 12 million tonnes of CO₂ per year – an average of almost 5.5 tonnes per dwelling. An important part of the Scottish Climate Change Programme, therefore, was the introduction of new Scottish building regulations, which set significantly higher standards for insulation and energy efficiency. Those standards are currently the most demanding in the UK; and Communities Scotland now demands higher standards for developments that it finances. However, new build accounts for only 1% of the Scottish housing stock in any one year. If greenhouse gases are to be significantly reduced in a shorter timeframe, then action needs to be directed towards our existing stock in all tenures.

Table 7.3 shows the National Home Energy Ratings (NHER) for the housing stock in the five cities, where the NHER score is a measure of how energy efficient a building is. The latest available data is from the 1996 Scottish Housing Condition Survey (SHCS), which is based on a 10% sample of the housing stock. The results of the 2002 survey will not be available until 2003. It is possible that some progress will have been made in improving the energy efficiency of housing stocks since 1996 and that further progress will be made in the future, not least as a result of the Glasgow Housing Stock Transfer. In the last three and half years, across Scotland, the Executive has improved insulation in over 140,000 homes, demolished a proportion of the stock with 0 to 2 NHER scores and installed over 10,000 central heating systems.

In 1996, the representative sample from the SHCS found that less than 10% of the housing stock in each city had an NHER score of between 7 and 10, roughly the standard required by the new building regulations, and in each city a significant minority of the stock was rated as poor with scores below 2. The condition of the housing stock is more polarised in the cities than in Scotland as a whole, with the proportion of the stock rated as poor in Dundee, Glasgow and Aberdeen being greater than the Scottish average, while all of the cities (except Inverness) have a greater proportion of their stock rated as good. This suggests that, although some progress has been made in improving the energy efficiency of the existing stock in recent years (particularly in the local authority and social rented sectors), much remains to be done. Improving home energy conservation still represents a real challenge in our cities.

Evidence from the Scottish Housing Condition Survey suggests that problems may be relatively greater in rural areas – where average home energy ratings are 3.6 (compared to 4.2 in the cities). Disparities are even greater in the older stock (pre 1919) where average ratings are 3.0 and 4.2 respectively.

**TABLE 7.3: Dwelling Condition (% of stock)**

<table>
<thead>
<tr>
<th>NHER (0-2) poor</th>
<th>NHER (3-6) moderate</th>
<th>NHER (7-10) good</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>18</td>
<td>72</td>
</tr>
<tr>
<td>Dundee</td>
<td>27</td>
<td>65</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>15</td>
<td>75</td>
</tr>
<tr>
<td>Glasgow</td>
<td>20</td>
<td>68</td>
</tr>
<tr>
<td>Inverness</td>
<td>14</td>
<td>78</td>
</tr>
<tr>
<td>Scotland</td>
<td>17</td>
<td>76</td>
</tr>
</tbody>
</table>

Source: 1996 Scottish Household Condition Survey
The SHCS also suggests that there are significant numbers of poor people occupying low energy efficient housing. The quality of life of these poorer households would be significantly improved if their homes were more efficiently insulated and heated. Improved energy efficiency has been proven to reduce levels of dampness and condensation, improve health, reduce expenditure on fuel and release income for other purposes. Tackling home energy efficiency will therefore contribute to efforts to tackle fuel poverty and environmental injustice, as well as making an important contribution to the Scottish Climate Change Programme. It therefore represents a challenge both in terms of social justice, and environmental sustainability.

The Scottish Executive recently published its fuel poverty statement, setting out a programme of action to tackle fuel poverty (including action to improve home energy efficiency) and a series of targets and milestones towards eradicating fuel poverty by 2016. The statement sets out what housing improvement measures have taken place since the 1996 Housing Condition Survey, and what others are planned. Yet although significant improvements have been achieved, or are planned in the public housing sector, for example through the Glasgow Housing Stock Transfer, the link between fuel poverty and energy efficiency is indirect.

The current central heating programme, for example, even though it is accompanied by improved insulation, may help to tackle fuel poverty, but it may not reduce fuel consumption, because householders may enjoy higher levels of comfort for the same energy consumption. It should be noted however that these programmes do save energy by ensuring that the minimum amount of energy is lost – central heating is the most energy and cost effective way to heat a home and better insulation limits heat escaping. In effect, attempts to tackle fuel poverty improve the living standard of the poorest Scots at no additional energy cost. The stock transfer programme offers a real opportunity to improve the energy efficiency of the social rented sector, though it will be important for energy efficiency to be properly reflected in the programme of works proposed by Rented Social Landlords (RSLs) and reflected in business plan evaluations. The Glasgow Housing Stock Transfer proposals, for example, set out the Glasgow Standard, which include a significant commitment to energy efficiency measures. Communities Scotland’s recently approved policy on Sustainable Development requires all RSLs to develop their own sustainable development policy. It also commits the agency to monitor CO₂ release and energy and water consumption “in use”.

In the private sector the economic incentives for property owners to invest in higher insulation standards are weak because:

- In comparison to other property and neighbourhood factors, it is barely reflected in property values;
- Lower fuel charges resulting from deregulation have weakened the incentive to reduce consumption;
- Property owners rarely know the energy efficiency of their property;
- The average owner moves within 7 years and is unlikely to invest unless they can recoup capital outlay through savings on fuel over that timeframe.

If we want to significantly reduce CO₂ emissions from our housing stock then consideration needs to be given to how better incentives and information might be provided to private owners. The Housing Improvement Task Force is considering some of these issues. Additionally, the European Directive on energy labelling, which enforces energy efficiency standards on larger buildings such as office blocks and flats, should also contribute to tackling this issue.

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6 The Scottish Fuel Poverty Statement – Scottish Executive, August 2002
It should also be recognised that investment programmes to tackle energy efficiency (and other environmental challenges) would create jobs. There is no reason why some of these jobs should not be taken up in deprived communities. The Executive’s Warm Deal initiative, for example, has both created New Deal opportunities and training infrastructure, such as a training centre for gas fitters in Easterhouse, Glasgow. Considerable investment will be needed if the housing stock in the five cities is to make a significant contribution to the sustainability of our cities. Consideration needs to be given to where efforts to tackle problems should be focused, and the implications for investment and planning decisions for city housing markets.

7.2.4 Transport

In 1999, some 14% of Scottish CO₂ emissions originated from transport, over 90% of which are from road transport. Exhaust fumes also contain air pollutants, most of which affect human health and some of which are carcinogenic. The amount of pollution caused by transport will be proportionate to the modal split of trips; for most pollutants public transport, and especially rail, will cause much less pollution per passenger-kilometre than car use, and walking and cycling cause none. A high level of car dependence in our cities will therefore impose a larger environmental burden on the local and global environment.

Table 7.4 shows the modal split of commuting trips for the five cities for 1991 and 1999. The position in 1991 for all five cities was one of a high degree of car dependence, with almost 50% of commuting to Aberdeen and Inverness, and around 40% for Edinburgh, Dundee and Glasgow, being by drivers with no accompanying passengers. Since 1991 levels of car dependence for commuting in all the cities have remained roughly the same but the use of buses has fallen and walking has increased. However, due to the overall increase in travel to and within the cities (see Chapter 6) commuting is becoming on balance less sustainable.

<table>
<thead>
<tr>
<th>City</th>
<th>1991</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>14</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>47</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>7</td>
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<td></td>
<td>1</td>
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<td></td>
<td>2</td>
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<td>16</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dundee</td>
<td>14</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>43</td>
<td>41</td>
</tr>
<tr>
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<tr>
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<td>24</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>14</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>40</td>
<td>40</td>
</tr>
<tr>
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<td>6</td>
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</tr>
<tr>
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<td>0</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>31</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Glasgow</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>35</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>7</td>
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<td>31</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Inverness</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>47</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>10</td>
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</tr>
<tr>
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<td>1</td>
<td>0</td>
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<td></td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

Sources: 1991 Census and 1999 Scottish Household Survey
Note: 1999 figures includes travel to educational institutions by adults and is not comparable to 1991 figure
No data available for Inverness 1999

Comparisons with other European cities are not favourable. As discussed in Chapter 6 (Table 6.5) European cities exhibit higher levels of walking and cycling, some higher levels of public transport use, and lower levels of car use.
Furthermore, levels of car ownership are generally higher in other European cities than in Scottish cities, but car use actually lower. This is possibly due to a greater past emphasis on public transport, combined with more compact cities with a higher degree of land use mix. These latter factors make public transport more viable and walking a more feasible option.

Patterns of transport use also raise important equity issues since car ownership is skewed towards upper income groups, and lower income households are generally more dependent on walking and public transport. A city that is less car dependent and has better quality public transport, and in which walking is safe and practical, will be a more equal and socially sustainable city.

The most direct environmental impact of transport is on air quality. Considerable progress has been made in tackling air quality in recent years, largely due to improvements in car and bus emission technology. All Scottish Local Authorities were required to review and assess air quality in their area by the end of 2001. This exercise has shown that whilst air quality is generally good there are pockets of lower air quality in Aberdeen, Edinburgh and Glasgow, due to transport related nitrogen dioxide emissions.

Charts 7.3 to 7.6 show concentrations of the key transport-related pollutants in Glasgow and Edinburgh. Monitoring sites have been operating in these two cities for a number of years as part of the national air quality monitoring network. New monitoring sites have been established in Aberdeen and Inverness, commencing operation in 2000 and 2001 respectively.

Atmospheric lead concentrations have fallen steadily since 1980 as a result of the introduction of unleaded petrol and are now well below the Air Quality Strategy (AQS) objective which has to be achieved by 2008.
The record on particulate pollution (PM$_{10}$) is not so good and levels have fallen only marginally since 1992 in Glasgow and Edinburgh. Road transport accounts for 20% of PM$_{10}$ emissions, but can account for over 70% of emissions in urban areas. Levels are however below the objective set in the AQS to be achieved by the end of 2004. In 2002 the Scottish Executive set a new, tighter objective for PM$_{10}$ (an annual mean of 18µg/m$^3$) to be achieved by the end of 2010. This new objective will encourage significant further reductions in air pollution and improvements in health. Local authorities are now required to work towards achieving this new objective by 2010.

Over half of nitrogen dioxide emissions in urban areas are derived from road transport. The AQS objective is unlikely to be met in Edinburgh, Glasgow or Aberdeen by the end of 2005 without further action being taken to tackle pollution from road transport. As a result all three city councils have been required to declare Air Quality Management areas and draw up action plans outlining how they intend to work towards achieving the nitrogen dioxide objective.
Carbon monoxide (CO) levels in the atmosphere have reduced substantially since 1990 mainly due to the introduction of catalytic converters and the 2001 CO\textsubscript{2} concentrations in Glasgow and Edinburgh were only 55-75\% of the 2002 revised AQS permissible level.

It is therefore clear that traffic reductions would have direct and beneficial effects on air quality in Scottish cities, particular NO\textsubscript{2} and PM\textsubscript{10}, with related advantages for the health of city inhabitants. Furthermore, reductions in road traffic, and in particular reductions in car use, would also decrease fuel consumption, contribute to efforts to tackle climate change, ease congestion, save the public and businesses money and make our cities more pleasant places in which to live and work.

The Executive is already taking action to reduce car dependency in Scotland and to promote the use of alternatives to the car for all forms of passenger trips. To date the major cities have been some of the major beneficiaries of public transport improvement schemes and attempts to ‘plan out’ travel and promote sustainable forms of travel.

However, despite recent action, our cities still present a major challenge to be tackled in terms of passenger travel. Our cities are likely to increasingly become the focus of employment opportunities and commuting patterns. They will remain the focus of travel for retail and leisure purposes, and the most popular destinations for tourist travel.

A key challenge is therefore to promote and make more accessible alternative, more sustainable forms of travel. The publication of “Scotland’s Transport: Delivering Improvements” by the Scottish Executive recognises this and provides a framework for tackling the key problem areas: tackling congestion, improving accessibility and improving integration. But all parties must continue to focus their efforts on reducing the environmental impact of travel in and around our cities and on planning to accommodate future travel growth. More detailed discussion of transport and travel issues can be found in Chapter 6.
7.2.5 Ecological Footprint Analysis of Scottish Cities

Individual measures of our cities’ sustainability are of course useful in generating a picture of how well our cities are performing. But it is sometimes difficult to obtain an overall impression of how well any one of our cities is performing in comparison with the others, and with cities from elsewhere, from a series of individual measures. The review team therefore decided to commission Best Foot Forward Ltd to produce one composite measure of the sustainability of each city, thereby enabling an assessment of whether our cities are consuming more or less of their ‘fair share’, and thus whether their impact on the global environment is ‘sustainable’ in the longer term. The study included all five cities; however the footprint for Inverness is not considered here. Due to lack of data for Inverness, it is not considered a robust reflection of the city’s impact on the environment.

The methodology chosen was Ecological Footprint Analysis (see Box). Although this method has the advantage of providing an overview of individual city performance, it should be noted that any model that aggregates diverse ecological pressures is necessarily complex; assumptions contained within the model and/or inaccuracies in the data can potentially be both compounded and obscured. The robustness of the final figures must therefore be treated with caution. This caveat aside, the ecological footprints do provide a basis for stimulating discussion.

What is Ecological Footprint Analysis?

Co-originated in the early 90’s by Professor William Rees and Dr. Mathis Wackernagel, Ecological Footprint Analysis is now in common use in many countries; for example, Wales, Mexico, the United States, Canada, Holland, Denmark, Sweden, Norway, Italy, Spain and Australia. The Ecological Footprint of a region or community is defined as the bioproductive area (land and sea) that would be required to sustainably maintain current consumption, using prevailing technology.

Imagine a glass dome over Dundee – what area would this dome have to cover to ensure that the City’s population could maintain their current lifestyles using only the bioproductive space within the dome?

For the purposes of the Ecological Footprint calculation, land and sea area is divided into four basic types; bioproductive land, bioproductive sea, energy land (forested land and sea area required for the absorption of carbon emissions) and built land (buildings, roads etc.). A fifth type refers to the area of land and water that would need to be set-aside to preserve biodiversity.

FIGURE 7.1: Land types used for Ecological Footprint Analysis

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The Responsibility Principle... encourages those directly responsible to account for their own consumption.

Example 1: A cooked meal of fish and rice would require bioproductive land for the rice, bioproductive sea for the fish, and forested ‘energy’ land to re-absorb the carbon emitted during the processing and cooking.

Example 2: Driving a car requires built land for roads, parking, and so on, as well as a large amount of forested ‘energy’ land to re-absorb the carbon emissions from petrol use. In addition, energy and materials are used for construction and maintenance.

(More information on Footprint Analysis can be found at www.ecologicalfootprint.com)

Before any footprint analysis can be undertaken it must first be decided what boundaries should be placed on the study and what should be included and what excluded. Two broad approaches to footprint analysis exist. The first attempts to measure all consumption that takes place within a certain geographical area (known as the Geographical Principle), while the second only considers consumption that is attributable to those living within a geographic area (the Responsibility Principle).

The Responsibility Principle is favoured by WWF and was preferred for this study because it is more commonly used and encourages those directly responsible to account for their own consumption. The analysis was limited to the city authorities due to time and resource constraints (although it is acknowledged that as such it is not possible to consider the ‘true’ footprint of the ‘functional’ city-region). If a footprint analysis of the wider city-region had been undertaken it is quite likely that the results produced, and the league table of cities shown below, would have been somewhat different. A more comprehensive study to determine a footprint for Scotland has recently been launched with support from the Scottish Executive.

Best Foot Forward collected and collated existing data on resource (energy and materials) consumption to determine the city footprints. In some instances data was already available in a form that could be used directly (for example, household waste data is available for each city) while in others data had to be derived or proxied from national sources or from data which does not directly measure what is required (for example, domestic electricity consumption was determined by applying national sectoral percentages to city totals provided by the two main electricity supply companies – necessary because no breakdown could be supplied for each city due to commercial confidentiality).

Table 7.5 shows what level of data was used for each of the main consumption areas (energy, passenger transport, household waste, food and water) for Aberdeen, Dundee, Edinburgh and Glasgow that together make up the overall footprint.
Nevertheless, the footprint analysis provides, for the first time, a composite indicator of the ‘sustainability’ of Scotland’s cities, which permits benchmarking of our cities’ performance against other cities and regions that have been, or may in the future be, subject to comparable footprint analysis. This provides a basis upon which the Executive, and the cities themselves, can build. The review team would encourage both to debate the issues identified by the footprints.

7.2.6 What the Footprints tell us

Based on the available data, the ‘league table’ of Scottish City footprints is (per capita footprint in brackets):

1. Glasgow (5.37)
2. Dundee (5.51)
3. Edinburgh (5.60)
4. Aberdeen (5.87)

Glasgow therefore appears to be the city with the lowest per capita impact on the environment – and Aberdeen the greatest. All of the cities except Aberdeen would appear to be lower than the all-Scotland figure of 5.85 and the UK figure of 6.30.\(^8\) This is to be expected, when one considers that the economics of, for example, public and other more sustainable forms of transport are generally more favourable in major population centres. However, caution is required in making comparisons. The all-Scotland figure is a broad estimate based on simple extrapolation from the UK figure and is likely to change as a result of the detailed analysis for Scotland currently being undertaken. All of the footprints have an element of non-city-specific data in them.

Table 7.6 shows a breakdown of the Ecological Footprint of the four Scottish Cities by component, measured in area units,\(^9\) and enables key areas of concern to be identified.

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\(^8\) The latest UK footprint figure is calculated on 1996 data and taken from the Footprint of Nations Study – *Living Planet Report* (Loh et al. 2000).

\(^9\) Area units are derived in the calculation of Ecological Footprints and biocapacities by aggregating areas of different quality to facilitate international comparisons. Areas of generally different productivity (arable, pasture, forest, sea) are ‘normalised’ by multiplying them by equivalence factors relating to their bioproductivity. The equivalent areas are then expressed as standardised hectares of world average productivity.
Once footprints for the cities have been calculated it is possible to compare the use of bioproductive area by an 'average' Aberdonian or Glaswegian with the available 'earthshare', and thereby estimate each city’s ecological sustainability. The earthshare is calculated by dividing the total amount of productive land on the planet by the population. The average 'earthshare' has been estimated to be about 2.18 hectares – which reduces to 1.92 hectares when 12% global provision for biodiversity protection is considered.¹⁰

Using the city footprints and the average 'earthshare' we can therefore say that if everyone in the world lived like the population of the Scottish cities we would need about two to three additional Earths to support global demand.

This is because the footprints indicate that the average city resident in Scotland uses about 2.5 to 3 times the average earthshare of resources. The average Aberdeen resident uses the greatest share of global resources at 3.06 times the average earthshare, while Glasgow residents on average use approximately 2.8 times their share of resources.

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7.2.7 Comparing the Footprint of Scottish Cities and Identifying Priority Areas for Action

The footprint of cities and regions in Table 7.7 have been calculated using a standardised ecological footprint methodology and are thus comparable to the Scotland figures.

**TABLE 7.7:** Ecological Footprint per capita of selected UK cities/regions (figures are in hectares)

<table>
<thead>
<tr>
<th>Country</th>
<th>Wales</th>
<th>Herefordshire</th>
<th>Glasgow</th>
<th>Dundee</th>
<th>London</th>
<th>Edinburgh</th>
<th>Aberdeen</th>
<th>Scotland</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>0.49</td>
<td>0.64</td>
<td>0.68</td>
<td>0.78</td>
<td>0.69</td>
<td>0.70</td>
<td>0.77</td>
<td>0.61</td>
<td>0.68</td>
</tr>
<tr>
<td>Transport</td>
<td>0.56</td>
<td>0.56</td>
<td>0.46</td>
<td>0.48</td>
<td>0.34</td>
<td>0.56</td>
<td>0.57</td>
<td>0.68</td>
<td>0.97</td>
</tr>
<tr>
<td>Food</td>
<td>1.79</td>
<td>2.04</td>
<td>1.81</td>
<td>1.81</td>
<td>1.94</td>
<td>1.81</td>
<td>1.81</td>
<td>1.81</td>
<td>1.75</td>
</tr>
<tr>
<td>Waste</td>
<td>2.32</td>
<td>1.97</td>
<td>2.35</td>
<td>2.36</td>
<td>2.50</td>
<td>2.44</td>
<td>2.63</td>
<td>2.55</td>
<td>2.46</td>
</tr>
<tr>
<td>Water</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>Built land</td>
<td>0.07</td>
<td>0.11</td>
<td>0.06</td>
<td>0.08</td>
<td>0.05</td>
<td>0.07</td>
<td>0.07</td>
<td>0.19</td>
<td>0.13</td>
</tr>
<tr>
<td>Total</td>
<td>5.25</td>
<td>5.32</td>
<td>5.37</td>
<td>5.51</td>
<td>5.52</td>
<td>5.60</td>
<td>5.87</td>
<td>5.85</td>
<td>6.00</td>
</tr>
</tbody>
</table>


Table 7.8 presents the footprints calculated for other cities (or regions) where the method is considered to be broadly equivalent.

**TABLE 7.8:** Ecological Footprint per capita of selected cities, towns and regions (figures are in hectares)

<table>
<thead>
<tr>
<th>City/Town/Region</th>
<th>Total Footprint</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santiago de Chile</td>
<td>2.64</td>
</tr>
<tr>
<td>Den Haag (2 studies)</td>
<td>4.46/4.90</td>
</tr>
<tr>
<td>Isle of Wight</td>
<td>4.47</td>
</tr>
<tr>
<td>Various Dutch Towns</td>
<td>4.53-4.87</td>
</tr>
<tr>
<td>Scottish Cities</td>
<td>5.37-5.87</td>
</tr>
<tr>
<td>Malmohus County, USA</td>
<td>7.20</td>
</tr>
<tr>
<td>Oxfordshire</td>
<td>7.46</td>
</tr>
<tr>
<td>Guernsey</td>
<td>8.60</td>
</tr>
<tr>
<td>Sonoma County, USA</td>
<td>9.10</td>
</tr>
</tbody>
</table>

Source: Best Foot Forward

From Tables 7.7 and 7.8 we can see that Scotland’s cities are better than the UK average and compare favourably to some international comparators. However, as discussed above, given the complexity of the ecological footprint methodology, comparisons between studies, which may incorporate quite different assumptions, should be treated with caution.

When one examines the individual components of the Scottish city footprints it is possible to identify areas where they perform particularly well or poorly and thus where action is needed – both collectively across the four cities and by individual cities.
7.2.8 Waste
Waste is the largest component of the footprint for each of the cities, contributing approximately a third of the total footprint, and must therefore represent an area for priority action by each of the cities. As has already been noted, Scotland’s record on recycling and waste management is poor and if the city footprints are to be reduced to nearer the average “earthshare” then waste management represents an area in which improvements are both urgently required and achievable. The Executive’s recent announcement of increased funding to support local authorities in improving waste management, working towards a target of 25% recycling and composting of municipal waste by 2006, should lead to a significant reduction in the footprint of Scottish cities. This target is however an overall Scottish target, and would not necessarily be common across all cities.

7.2.9 Energy Consumption
Domestic and commercial energy consumption vary a good deal between the four cities though the footprint components for all four cities are higher than the Scottish average. Each of the four cities (but particularly Dundee and Aberdeen) need to take action to tackle higher energy consumption.

7.2.10 Passenger Transport
Travel by city residents represents approximately one tenth of their average footprint. Travel in Dundee and Glasgow contributes the lowest share of their average footprint (at 8.7% and 8.6% respectively), and these two cities also have the lowest absolute footprints for passenger travel (reflecting the greater availability of public transport and lower levels of car ownership in the less affluent cities of Dundee and Glasgow). Aberdeen, Edinburgh and Inverness all have lower absolute travel footprints than the Scottish average of 0.7 hectares.

In relative terms therefore, passenger travel represents a greater challenge for Edinburgh and Aberdeen than it does for the other two cities, although care should be taken in interpreting the results since (as Chapter 6 has shown) the pattern of commuting into the cities is growing and must be tackled alongside ‘resident’ travel if the overall sustainability of Scotland is to be improved.

7.3 PLANNING FOR SUSTAINABILITY: CITY DESIGN AND MANAGEMENT
If Scotland’s cities are to become more sustainable then there can be little doubt that the land-use planning system has a key role to play in planning for, and controlling, future development. This is because urban design and the internal structure of cities, and their surrounding regions, materially affect their environmental sustainability.
Choices about the location, design and interconnectedness of housing, shops, offices, factories and public infrastructure will determine patterns of living in cities, and thereby how sustainable our lifestyle choices are. If designed and managed well, then cities can be highly sustainable forms of living. But if designed and managed poorly, then the impact of cities, through pollution from travel and energy consumption, can be highly detrimental to both the environment and people’s health. As the spatial design of our cities has an impact economically and socially, so it will have a profound impact environmentally. Key features of a ‘sustainable’ city are shown in the Box below.

### Key Features of a Sustainable, Environmentally Just City

It is now commonly agreed, both theoretically and by reference to real world examples, that a sustainable city, where environmental justice is tackled effectively, is one that:

- is spatially compact;
- contains a mix of land uses;
- is socially cohesive;
- is not car dependent;
- has a good, accessible public transport system;
- is energy efficient;
- employs sustainable waste management practices.

Scottish Executive National Planning Policy Guidance (NPPGs) stresses that sustainable development should lie at the heart of structure and local plans and that the environmental impact of new developments should be a key consideration in whether to grant planning permission. Considerable attempts have been made in recent drafts of structure plans to ‘plan-in’ sustainability, and to ‘plan-out’ travel and pollution.

But how well designed are our cities? How well do current plans control growth? And how well will they cope with future changes in our society and economy?

Much debate in academic and planning circles during the 20th century focused on the concept of urban sprawl and the need to control the spatial growth of towns and cities. It is now commonly agreed that spatially compact settlements are more sustainable and thus a legitimate goal of town and country planning.

Table 7.9 shows the population density of the five Scottish cities. Glasgow is the most spatially compact city with a population density of 34.82 persons per hectare. Dundee has the next highest density, while Aberdeen is the least spatially compact, with a population density of only 11.36 persons per hectare. These are relatively low compared to some of our counterparts in other countries. For example, population densities in Amsterdam, Frankfurt, Stockholm, London and Paris are all about 50 persons per hectare. Scottish cities compare more closely with Copenhagen and some American and Australian cities at between 15-30 persons per hectare.

However, care should be taken in interpreting these figures since measures of population density are reliant upon the definition of the city area chosen for the calculation. For example, the figures in Table 7.9 (except for Inverness) use the area of the local authority when calculating density. However, the density figure for Edinburgh and Aberdeen may be artificially low given the large expanse of agricultural green-belt within their respective boundaries.
The number of households has been growing in all of the core city authorities in recent years and is likely to continue to grow in the future in all of the core cities, except Dundee. But for both past and forecast changes, household growth is stronger in the rest of the city-region than in the core cities. This suggests that our cities will continue to grow and expand in the future. Ensuring that growth in households and their associated demands in terms of housing, travel and energy consumption are catered for in a sustainable way will be a significant challenge.

The challenge is exacerbated when one considers the impact of the trend towards the formation of smaller households on consumption patterns. Although population densities have fallen in our cities, the number of households has generally risen. However, reductions in household size have been shown to have little impact on overall patterns of household energy consumption, and therefore the impact of household growth in Scottish cities is likely to have significant implications for their sustainability. Research has shown, for example, that the fastest growing group of households, single persons in the 35 to 54 age range, are mainly house purchasers with a preference for 2 or even 3 bedroom properties. Only 10% of this group would prefer a flat, and a third would not consider one. Such analysis raises challenges around how cities will meet these demands.

Figures for housing development show that the areas surrounding our cities are increasingly important locations for development. Table 7.10 shows the number of new homes sold to individuals by builders in the 4 largest cities and their surrounding regions. It shows that between 1991-2000 about half of all new private sector homes in the Aberdeen, Dundee and Edinburgh city-regions were built in the core cities, but that only about a third of new homes in the Glasgow city-region were built in the city.

**TABLE 7.9: Population Density of Scottish Cities (persons per hectare)**

<table>
<thead>
<tr>
<th>Area</th>
<th>Aberdeen</th>
<th>Dundee</th>
<th>Edinburgh</th>
<th>Glasgow</th>
<th>Inverness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area (2000)</td>
<td>18,600</td>
<td>6,500</td>
<td>26,200</td>
<td>17,500</td>
<td>3,600*</td>
</tr>
<tr>
<td>Population (2000)</td>
<td>211,250</td>
<td>142,700</td>
<td>453,430</td>
<td>609,370</td>
<td>55,000*</td>
</tr>
<tr>
<td>Population Density</td>
<td>11.36</td>
<td>21.95</td>
<td>17.31</td>
<td>34.82</td>
<td>15.28</td>
</tr>
</tbody>
</table>

* Estimated by Highland Council. All other statistics from Office of National Statistics.

**TABLE 7.10: Sales of new homes to individuals by builders 1991-2000**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen Region</td>
<td>2,797</td>
<td>4,836</td>
<td>7,633</td>
</tr>
<tr>
<td>Aberdeen</td>
<td>1,574</td>
<td>2,555</td>
<td>4,129</td>
</tr>
<tr>
<td>Dundee Region</td>
<td>1,306</td>
<td>1,866</td>
<td>3,172</td>
</tr>
<tr>
<td>Dundee</td>
<td>713</td>
<td>1,053</td>
<td>1,766</td>
</tr>
<tr>
<td>Edinburgh Region</td>
<td>5,414</td>
<td>13,160</td>
<td>18,574</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>2,725</td>
<td>7,159</td>
<td>9,884</td>
</tr>
<tr>
<td>Glasgow Region</td>
<td>10,263</td>
<td>21,046</td>
<td>31,309</td>
</tr>
<tr>
<td>Glasgow</td>
<td>3,086</td>
<td>7,001</td>
<td>10,067</td>
</tr>
<tr>
<td>Inverness</td>
<td>493</td>
<td>691</td>
<td>1,184</td>
</tr>
</tbody>
</table>

Source: Communities Scotland

This suggests that Glasgow, with its multiple regional centres, may be dispersing new development to a greater degree. However, given the presence of extensive tracts of brownfield land in the city this could be deemed unsustainable. As discussed in Chapter 3, there is a need for renewed efforts to tackle the inheritance of vacant and derelict land in a co-ordinated fashion.

In addition, Chapter 4 has also highlighted how the lack of ‘suitable’ family housing impacts Glasgow, and the problems associated with re-invigorating the private sector housing market in the city. Arguably, land-use planning could play a stronger role in ensuring that residential and other development in the city-region is focused on the city to help ensure that, as a whole, the region becomes more sustainable. Ensuring that plans for residential development along the Clyde are relatively sustainable will be particularly important in this respect.

It is however important to stress that there is no ‘one size fits all’ solution to planning sustainable towns and cities. One person’s ‘urban consolidation’ programme is another’s ‘town cramming’. The design, amenity and attractiveness of cities will also impact upon their sustainability and it is therefore important for plans to identify the most appropriate solution, from a variety of approaches, for a particular location. Higher land values in Edinburgh and central Aberdeen, for example, have led to higher residential new build densities, often in excess of 200 units per hectare, whilst virtually no low density housing is being built.\(^\text{12}\) Such development, largely on windfall sites, has often been poorly co-ordinated with little open space planned in, with unbuilt areas frequently given over entirely to car parking. Although most Local Authorities require a certain amount of open space for new developments, these often relate to the area of land being developed. Since high density flatted building may create a high number of new units, whilst occupying a relatively small site, this can lead to little provision of green space. Open spaces are needed for recreation and leisure, to enhance the appearance of the built environment and to provides places for children to play. Arguably, there is a need for planning briefs or development guidelines that address these concerns, as well as a need to both release more space for residential development in high demand areas, and ensure that major sites are delivered in appropriate time frames.

Interest has been growing in recent years about how people in cities ‘experience’ their environment and the potential impact of urban form on people’s sustainability choices, as discussed in Chapter 4. The growth of urban living has caused concern amongst some about the potential disconnection between people and their ‘natural’ environment. The increasing importance given to encouraging the provision of connected greenspace in settlements\(^\text{13}\) is, to some extent, an attempt to address these concerns and ‘reconnect’ people with the natural environment.

Table 7.11 shows the proportion of each of the 4 largest city areas designated under various nature conservancy categories by Scottish Natural Heritage (SNH). It shows that, despite its low population density, Aberdeen has the lowest proportion of its area designated as of conservation interest. Dundee and Edinburgh have much higher proportions of their area designated.


\(^\text{13}\) See for example Natural Heritage Futures: Settlements – Scottish Natural Heritage, 2002.
Table 7.12 shows the results of a 1997 study\(^\text{14}\) into the provision of greenspace and semi-natural areas within Scottish cities. The study was confined to greenspace within the ‘built up area’ and excluded greenbelt or agricultural/countryside areas on the margins of the cities, private gardens and wildlife corridors. Inverness was not included in the study. The study shows that Edinburgh has the highest amount of greenspace and natural area per person, while Aberdeen has a relatively large amount of greenspace but little semi-natural space.

### TABLE 7.12: The Quantity and Quality of Greenspace in Selected Scottish Cities

<table>
<thead>
<tr>
<th>Greenspace</th>
<th>Aberdeen</th>
<th>Dundee</th>
<th>Edinburgh</th>
<th>Glasgow</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Greenspace (including open space and nature areas)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Area (ha)</td>
<td>1,380</td>
<td>1,314</td>
<td>4,545</td>
<td>4,574</td>
</tr>
<tr>
<td>% of City Area</td>
<td>26</td>
<td>22</td>
<td>38</td>
<td>23</td>
</tr>
<tr>
<td>m² per head of population</td>
<td>65</td>
<td>76</td>
<td>109</td>
<td>68</td>
</tr>
<tr>
<td>Nature Areas Only identified in Nature Conservancy Strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Area (ha)</td>
<td>277.3</td>
<td>433.4</td>
<td>1,234.4</td>
<td>1,612</td>
</tr>
<tr>
<td>% of City Area</td>
<td>5.2</td>
<td>7.3</td>
<td>10.3</td>
<td>8.0</td>
</tr>
<tr>
<td>m² per head of population</td>
<td>13.1</td>
<td>25.2</td>
<td>29.5</td>
<td>23.9</td>
</tr>
</tbody>
</table>

All figures are pre-local government re-organisation (1996)

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14 The State of Scottish Greenspace – McCall, A and Doar, N, Scottish Natural Heritage Review No. 88, 1997
Spatial planning, relative population densities, and the provision of greenspace all have an impact on the relative sustainability of cities and the quality of the cityscape for residents and visitors. Structure and local plans seek to control the provision of each of these but at present there is a paucity of information about the impact of greenspace provision on sustainability behaviour, and how people make use of greenspace. Therefore, if spatial planning is to make a more effective contribution to making our cities more sustainable, by influencing their design, a better understanding of how people in cities interact with their environment will be needed.

Once a vision for a sustainable Scotland has been translated into a vision of sustainable cities, sustainable towns and sustainable rural areas, it will be the job of local authorities, engaging with communities and other local players, to make that vision real by incorporating it into structure, community, local and other plans for their areas. In particular, Community Planning provides an opportunity for partners to join up the economic, social and environmental aspects of development.

Cities have a particular contribution to make to the realisation of a more sustainable Scotland. In setting out their vision for their cities (see Chapter 8) a commitment to realising development in a sustainable way must be at the heart of all plans.

Too often sustainable development has been seen as an add on, or something that those concerned with economic and social development need not concern themselves with. Such a perception is beginning to change and recent drafts of structure plans have placed sustainable development firmly at the centre of their strategic aims (see for example the draft Edinburgh and Lothian Structure Plan). Proposed changes to the planning system will place an increasing emphasis on the importance of structure plans for co-ordinating development, and achieving a sustainable economy and society, in our city-regions. It is therefore vital that the city-region structure plans contain at their heart a vision of sustainable development and that they set out a framework within which economic and social goals can be realised in a sustainable way.
8.1 THE MEANS TO CHANGE: UNDERSTANDING, GOVERNANCE, REGULATION, FUNDING AND DELIVERY

The preceding chapters of this review have first set out general arguments as to why progress in the cities matters for the future of Scotland and, more generally, why a better understanding of the geography of what we do is needed. In the introduction it was suggested that recent developments had brought us, if in rather ad hoc fashion, much closer to a system of territorial management. We also in the introduction indicated the range of approaches and techniques, or policy instruments, which the Executive could deploy to achieve such change.

This chapter, informed by the patterns, processes and policy impacts analysed in previous chapters, now sets out the key components of better ‘territorial management’ in relation to Scotland’s cities, in particular the business of developing plans, financing programmes and delivering change at local scales in ways which serve national objectives.

- The chapter starts with the process for improving and aligning Executive and city level visions for change. That process, as well as the delivery of change itself, will be facilitated by having appropriate structures of government and governance.
- Vision and good governance structures and systems may raise the demands for city change, but they will not by themselves secure it. Effective city change also requires financial support, and without refashioning this document as a review of local government finance we touch upon important funding issues for the cities.
- Regulation systems, in this case land-use planning, are also key shapers of policy outcomes. Earlier in the review we have argued the importance of rehabilitating planning, to improve urbanism in Scotland. This chapter looks at both the need for different kinds of spatial planning for different levels and time periods and of the need to link spatial land-use plans with the Community Planning process and sectoral plans.
- Relevant visions, resources and plans are all required, but so are effective delivery vehicles. This chapter concludes by reviewing the scope for revitalising some of the delivery vehicles currently used in our cities, and considers whether we can learn from experience elsewhere in the UK.

This chapter now examines these issues in turn.

8.2 GENERATING AND DELIVERING A SHARED ‘VISION’ FOR OUR CITIES

One of the most commonly held beliefs of those involved in the review (and which is supported by reference to cities throughout the world) is that a strong, widely supported and understood ‘vision’ for the future is a pre-requisite for a successful city.

Unless key stakeholders have a commonly held understanding of what they wish their city to become, then it is impossible to plan the necessary action, to make the best first moves towards the future. The cities which have come to be widely regarded as the success stories of the 1990’s, places as diverse as Barcelona, Lille and Sydney, typically had strong civic leadership, a strong vision of what they wanted to achieve and the capacity to move from vision to reality. Scotland’s cities have, from time to time, displayed some, even all, of these characteristics. However, this Review has left us with a sense that Scottish cities, though making many important forward steps, are not being driven forward by clear visions shared by all key stakeholders and by well articulated delivery plans. In fairness, the cities said much the same about the Executive. It is in this sense, that improved city vision and delivery by all stakeholders will be essential to a better Scotland, that the review examines possible routes to improving vision, planning, delivery and governance.
The review has also made it clear that ‘visions’ and plans for our core cities cannot be produced in isolation from their surrounding hinterlands. The review has already highlighted the importance of economic, social and environmental interactions between the cities and their city-regions and it is clear that the future of a city cannot be planned effectively without considering symbiotic relationships with the surrounding region.

The review team found that a variety of forward looking ‘vision’ statements existed – for the core cities (e.g. the Glasgow Alliance strategy), or some of their constituent parts, or several different local projects, or one particular sector/service (e.g. economic development). However, a comprehensive, overarching ‘vision’ for each city and its surrounding region was absent. And the majority of the visions that did exist lacked ambition, bite and a sense of priority. Many were also concerned that a suitable forum for generating a vision in an inclusive and holistic way did not exist – both structure plans and community plans were criticised for lacking comprehensiveness and ambition.

For example, both Edinburgh and Inverness face considerable challenges in making choices about how to focus and manage their future development. But many felt that a ‘vision’, and a forum for formulating and debating a vision for the Edinburgh and Inverness city-region, were perceived to be lacking (although it should be stressed that a similar point was made in all of the cities to varying degrees).

It is clear from the empirical evidence gathered during the course of the review that Edinburgh is the growth success story of Scotland in recent decades. In response, the Lothian business sector has called for the City to “raise its sights” and to begin to plan for a city of 600,000 people; but at the same time others in the city are arguing that Edinburgh “is full up”. Serious questions are beginning to be posed about whether, and if so how, Edinburgh can continue to accommodate growth and tackle the symptoms of ‘overheating’ – traffic congestion, labour shortages, booming house prices.

To its credit the City Council is beginning to respond to the challenge and to try to engage local stakeholders in a debate about the city’s future. But the review team heard many expressions of concern that a forum to take forward the debate at a regional level was not readily available. The current draft of the community plan does contain aspirational objectives for the city, but it does not consider their spatial implications and covers only the core city. The current draft of the Lothian Structure Plan is founded upon existing population projections and does not consider alternative, higher growth scenarios. This debate is of crucial national significance. If the Edinburgh city-region is to be a key growth pole for Scotland then a failure to arrive at a clear local vision for the way forward could simply frustrate the national interest. Such an approach differs significantly from the approach...
adopted over the last few years by Cambridge City Council, which undertook widespread consultation on a series of alternative ‘futures’ for the city, ultimately leading to widespread support for the approach to development adopted.

In quite different circumstances, Inverness also finds itself faced with serious choices about its future. Following the granting of city status, the capital of the Highlands now finds itself trying to reconcile a desire to become a ‘real’ city (with the resultant challenges associated with an expanding population and infrastructure) and a desire to remain a ‘provincial’ capital (with what many perceive to be a more friendly, ‘comfortable’ feel). Inverness has responded by taking the first steps towards creating a City Partnership, and bid (albeit unsuccessfully) to become European Capital of Culture in 2008. However, once again, the review team was struck by the divergence of opinion on the way forward and the absence of a forum for focusing the debate locally.

Highland Council faces the difficult task of balancing development between the city and more peripheral areas and has been pursuing a policy of diverting development away from Inverness. If the capital of the Highlands is to become a ‘fully fledged’ city in its own right then in the near future, the council may have to find a forum to tackle head on whether future investment in the development of Inverness should continue to be a relatively lower priority than support for fragile or remote communities.

Perhaps the most comprehensive example of where a participative visioning exercise has been undertaken to date in Scotland’s cities is the Aberdeen futures exercise undertaken by the Aberdeen Community Planning Partnership (see Box below). However, although Aberdeen futures sought to involve neighbouring Aberdeenshire Council, and to introduce a regional dimension wherever possible, the plan is still primarily city focused. It has also yet to be dovetailed with the regional structure plan to translate the aspirations for the city into a spatial development framework.

**Aberdeenfutures**

Aberdeen Community Planning Partnership undertook a consultative exercise entitled ‘Imagine... Aberdeen’ which sought the views of local residents and organisations on how to make Aberdeen a better place to live, work, study or visit. The consultation was conducted in two phases. The first, June to October 1999, identified 14 City Challenges. The second (January to March 2000) sought views on the work that was already underway to tackle the 14 challenges, and what else needed to be done. Following the completion of the consultation the partnership published their plan “Aberdeen futures – a social, economic and environmental design for our city”. This established a vision for the city in 2010 and set out ambitious, aspirational targets under each of the key themes. The key themes of the plan expanded upon the original city challenges and are:

- Leading the City
- Getting Involved
- Health and Social Care
- Safety
- Clean City
- Prosperity and Jobs
- Learning
- Sports, Leisure and Recreation

- Being Informed
- Neighbourhood Action – Locality Planning
- Homes
- Land Use and the Environment
- Transport and Connections
- Aberdeen’s Image
- Culture (Arts and Heritage)
A major limitation of much current forward thinking is the Local Authority focus. The preparation of an inclusive, forward looking vision and strategy for the individual city-regions is vital if each is to tackle the key challenges facing them in a comprehensive and informed way, whether in terms of housing and service provision, employment and economic development, social and cultural development, or sustainable development. The strategy needs to make clear who will take the lead in tackling key issues and thereby enable each city to tackle issues that transcend organisational boundaries. Such a vision should also help to focus and direct the response of key agencies on priority projects (such as the regeneration of the Clyde Waterfront in and around Glasgow).

This may also have implications for the development planning process. Despite efforts by the local authorities concerned, structure plans have a mixed record of generating debate about alternative future development scenarios. The house-builders excepted, the private sector have proved difficult to engage in the development planning process. There may be a case, within the evolving planning framework, to have a structured city-region foresight exercise at the heart of the early stages of structure (and community) planning.

The production and delivery of a vision for the city-region is also inextricably linked to the planning and governance arrangements that exist in our city-regions.

**Planning and Governance Arrangements**

This section considers the existing planning and governance arrangements in place in our cities and city-regions. As well as describing existing arrangements and recent progress, it highlights a range of concerns that were raised by review consultees and considers the main challenges facing future governance systems.

In recent decades there have been important innovations in the governance arrangements surrounding the design and delivery of ‘urban’ and ‘neighbourhood’ policies in Scotland. The growing importance that the Executive has attached to giving communities a voice and involvement in regeneration is reflected in programmes such as ‘communities that work’, locality budgeting, and increased spending on Social Inclusion Partnerships, as well as the evolution of Scottish Homes into Communities Scotland and the community ownership emphasis of housing.
policies. At a city-wide level partnership arrangements and collaborative action have been encouraged through Community Planning and a range of initiatives to address ‘cross-cutting’ issues. The recently introduced Local Government in Scotland Bill includes a commitment for local authorities to consult and co-operate with community bodies in taking forward Community Planning.

There have also been changes, not simply in governance arrangements, but in government organisation. First, in the mid-1990’s, the regional level of government within Scotland was removed and, with Glasgow, Edinburgh, Dundee and Aberdeen respectively at the core of Strathclyde, Lothian, Tayside and Grampian regions, this had major implications for the government of metropolitan/city-region areas within Scotland. Secondly, the creation of the Scottish Parliament in 1999 created a Scotland-wide level of government between local authorities and Westminster. One challenge for city policy is therefore to create effective governance arrangements at a regional level to fill the gap in the formal government hierarchy between Scottish policies and more local action.

Review consultees were clear that there was little space to re-introduce a formal level of government between local authorities and the Executive and that they did not wish to see a return to a formal level of regional government so soon after the upheaval of the 1996 re-organisation. And they were, with only a few exceptions, disinclined to see an imminent redrawing of municipal boundaries. On the other hand, consultees were equally clear that it is dangerous to ignore the extent to which ‘functional’ cities spill over well beyond the boundaries of the ‘core’ city authorities and the vital role of effective regional governance arrangements.

One way to deal with such spill overs might be to centralise control for the main issues involved to the Scottish Executive and its agencies – but this would imply a sharp centralisation of policy and delivery and would lose much of the sensitivity to local circumstances which characterises effective delivery. As such, it was not considered an effective way of managing the implementation of policies and services by those involved in the review.

Instead, improved governance arrangements between local authorities, public agencies and the Executive are required to expose and manage the links that ‘functional’ cities make across local authority areas, and to plan strategic investment in infrastructure and services effectively. The Executive must find new ways to interact with functionally related groups of authorities at a city-region level and the authorities must, in turn, find effective ways to co-operate and collaborate with each other and with other public, private and voluntary sector partners.

At the same time, many consultees felt that though partnership working was now the norm, not all of the work was effective and that not all of the right partnerships had been made – some partnerships, perhaps formed in haste, and with no clear current purpose, should be terminated.

8.2.1 Why City-Region Governance Matters

Regional governance arrangements, and their associated plans and partnerships, are vitally important if Scotland’s city-regions are to fulfil their role as the foci of Scottish economy and society – and if they are to do so in an economically competitive, socially just and environmentally sustainable way.

The review has highlighted both the complexity of economic and social interactions that occur at a city-region level and the complexity of existing planning and partnership arrangements that try to plan for and manage them. The review has also highlighted concerns and some confusion about the operation of existing
planning and partnership arrangements, the leadership and co-ordinating role of civic leaders at a regional level, and the efficacy of existing systems for monitoring the performance of our city-regions.

Planning, partnership, leadership and monitoring are, of course, all important at both a city/local authority level and at a sub-local authority/community level (see for example “Better Communities in Scotland: Closing the Gap”\(^1\)). The development of effective relationships between the core cities and their surrounding regions are similarly important for a range of bodies – individuals, businesses, local authorities, public agencies – for a whole host of different reasons – economic, social, environmental, fiscal, administrative.

For example, housing and labour markets spill over municipal boundaries and mean that local authorities must co-operate with each other, and with other, often regional, public agencies, on the most effective ways in which to support, encourage and develop them (for example by supplying sufficient land for housing or transport infrastructure). This means that it is particularly vital that effective administrative arrangements for planning and partnership exist at a city-region level to ensure that a shared vision for the city-region is created and that strategic decisions, affecting the realisation of the vision, are tackled in a coherent, informed manner.

In recent years there has also been much emphasis on the need to link cross-sectoral programmes to deliver complex policy goals, such as the regeneration of rundown communities. But government policies and public sector activities are segmented not simply by sector but also by level of action. For example, some policies relate to individuals (e.g. universal tax and benefit policies), others are directed at particular classes of individuals or neighbourhood, others are directed at the municipal level, while yet others operate more widely. Coherent, informed action for any particular place, whether single neighbourhood or city-region, therefore requires the integration of decision making and planning across all of these spatial levels, to deliver economic, social and environmental goals and objectives in a sustainable manner (see Chapter 7).

In addition, city-region interactions are important due to patterns of service provision and local taxation. Residents of suburban authorities and of ‘core’ cities have daily activity patterns that involve crossing municipal boundaries as they pursue work, schooling, leisure and other activities. The majority of these cross boundary activities will involve the use of public infrastructure, amenities and services, some of which may be provided from local taxes – but which meet metropolitan needs and demands. City-region governance therefore has a fiscal dimension.

The successful management of these issues on a regional basis presents a number of challenges to our cities, as discussed below.

\section*{8.2.2 Existing Governance Arrangements – Progress and Problems}

A ‘plethora’ of plans

From even the briefest investigation into existing planning and partnership arrangements it is clear that a plethora of plans, produced by a variety of partnerships and authorities, exist covering a range of spatial scales and topics within each city-region. At a regional level, land-use (structure) plans, waste and police service plans are among those required by statute. Others, such as health and tourism strategies, are produced regionally and although not required by statute are mandatory and must be produced to comply with funding or operational requirements. At a unitary, local authority level a further series of plans (land-use (local), education, housing, childcare) are required by statute or mandate, while at

\footnote{\textit{Better Communities in Scotland: Closing the Gap} – Scottish Executive, May 2002.}
a more local level a range of plans for different purposes and geographical areas, including social inclusion partnerships, development areas and neighbourhoods, also exist, some on a mandatory basis. Community Planning is increasingly providing an over-arching framework for the rationalisation and better connection of these plans, partnerships and other initiatives.

Table 8.1 below sets out the existing partnerships, by topic, which the City of Edinburgh Council is engaged in (information supplied by the City Council). These include all types of partnership, which operate at a range of geographical scales from the regional to the community, some of which cover specific subjects and some of which represent specific user/interest groups. Partnerships operating across local authority boundaries are highlighted in bold. Although the table cannot be 100% comprehensive it does give a reasonable indication of the range of partnerships operating at council level and the challenge of ensuring that each makes a distinctive contribution to the development of the city and its region.

TABLE 8.1: Partnership Working in Edinburgh

<table>
<thead>
<tr>
<th>Land-use Planning</th>
<th>Community Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure Plan Joint Liaison Committee</td>
<td>The Edinburgh Partnership</td>
</tr>
</tbody>
</table>

- **Tourism and Retail**
  - Edinburgh City Centre Management
  - Princes Street Forum
  - Edinburgh and Lothians Tourist Board
  - Edinburgh Tourism Action Group
  - Edinburgh International Conference Centre

- **Economic and Business Development**
  - Local Economic Forum
  - Lothian Export Partnership
  - Edinburgh’s BioAlliance
  - EDI Group
  - LIFE (Lothian Investment Fund for Enterprise)

- **Community/Voluntary Sector Development**
  - Partnership Monitoring and Development Group
  - Strategic Programme Partnership

- **Housing**
  - City Housing Strategy Steering Group
  - Leith Housing Strategy Group
  - Care and Repair (Edinburgh)
  - Edinburgh Housing Association Forum
  - Homeless Planning Group
  - 16-17s Housing Strategy

- **Life-long Learning**
  - Careers Development Scotland
  - Career Development Edinburgh & Lothians
  - Edinburgh, East and Midlothian New Deal Strategic Partnership
  - Edinburgh Lifelong Learning Partnership
  - Community Learning Implementation Group
  - Capital City Partnership
  - Edinwork (Edinburgh Local Labour Initiative)

- **Education**
  - Education Consultative Committee for Parents
  - Education PPP

- **Equalities**
  - Edinburgh Race Equality Forum
  - Edinburgh Disability Equality Forum
  - Womens’ Equality Forum
  - Older Persons’ Equality Forum
  - LGBT Equality Forum
  - Lothian Refugee Forum
  - Gypsy Traveller Liaison Group

- **ICT/e-Government**
  - Edinburgh Telematic Partnership
  - Edinburgh Online Datashare Project
  - Smart City Partnership

- **Health, Social Work and Community Care**
  - Community Care Strategy Group
  - Community Care – Joint Futures Joint Committee
  - Lothian Public Health Liaison Group
  - Children’s Services Strategy Group
  - Child Protection Joint Committee
  - Edinburgh Childcare Partnership

- **ICT/e-Government**
  - Edinburgh Telematic Partnership
  - Edinburgh Online Datashare Project
  - Smart City Partnership

- **Health, Social Work and Community Care**
  - Community Care Strategy Group
  - Community Care – Joint Futures Joint Committee
  - Lothian Public Health Liaison Group
  - Children’s Services Strategy Group
  - Child Protection Joint Committee
  - Edinburgh Childcare Partnership

- **Land-use Planning**
  - Structure Plan Joint Liaison Committee
  - Community Planning
  - The Edinburgh Partnership
Community Planning is increasingly providing an over-arching framework

<table>
<thead>
<tr>
<th>Transport and Travel</th>
<th>Sustainable Development, Environment and Conservation</th>
<th>Area Regeneration and Social Inclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>SESTRAN (South East Scotland Transport Partnership)</td>
<td>Edinburgh Sustainable Development Partnership</td>
<td>South East Wedge Steering Group</td>
</tr>
<tr>
<td>Road Safety Steering Group</td>
<td>Business Environmental Partnership</td>
<td>Waterfront Edinburgh Ltd</td>
</tr>
<tr>
<td>Safer Routes to Schools</td>
<td>South East Wedge SUDS Group</td>
<td>Leith Steering Group</td>
</tr>
<tr>
<td>Bus Quality Partnership</td>
<td>Edinburgh Flood Appraisal Group</td>
<td>Wester Hailes Partnership</td>
</tr>
<tr>
<td>NRT Transport Working Group</td>
<td>Edinburgh Biodiversity Partnership</td>
<td>West Edinburgh Pathfinder</td>
</tr>
<tr>
<td>Road Safety Forum</td>
<td>Forth Estuary Forum Management Group</td>
<td>North Edinburgh Social Inclusion Partnership</td>
</tr>
<tr>
<td>Clarence/Traveline</td>
<td>Pentland Hills Regional Park Joint Committee</td>
<td>Craigimillar Partnership</td>
</tr>
<tr>
<td>Joint Concessionary Travel Scheme</td>
<td>Access Forum</td>
<td>South Edinburgh Partnership</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Culture and Sports</th>
<th>Community Safety and Crime</th>
<th>Youth Crime Review Reference Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural Strategy Partnership</td>
<td>Edinburgh Community Safety Partnership</td>
<td>Education Centre for Community Safety in Edinburgh and the Lothians</td>
</tr>
<tr>
<td>Sports and Open Space Partnership</td>
<td>– Black/Ethnic Minority Community Safety Working Group</td>
<td>Domestic Violence Forum</td>
</tr>
<tr>
<td>Edinburgh and Lothians Screen Industries Office</td>
<td>– LGBT Community Safety Forum</td>
<td>Drug Action Team</td>
</tr>
<tr>
<td></td>
<td>– Promoting Women’s Safety Working Group</td>
<td>Anti-social Behaviour Strategy Group</td>
</tr>
<tr>
<td></td>
<td>– Young Persons’ Safety Group</td>
<td>Lothian and Borders Criminal Justice (Social Work) Consortium</td>
</tr>
<tr>
<td></td>
<td>– Sex Offenders in the Community Forum</td>
<td>Mentally Disordered Offenders</td>
</tr>
</tbody>
</table>

**TABLE 8.1:** (continued)
Following Scottish local government re-organisation in 1996, the existing governance framework lacks a formal metropolitan focused, multi-municipal level of government. Re-organisation broke-up the large regional authorities that planned for, funded and provided services on a pan-regional level and, except in the case of Inverness, separated the core cities from their surrounding hinterlands. In the absence of a regional authority to directly co-ordinate action on strategic, cross-boundary issues, governance arrangements have had to adapt in a variety of ways to take account of cross-boundary spill overs and synergies. For different services and functions, planning and partnership arrangements vary in their nature and in the geographical scale covered.

Existing regional partnership arrangements can be divided into three broad categories:

**Statutory partnerships** – statutory partnerships have been established for some issues at a regional level to comply with legislative requirements for authorities and their partners to come together to plan for the provision of services or facilities across geographical boundaries. Joint boards for police and fire authorities, joint-structure plans and Strathclyde Passenger Transport Authority are examples of where this happens at a functional level. The legislative backing for statutory partnerships generally ensures that partners are committed to implementing and resourcing the plans and proposals that are produced. However, such partnerships often face considerable difficulties balancing the different needs, hopes and ambitions of their constituent authorities/areas. Another danger is that statutory partnerships can often suffer from ‘silo’ mentalities and struggle to proactively link effectively with other relevant plans and partnerships.

**Non-statutory or Voluntary partnerships** – in other instances local authorities and other agencies have come together voluntarily to form partnerships to plan and provide for services or infrastructure across their city-region. Executive agencies have also encouraged partnerships and Communities Scotland has a strong reputation for promoting and supporting partnerships at different geographic scales: within communities, at the city level and across housing market areas. Voluntary transport partnerships are one example where authorities voluntarily come together to plan strategically and to try to resolve discrepancies between their unitary plans and/or tackle areas of dispute. Informal partnerships can help to foster mutual understanding of the needs and ambitions of their constituent communities, and to promote co-operation on the development or financing of infrastructure and services. However, they have little power to resolve disputes between different areas or agencies, and some review consultees questioned the true commitment of authorities and agencies to fulfilling the ambitions of some partnerships (for example transport or economic development partnerships).

**‘Informal’ networking arrangements** – across the five cities a number of other partnerships exist that might best be described as informal networks, designed to encourage collaboration between the different authorities/agencies in the region on particular functions, and/or to facilitate the cross-fertilisation of ideas about solutions to particular problems. Examples include the occasional informal conferences of local authority leaders in the city-regions and informal liaison between neighbouring community planning partnerships. Most act merely as a forum for information exchange and do not adopt a formal ‘planning’ role. They help to foster understanding and encourage collaboration between partners but often lack the ‘legitimacy’ or the formal delivery mechanisms to ensure the implementation of agreed strategies and plans.
Table 8.2 below provides more detail on some of the main ‘regional’ plans produced in the Lothians. These cover a range of geographical areas and subjects, have varying status and are prepared by a range of different bodies.

**TABLE 8.2: Main Regional Plans/Strategies Centred on Edinburgh**

<table>
<thead>
<tr>
<th>Subject</th>
<th>Title</th>
<th>Status</th>
<th>Framework</th>
<th>Geographical Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>Joint Transport Strategy</td>
<td>Voluntary</td>
<td>Currently prepared voluntarily by South East Scotland Regional Transport Partnership. Scottish Executive has reserve powers to require strategy under Transport (Scotland) Act 2001</td>
<td>Edinburgh, East Lothian, Midlothian, West Lothian, Scottish Borders, Fife, Falkirk, Stirling, Clackmannanshire</td>
</tr>
<tr>
<td>Health</td>
<td>Local Health Plan</td>
<td>Mandatory</td>
<td>Required by Scottish Executive under “Our National Health” – prepared by Lothian Health Board</td>
<td>Edinburgh, East Lothian, Midlothian, West Lothian</td>
</tr>
<tr>
<td>Waste Management</td>
<td>Area Waste Plan</td>
<td>Statutory</td>
<td>Required under Environmental Protection Act 1990 (&amp; various European Directives) – prepared by Lothians &amp; Borders Area Waste Group</td>
<td>Edinburgh, East Lothian, Midlothian, West Lothian, Scottish Borders</td>
</tr>
<tr>
<td>Tourism</td>
<td>Area Tourism Strategy</td>
<td>Mandatory</td>
<td>Required by Scottish Executive under “National Tourism Strategy” – prepared by Lothian &amp; Borders Tourist Board</td>
<td>Edinburgh, East Lothian, Midlothian, West Lothian, Scottish Borders</td>
</tr>
</tbody>
</table>
Review consultees were clear that for each plan to add value to the development and delivery of their particular service/area, each must have a clearly defined role and purpose and must take account of related plans. In addition, for the range of plans together to provide a coherent framework for the strategic development of a region and its constituent parts, it is clear that key stakeholders (local authorities, public agencies, and the private and voluntary sectors) must have a clear understanding of how the different plans interact and influence one another.

While some consultees reported no concerns with either the existing plans or their inter-relationships, it was clear that many individuals and agencies had considerable difficulty making sense of the full array of plans and their interaction with each other.

The Scottish Executive is promoting Community Planning as the over-arching framework to connect together agencies, partnerships and plans, and is legislating to place the Community Planning process on a statutory footing. In time, this should help rationalise and make sense of the disparate relationships, and improve the overall transparency of local and regional governance arrangements, but there is still some way to go, particularly at the city-region level.

8.2.3 Community planning in the city-regions

The review team uncovered a degree of uncertainty about the purpose, role and ‘fit’ of Community Planning. Community Planning is still in its relative infancy, and a number of different approaches have developed. Some local authorities and community planning partnerships have emphasised improving public service delivery, whilst others have emphasised community planning’s ‘strategic’ role and consulted local residents on their wishes for their city or area in the future, although both lie at the heart of community planning partnerships. Guidance is being developed as part of the legislative process of the Local Government Bill and will help to set a framework for Community Planning in the coming months.

The Community Planning Task Force (CPTF) undertook detailed research on existing progress with, and approaches to, community planning in an attempt to get ‘under the skin’ of community planning throughout Scotland. As part of this research, the state of community planning in each of the five cities was explored. The box below summarises the key findings of the research.2

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### Community Planning in the Five Cities

The membership of the Community Planning Partnerships (CPPs) in the five cities and their approach to community planning vary considerably. Each contains members from a core group of key agencies (the local authority, health board, enterprise company, police force, fire service, Communities Scotland), plus a range of other local partners that vary according to local circumstances. All have made progress in implementing community planning locally, but each is at a different stage of development.

The variety of circumstances in the city CPPs makes it difficult to draw generalisations from the research. Nevertheless, a number of themes emerged from the interviews. The following are of particular relevance to the Cities Review:

- most agencies have ‘signed up’ to the principles of community planning but find it difficult to translate abstract principles into practical action that adds value to existing activities;
- community planning is seen as having to continuously respond to other national initiatives and policy developments, rather than provide the overarching framework within which they are developed;

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2 A full report on ‘Under the Skin’ is available at http://www.scotland.gov.uk/library5/social/uscp-00.asp
... it is vital that the relationships between community, land-use and other planning arrangements are clarified...

- most CPPs are still working out the most appropriate relationship between the community planning process and other planning processes and structures;
- virtually all community planning partnerships perceive there to be little relationship between their own activities and those of structure and local plan teams;
- concern exists that community planning could dilute or undermine existing partnership work, add an additional layer of bureaucracy and complexity, or could lack focus and wrongly be seen as “the answer to all our problems”;
- there is a need to find ways of integrating ‘bottom-up’ and ‘top-down’ processes since some CPPs have well developed mechanisms at a strategic level and at a community level, but lack a way to link the two;
- the main achievements of community planning identified by stakeholders tended to focus around improved ‘processes’ and joint working. They included: the development of common strategies and agreed priorities; greater trust and understanding between a greater number of partners; the development of frameworks for developing joint initiatives and funding bids; more ‘joined-up’ approaches to community consultation and involvement;
- there is a general recognition that many issues need to be planned for and implemented at a city-region level, and an acceptance that CPPs could provide a useful format for debating such issues, since they included regional partners.

It is clear that much progress has been made in developing community planning in the cities, but that much remains to be done by both local Partnerships and the Executive. If community planning is to fulfil its potential then it must provide a central, co-ordinating hub to link the various planning processes taking place. In particular it is vital that the relationships between community, land-use and other planning arrangements are clarified and that the co-ordinating role that Community Planning could play at a regional level is developed.

8.2.4 Clarifying the role of community planning at the regional level

The role, purpose and inter-relationships of the plethora of different plans and partnerships that exist within city-regions are imperfectly understood at a range of levels. In particular the role of community planning requires clarification. In this respect the current passage of the Local Government in Scotland Bill through Parliament, and the publication of associated guidance, are a welcome opportunity.

It is also clear that a range of agencies and individuals within our city-regions believe that the Scottish Executive must take a proactive role in clarifying what it expects from the existing range of plans and partnerships, how it intends to...
improve and rationalise the existing complex arrangements, and how it expects local authorities and their partners in the public, private and voluntary/community sectors to interact with the various planning and partnership mechanisms.

The vast majority of those involved in the review believe that community planning has the potential to provide a central, co-ordinating link between the plethora of existing plans and, furthermore, that it has the potential to do so at both a unitary and a regional level. We agree that this is indeed the case and the Executive could usefully take steps to clarify expectations.

This is not to suggest that community plans as distinct from community planning should be extended from a unitary basis to a regional one. Rather it is evident that there are elements of unitary plans (for example transport and economic development) that clearly have a significant regional dimension, and that increased collaboration between neighbouring partnerships within city-regions to produce these elements of plans would be beneficial.

Elements of the plan produced on a regional basis in such a way could subsequently be fed back into unitary community plans, where they could be developed to reflect local circumstances. In such a way much greater consistency and regional cohesiveness will be encouraged, while plans will remain sensitive to the local dimension. The development of such an approach also places greater emphasis on the links between community and structure planning to ensure consistency in the ‘vision’ for each city-region.

This approach is consistent with the new role recently outlined for Local Economic Forums3 (LEFs) by the Scottish Executive. Scottish Ministers have tasked the LEFs with developing local economic development strategies, to be consistent with the Executive’s enterprise strategy ‘A Smart, Successful Scotland’, under the banner of community planning.

The aim is to pull together the collective economic development efforts of the enterprise networks, local authorities, tourist boards and the higher and further education sectors. These strategies would then provide the economic development input into the community planning process in each of the areas.

3 National Guidelines for Local Economic Forums, Scottish Executive, August 2002.
This approach would not result in any change for policy areas, such as housing or area regeneration, where the lead role would continue to reside at unitary authority level, not at the regional level. In this case, the requirement would remain for local authorities to consult with adjoining authorities and to ensure that their strategy dovetails with that of other local authorities and public agencies operating in, for example, the same housing market area.

At the same time as clarifying the central role of community planning, the Executive should also take steps to ensure that its support for the principle of community planning is backed up by action to ‘mainstream’ it as the key process for implementing new initiatives and policies. The ‘Under the Skin’ research identified considerable dissatisfaction that, while some parts of the Executive are supporting the operation of CPPs, as a whole the Executive is failing to ‘lead by example’ and give a corporate commitment to the central importance of community planning as the channel for implementing cross-cutting policies.

There is a danger that community planning could be perceived as the solution to ‘everything’ for ‘everyone’. The Community Planning process is still developing and as such it is crucial that too many expectations are not placed upon it, leading to a lack of focus. Community planning partnerships are still evolving and the CPTF research has highlighted that, while progress is being made, to be truly effective a ‘sea change’ in attitudes within the key public sector organisations involved will be required. This will undoubtedly take time to bring about.

By simplifying and rationalising relationships at a regional level it should also be easier to make sense of the range of existing partnerships that exist within city-regions. There is a danger that in attempting to rationalise and impose a common structure upon regional partnership arrangements, local circumstances and history are neglected – thereby reducing the effectiveness of those involved and frustrating local ambitions. It is for individual city-regions to rationalise their own processes and networks according to local needs.

8.2.5 Land-use planning

At present the objectives, content, focus and arrangements for the preparation of structure plans for each of the 5 cities vary considerably. In the Glasgow city-region a dedicated team has been established, supported by financial contributions from each of the 8 councils covered by the Glasgow and Clyde Valley Structure Plan, to prepare the plan. The regional Structure Plan team report to a joint committee of councillors. None of the other 3 large city-regions have established a dedicated team to prepare their plan.

Consultees called for greater ambition from structure plans for the city-regions and a move away from a ‘consensual’ approach that, they felt, avoided tackling some of the key development choices facing our city-regions.

Major changes to the land-use planning system are currently underway. The Scottish Executive announced its intention to undertake a review of strategic planning in November 2000 and launched a consultation paper in June 2001. Over 300 responses to the consultation were received and the Executive’s conclusions and response were published in June 2002. The proposals of particular relevance to city-region governance include that:

- the current requirement to prepare structure plans for the whole of the country would be removed with 2 tiers of plans (development and local) only being required for the 4 city-regions of Aberdeen, Dundee, Edinburgh and Glasgow;

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there would be a statutory requirement for the 4 city-regions to establish (where they do not already exist) a joint committee to oversee the preparation of the strategic development plan for the region and that a dedicated team should be appointed to prepare the plan;

structure plans should be more focused on the strategic issues facing the region, as well as being action orientated, with a stronger spatial component that sought to resolve some of the key ‘choices’ surrounding future development within each city-region;

Ministers will work to a 3 month target for approving city-region structure plans;

all development plans should contain an action plan (to be updated every 2 years) which sets out the main phases of development, land acquisition and infrastructure projects required to realise the plan’s ambitions, to help secure the commitment of other public and private sector bodies with a key implementation role;

a non-statutory national planning policy document would be prepared setting out how Scotland was likely to develop and change over the next 15-20 years, and how the planning system could help deliver the necessary change. Although not intended to be a ‘national plan’ it would set out some of the key challenges and development choices facing the country and how the planning system could help deliver sustainable solutions;

National Planning Policy Guidelines would be renamed Scottish Planning Policies and would be revised to be more concise with a greater strategic policy emphasis.

In essence these proposals seek to modernise the planning system and make it more responsive to the needs of communities and the economy; to make plans for the 4 main city-regions more strategic and focused on action to tackle the key challenges facing each; and to improve the co-ordination between structure/development and local plans in the 4 main cities.

The proposals will go a long way towards addressing some of the key issues identified by the Cities Review. In particular the moves to make development plans more strategic and action orientated, and to streamline the process for their production and approval, will help to ensure that plans are up to date and that they proactively tackle the key development choices facing our cities. The increased regional focus of plans will also help to ensure that the cross-boundary nature of housing, labour, and retail markets and transport networks are reflected.

If the proposed changes to the planning system are to make a real difference, it is also vital that action is taken to resource the planning system adequately, to secure real public involvement in the planning process, and to ensure that development plans and the plans of public agencies are mutually consistent.

8.2.6 Commitment to plans and involvement in planning processes

A range of other problems with the existing network of plans and partnerships were perceived by those involved in the review. Some questioned what they perceive as a lack of co-ordination between the operating plans of a variety of ‘regional’ public agencies, and the strategic objectives of structure and community plans. For example, many were concerned at the tensions agencies, such as Scottish Enterprise or Communities Scotland, face in balancing their commitments to both national and local priorities. Their plans must reflect national Ministerial priorities, yet they must also be sensitive to local needs. Such tensions are, of course, inevitable, but many consultees argued that, at present, flexibility to reflect local priorities and circumstances in their operating plans is being sacrificed in favour of meeting national objectives (often tied to funding criteria). It will be necessary to manage these tensions to ensure appropriate focus on collective strategic priorities, whilst ensuring adequate scope for local flexibility.
Further concerns were raised about the lack of true community involvement in plans, and the resulting failure to generate ‘bottom-up’ views on the future of our cities. Future development of the community planning process and initiatives to encourage greater involvement in land-use planning\(^5\) will go some way to address these concerns. However, the review team found that the engagement of the private sector in both community and land-use planning is extremely limited and that their potential contribution to formulating a strategic vision for our cities is poorly understood (both by those within and outwith the private sector). It is clear that a new approach is required to the involvement of the private sector in generating an overarching vision for the cities. This will be a key challenge for the Local Economic Forums.

8.3 THE SIGNIFICANCE OF BOUNDARIES

Another issue which has significant implications for the successful planning and management of our city-regions, and which produces strong feelings among citizens, agencies and the press, is that of institutional boundaries.

Functional markets (e.g. for housing or labour) drive patterns of demand for services and infrastructure throughout our city-regions and vary over space and time. In turn, the institutional boundaries of the main authorities, agencies and partnerships who manage the planning and delivery of services and infrastructure overlay these functional systems.

As has already been shown, systems and patterns of socio-economic activity are not neatly confined by geographical boundaries and, with the partial exception of Inverness, spillover the neat boundaries that we attempt to draw around our cities. It is impossible to define and set ‘perfect’ boundaries in the face of dynamic patterns of socio-economic activity, but, once set, administrative boundaries have a material impact upon patterns of service and infrastructure provision, and thereby patterns of activity. However, spillover will happen to a greater or lesser degree depending on the nature of the activity and the boundaries that are set. For example, people’s choices about where to live are likely to mean that housing markets spill over the boundaries that are set on them to a greater degree than parents’ choices about where to educate their children cross the boundaries of education authorities.

In attempting to make provision for the services and infrastructure required to support economic and social activity, the boundaries that we set for authorities, agencies and partnerships charged with managing the impact of that activity will therefore affect:

- the **planning** of services & infrastructure;
- the **delivery** of services & infrastructure;
- the way in which we **monitor** the effectiveness of service and infrastructure provision.

\(^5\) *Getting Involved in planning* – Scottish Executive, November 2001.
The unavoidable mismatch of administrative boundaries with patterns of activity means that collaboration/co-operation between authorities, agencies and partnerships will always be necessary to ensure the effective planning, delivery and monitoring of the impact of services and infrastructure.

Despite press speculation about the purpose and (underlying) motives of the Cities Review, the consideration of boundaries was not a major focus of the review team’s activities. Nevertheless, the review was concerned to identify whether existing boundaries were ‘fit for purpose’ and whether they facilitated or frustrated the effective management of service and infrastructure provision. In addition, consultees were free to raise any issues they wished with the review team. As a result certain shortcomings and problems with existing boundaries and cross-boundary co-operation were identified.

8.3.1 Local Authority Boundaries

It is clear from the consultation undertaken that concern exists in some of the cities about the impact of post-reorganisation local authority boundaries on the effectiveness of local governance arrangements and the ability of local authorities (and their partners) to plan effectively. However, it is also evident that little appetite exists at present for a wholesale review of the boundaries of local authorities or other public agencies.

Ministers have made it clear in the White Paper “Renewing Local Democracy: The Next Steps” that they are not planning a review of council boundaries in the foreseeable future. This does not rule out the possibility of a more fundamental review of boundaries in the future. However, the existing early stage of development of community planning and other partnership arrangements, together with the relatively short period of time elapsed since the last re-organisation, suggests a wholesale review of boundaries would be premature at the present time.

Inappropriate boundaries of authorities and agencies can cause difficulties and prevent the effective planning and delivery of services, and limited boundary reviews may be warranted in one or two instances.

One such instance is in and around Dundee, where the city council made strong representations that the dissolution of Tayside Regional Council in 1996 had caused, and would continue to cause, significant financial and administrative difficulties. In particular, they argue that reductions in the area of the old Dundee District Council area, and the removal of several relatively affluent suburbs from the City Council’s control are continuing to cause financial hardship. This is because, prior to re-organisation, the regional council had been able to ‘cross-subsidise’ higher levels of service provision in some areas with higher income across the region as a whole. The loss of areas such as Monifeith and Invergowrie has, they argue, resulted in both a loss of income from higher council tax band areas, and a relative increase in proportion of need, and thus expenditure per head, across the administrative area.

In addition to financial problems, the council also considered that the re-definition of boundaries had caused problems for the efficient planning of service and infrastructure provision. For example, it was claimed that planning of new housing provision had resulted in a series of new, family housing developments being granted planning permission outwith the city boundary. Thereby, the functional suburbs of Dundee are, in part, seen to be adversely influenced by decisions taken in Perth, exacerbating the flight of families over the border into Angus and Perth & Kinross.
Similarly, when parents were given a free choice, children resident just beyond the new north-west boundary of the city, who would previously have been educated at schools within the city, were instead attending schools in Monifeith to the east of the city. This, combined with the city’s general loss of population, has meant that several schools are now struggling to retain sufficient pupil numbers and that consequently attempts to improve the educational offering in the city are being frustrated – creating a self-perpetuating cycle of decline.

The effect of the loss of wealthier neighbouring communities on Dundee Council’s revenue is however probably negligible, as the relative increase in the proportion of those in need is already accounted for by the local government formula. As noted above, there is no such thing as a ‘perfect’ boundary, and therefore it is partnership working across Local Authorities which is of key importance. Clearly, the evidence suggests that joint working in terms of strategy development and implementation with Dundee’s adjacent Councils is not working as well as it should. It is therefore vital that Perth & Kinross, Angus and City of Dundee Councils make renewed efforts to work in more constructive and collaborative ways. City-region conventions, discussed below, may be one mechanism of creating a shared vision for the Dundee city-region. Renewed efforts to facilitate partnership working do not of course preclude reconsideration of the boundary in future, if this approach proves ineffective.

8.3.2 Public Agency Boundaries

It is not just the misalignment of functional systems and formal local authority boundaries which can lead to difficulties. Executive quangos and agencies spend considerable sums within defined geographic boundaries and this raises three kinds of issues. First, some agencies may simply adopt or be given a local authority as boundary and, as for councils, the functional markets it serves may spread into the city-region. The boundary of Scottish Enterprise Glasgow, for instance, is the municipal boundary. The extensive cross-boundary commuting of workers into Glasgow, and indeed significant outward daily flow, rather mocks this administrative geography and may damage policy effectiveness. For example, SEG is now encouraging FE colleges within its area to raise training efforts for construction workers. However the largest college provider of such skills in the local labour market is located not in the SEG area but (ironically because of a previous local government boundary change) in an adjacent LEC area.

The second problem is where agencies have chosen to operate in functional areas. Some agencies have spent much time and effort aligning their boundaries to the functional systems they deal with, and Communities Scotland has boundaries for internal regions that match aggregations of Housing Market Areas. Such agencies will then need to interface with several local authority areas and multiple partnerships (often concerned with the same subject). For example, regional agencies are often involved with all of the Community Planning Partnerships in their area – which in the case of Glasgow city-region means 8 different partnerships. The CPTF research (see earlier) identified considerable concern about the challenge posed to the development of community planning by an absence of coterminous boundaries between authorities and their partners. The problems of resourcing participation in multiple partnerships was also felt to have implications for activity at a sub-unitary level, in effect endangering effective partnership working at a range of spatial scales.
A third set of problems follows. When partnerships meet they may be operating with quite different regions as their background to organisation, networks and resource allocation. Typically the health board, the LEC and Communities Scotland will all have different boundaries from each other. This pattern, in the main based on accidents of history, reflects a failure to give any real significance to the importance of linking government sectoral actions in delivery and this must change.

A possible solution could be to encourage, at the city-region level, the joint production of the ‘city-region’ elements of community plans, thus bringing not only multiple local authorities, but the regional level of Executive agencies into the process. The regional elements of plans could then inform, and be informed by, individual community plans and feed into structure plans and other regional plans. Elements of plans that might be deemed to have a truly ‘regional’ dimension include transport and economic development.

The ongoing rationalisation of partnerships (as a result of the activities of CPPs and LEFs) will also help to focus the activities of, and reduce the burden on, regional agencies. However, while there is undoubtedly considerable potential to rationalise the number of existing partnerships, it should be recognised that many exist to serve a specific purpose and that partnership ‘purges’ should not occur at the expense of efficient planning and management of services.

As Executive agencies and quangos were subject to their normal sequence of reviews their boundaries could, of course, be examined and revised where necessary.

The current geographic responsibilities of the local enterprise companies (LECs) in and around Glasgow pose particular challenges. Unlike the other city-regions, the relevant LECs are poorly matched to labour markets and the major corridors of opportunity. This has created fragmentation and inhibited the LEC network from adopting a strategic, city-region perspective on future challenges and opportunities.

Changing structures may be one solution, but it would entail significant administrative costs, and could distract the key players from delivery change. The Scottish Enterprise Network is encouraging cross-boundary collaboration across the Network on both policy and delivery, an example being the recent introduction of Senior Directors of Operations each with responsibility for a group of 4 LECs. The challenge is whether greater top-down co-ordination and/or joint working between two or more LECs can deliver the required synergies and the greater sense of strategic purpose in economic development that the Glasgow city-region requires.

8.3.3 Strategic leadership for the city-regions

Boundaries also pose problems for the effective provision of strategic leadership for our city-regions. Quite understandably, the first loyalty of many civic leaders is to their electors. Within our city-regions this can cause problems when attempting to resolve some of the long-term, strategic investment challenges facing our cities. Councillors and board members often feel obliged to ensure that their area or community receives the best deal possible from investment decisions. Many review consultees felt that this often prevented them from achieving the ‘best’ practicable solution for the entire region.

This report has already highlighted the concerns of many that structure plans do not currently tackle difficult choices about future development within our city-regions and the Executive’s plans to re-invigorate the development planning process to encourage more explicit consideration of strategic issues. The proposals for the reform of structure planning received widespread support among review consultees but it was felt that more could still be done to further encourage and facilitate the tackling of the key strategic challenges facing our cities.
Many involved in the review, from both the public and private sectors, believed that greater clarity and guidance from the Executive was needed to focus the attention of civic leaders on what they perceived to be the key challenges for the future. It was hoped that the proposed national planning framework would in part help to do this. But many also believed that the Executive needed to be explicit in setting out the key changes it wished to see brought about in our city-regions. However, consultees were also clear that while the Executive had a clear role to play in setting some high-level objectives for the cities, regional and local agencies should be trusted to determine how the required change should be brought about.

8.3.4 Cross-boundary co-operation

Inappropriate boundaries of authorities and agencies are often said to cause difficulties and prevent the effective planning and delivery of services. One such instance is in and around Dundee, where the city council made strong representations that the dissolution of Tayside Regional Council in 1996 had caused, and would continue to cause, significant financial and administrative difficulties.

In particular, they argue that reductions in the area of the old Dundee District Council area, and the removal of several relatively affluent suburbs from the City Council’s control are continuing to cause financial hardship. This is because, prior to re-organisation, the regional council had been able to ‘cross-subsidise’ higher levels of service provision in some areas with higher income across the region as a whole. The loss of areas such as Monifeith and Invergowrie has, they argue, resulted in both a loss of income from higher council tax band areas, and a relative increase in proportion of need, and thus expenditure per head, across the administrative area.

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… a forum for bringing together all the key agencies in a city-region… is urgently needed.
8.3.5 Improving performance monitoring for the city-regions

If local authorities and their partners are to plan effectively for their city-region then it is imperative that strategic decisions about service improvement and investment in infrastructure are well informed by comprehensive information about how the region as a whole, and its constituent parts, are performing. A great deal of information, both quantitative and qualitative, is currently being collected. However, it is not clear that information is being collated and disseminated effectively to decision-makers to provide them with an overall view of how their areas are performing.

Those involved in the review seminar on city-region governance were clear that, although a great deal of information was being collected by a host of different agencies, no one organisation had a remit for co-ordinating the collection and analysis of data on how city-regions were performing. Individual CPPs are beginning to make progress on data sharing and co-ordinating monitoring activities at a local authority level, and in some instances are beginning to introduce overarching ‘quality of life’ indicators to provide a benchmark of how they are performing. For example, the Dundee Partnership has recently developed a set of headline indicators and targets for use within its monitoring framework to chart the progress of Dundee City in the key fields of employment, retailing, population and tourism.

However, data sharing and the co-ordination of analytical services are not yet taking place at a regional level – primarily because no forum or incentives to do so exist. This has meant that local authorities and public agencies, such as Scottish Enterprise, health authorities and Communities Scotland, all collect information (sometimes in duplicate) about the relative ‘well-being’ of the functional and geographical areas with which they are concerned. Similarly no one organisation is charged with proactively co-ordinating the collection and analysis of data in order that cities and their surrounding regions can benchmark themselves against each other and against their main rivals.

This is obviously wasteful and in some instances may prevent city-regions from identifying areas where particular opportunities or weaknesses exist – and where proactive investment in services and/or infrastructure may reap longer-term dividends. The review team would therefore encourage authorities and public agencies in each of the cities to give thought to how they might pool their analytical services to create city-region ‘laboratories’ which can provide a more structured framework for monitoring performance. Funding from the ‘Modernising Government’ scheme might usefully be used to help rationalise monitoring arrangements and improve data sharing.

8.4 FUNDING OUR CITIES

8.4.1 Introduction

Some of the most powerful influences Government can bring to bear on the future development of our cities are of course fiscal. Through both the direct and indirect provision of funding, and incentives to other parties to invest in particular locations or industries/services, governments can seek to encourage, discourage or facilitate changes to the economic, social and environmental structure of our cities, towns and rural areas. Successive governments in Scotland and the UK have varied patterns of expenditure spatially in order to influence the development of services and infrastructure to try to achieve pre-determined aims and objectives.
Much of the public debate has focused on whether current patterns of expenditure advantage or disadvantage cities, with respect to each other and with respect to towns or rural areas. A working group was formed under the auspices of the Cities Review to consider current patterns of funding and expenditure in our cities. The following section provides an overview of public sector expenditure in Scotland’s cities and how, and why, expenditure patterns vary. It provides details (where available) of the patterns of funding being spent in our cities in support of different programmes, the criteria for the distribution of funding, and whether our cities are relatively ‘favoured’ by distribution patterns. It then goes on to identify a series of issues and challenges around the funding of our cities.

8.4.2 Current Patterns of Funding

The Cities Review team initially set out with the aim of examining overall patterns of public sector expenditure in Scotland’s cities and of identifying whether current patterns of expenditure are meeting the needs of our cities effectively. However, it soon became apparent that this would prove a near impossible task.

This is partly because of the way information is currently collected and presented:

- There is no single source of information on public sector expenditure in the Scottish cities – different funding agencies record information on their own investment, but no single body co-ordinates/standardises the collection of information on funding at a city-region/local authority scale;
- Patterns of expenditure by the Scottish Executive and different agents are not always readily identifiable on a geographic basis – for example agencies such as Scottish Enterprise target some spending geographically, while other resources are spent nationally. Nor is national spend always distributed consistently in consecutive years, since priorities and opportunities for investment vary considerably;
- Where funding is disbursed on a geographic basis, the relevant geographic areas will often vary according to the aims and objectives of the relevant programme – for example health board areas do not match local authority areas and some funding (e.g. that on Social Inclusion Partnerships) is targeted at a sub-local authority scale;

It was therefore not possible to compile a single, composite table of expenditure in our cities.

Nevertheless, the review team was able to identify patterns of expenditure in the cities for some of the most important programmes of expenditure by the Executive and other agencies. The following boxes provide details for the relevant spending and seek to explain the rationale for the distribution of funding.
Local Government Services and Infrastructure

Tables 8.3 and 8.4 show gross revenue and capital payments made to the city authorities by the Scottish Executive under the local government settlement.

Funding is allocated to councils to support the provision of local services and infrastructure by means of a formula based approach to indicators of need.

Both revenue and capital funding is distributed under a number of formulae (for example education, social work, local roads) to support the provision of services or infrastructure to a specified standard. Funding is distributed geographically under each formula according to a primary indicator of need (usually, but not always, population based). Allocations under each formula are then adjusted by the application of one or more secondary indicators that are considered to affect relative need (for example deprivation or rurality).

### TABLE 8.3: Total Revenue Income and Expenditure by Local Authority 1997-2002

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</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>£000s</td>
<td>249,893</td>
<td>251,483</td>
<td>260,889</td>
<td>274,664</td>
<td>289,378</td>
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<td></td>
<td>£ per head</td>
<td>1,157</td>
<td>1,180</td>
<td>1,227</td>
<td>1,300</td>
<td>1,370</td>
</tr>
<tr>
<td>Dundee</td>
<td>£000s</td>
<td>215,333</td>
<td>221,899</td>
<td>227,408</td>
<td>228,683</td>
<td>237,745</td>
</tr>
<tr>
<td></td>
<td>£ per head</td>
<td>1,446</td>
<td>1,513</td>
<td>1,575</td>
<td>1,603</td>
<td>1,666</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>£000s</td>
<td>555,297</td>
<td>557,059</td>
<td>586,166</td>
<td>602,580</td>
<td>630,294</td>
</tr>
<tr>
<td></td>
<td>£ per head</td>
<td>1,234</td>
<td>1,237</td>
<td>1,298</td>
<td>1,329</td>
<td>1,390</td>
</tr>
<tr>
<td>Glasgow</td>
<td>£000s</td>
<td>969,533</td>
<td>969,395</td>
<td>1,041,998</td>
<td>1,082,407</td>
<td>1,119,070</td>
</tr>
<tr>
<td></td>
<td>£ per head</td>
<td>1,583</td>
<td>1,564</td>
<td>1,704</td>
<td>1,776</td>
<td>1,836</td>
</tr>
<tr>
<td>Highland</td>
<td>£000s</td>
<td>283,652</td>
<td>289,873</td>
<td>315,512</td>
<td>319,741</td>
<td>340,748</td>
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<td>£ per head</td>
<td>1,359</td>
<td>1,392</td>
<td>1,513</td>
<td>1,533</td>
<td>1,633</td>
</tr>
<tr>
<td>Scotland</td>
<td>£000s</td>
<td>6,545,340</td>
<td>6,706,905</td>
<td>7,045,118</td>
<td>7,286,317</td>
<td>7,665,954</td>
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<tr>
<td></td>
<td>£ per head</td>
<td>1,278</td>
<td>1,310</td>
<td>1,376</td>
<td>1,425</td>
<td>1,499</td>
</tr>
</tbody>
</table>

(1) Data for 2001-02 are estimated

### TABLE 8.4: Gross Capital Payments\(^1\) by Local Authority 1997-2002 (£000’s)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>£000s</td>
<td>37,384</td>
<td>48,656</td>
<td>48,994</td>
<td>40,746</td>
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<td></td>
<td>£ per head</td>
<td>173</td>
<td>228</td>
<td>230</td>
<td>193</td>
</tr>
<tr>
<td>Dundee</td>
<td>£000s</td>
<td>34,861</td>
<td>38,575</td>
<td>33,176</td>
<td>29,622</td>
</tr>
<tr>
<td></td>
<td>£ per head</td>
<td>234</td>
<td>263</td>
<td>230</td>
<td>208</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>£000s</td>
<td>79,828</td>
<td>93,011</td>
<td>109,685</td>
<td>77,739</td>
</tr>
<tr>
<td></td>
<td>£ per head</td>
<td>177</td>
<td>207</td>
<td>243</td>
<td>171</td>
</tr>
<tr>
<td>Glasgow</td>
<td>£000s</td>
<td>112,668</td>
<td>150,689</td>
<td>147,198</td>
<td>148,704</td>
</tr>
<tr>
<td></td>
<td>£ per head</td>
<td>184</td>
<td>243</td>
<td>241</td>
<td>244</td>
</tr>
<tr>
<td>Highland</td>
<td>£000s</td>
<td>39,325</td>
<td>36,837</td>
<td>43,744</td>
<td>45,759</td>
</tr>
<tr>
<td></td>
<td>£ per head</td>
<td>189</td>
<td>176</td>
<td>210</td>
<td>219</td>
</tr>
<tr>
<td>Scotland</td>
<td>£000s</td>
<td>972,653</td>
<td>1,053,850</td>
<td>1,060,943</td>
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<tr>
<td></td>
<td>£ per head</td>
<td>190</td>
<td>206</td>
<td>207</td>
<td>189</td>
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</table>

(1) Gross Capital Payments include payments both funded and not funded from revenue
The tables show that revenue allocations, both in gross and per capita terms, have been broadly increasing in all the cities in recent years. Capital allocations present a more complex picture, with individual cities experiencing growth and decline between individual years. However, care should be taken in interpreting the results since some programmes included in the figures in some years (for example spend on Social Inclusion Partnerships) have been removed from the LGF figures in other years.

In general the figures show that Dundee, Glasgow and Highland Councils (unfortunately figures are not separately identifiable for Inverness) receive higher than average allocations of both revenue and capital funding (Glasgow and Dundee being respectively the 1st and 3rd highest allocations per head of all mainland authorities), while Aberdeen and Edinburgh receive lower than average allocations. This is primarily because Dundee and Glasgow score badly on measures of deprivation (by far the most common secondary indicator used to adjust allocations between authorities). In contrast Highland Council receive higher than average allocations due to their relative rurality (another commonly used secondary indicator). Aberdeen and Edinburgh Councils receive relatively lower allocations per head due to their relative affluence and lower scores on measures of deprivation.

The Enterprise Networks

Table 8.5 shows Scottish Enterprise (SE) and Highlands and Islands Enterprise (HIE) expenditure by local enterprise company (LEC) area and, where available, for the city council areas within each LEC. Figures shown include only that proportion of spend by SE and HIE that is undertaken through LECs and do not include expenditure incurred by Scottish Enterprise nationally.

**TABLE 8.5: Expenditure by Enterprise Networks 1997 to 2002**

<table>
<thead>
<tr>
<th>Local Enterprise Company</th>
<th>1997/98</th>
<th>£000s</th>
<th>£ Per Head</th>
<th>1998/99</th>
<th>£000s</th>
<th>£ Per Head</th>
<th>1999/00</th>
<th>£000s</th>
<th>£ Per Head</th>
<th>2000/01</th>
<th>£000s</th>
<th>£ Per Head</th>
<th>2001/02</th>
<th>£000s</th>
<th>£ Per Head</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scottish Enterprise Grampian</td>
<td>18,884</td>
<td>35.95</td>
<td>18,200</td>
<td>34.65</td>
<td>17,670</td>
<td>33.64</td>
<td>16,294</td>
<td>31.02</td>
<td>15,610</td>
<td>29.72</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which Aberdeen</td>
<td>11,680</td>
<td>54.93</td>
<td>11,338</td>
<td>53.32</td>
<td>10,293</td>
<td>48.40</td>
<td>9,173</td>
<td>43.14</td>
<td>8,898</td>
<td>41.84</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scottish Enterprise Tayside</td>
<td>21,181</td>
<td>54.55</td>
<td>20,851</td>
<td>53.70</td>
<td>19,124</td>
<td>49.25</td>
<td>20,081</td>
<td>51.72</td>
<td>18,679</td>
<td>48.62</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which Dundee</td>
<td>11,070</td>
<td>76.65</td>
<td>10,720</td>
<td>74.22</td>
<td>9,972</td>
<td>69.04</td>
<td>10,568</td>
<td>73.17</td>
<td>9,416</td>
<td>65.19</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Scottish Enterprise Edinburgh &amp; Lothian</td>
<td>31,788</td>
<td>40.83</td>
<td>43,516</td>
<td>55.90</td>
<td>48,474</td>
<td>62.27</td>
<td>39,974</td>
<td>51.35</td>
<td>39,090</td>
<td>50.21</td>
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<tr>
<td>of which Edinburgh</td>
<td>–</td>
<td>–</td>
<td>22,264</td>
<td>49.29</td>
<td>20,444</td>
<td>45.26</td>
<td>18,227</td>
<td>40.35</td>
<td>21,373</td>
<td>47.32</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Scottish Enterprise Glasgow¹</td>
<td>49,853</td>
<td>81.53</td>
<td>49,643</td>
<td>81.19</td>
<td>50,058</td>
<td>81.87</td>
<td>49,945</td>
<td>81.68</td>
<td>35,892</td>
<td>63.61</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Scottish Enterprise Total/Average²</td>
<td>389,901</td>
<td>83.15</td>
<td>389,880</td>
<td>81.23</td>
<td>384,623</td>
<td>82.03</td>
<td>368,171</td>
<td>78.52</td>
<td>385,503</td>
<td>82.22</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Inverness &amp; Nairn Enterprise³</td>
<td>N/A</td>
<td>–</td>
<td>N/A</td>
<td>–</td>
<td>5,200</td>
<td>67.56</td>
<td>3,900</td>
<td>50.67</td>
<td>N/A</td>
<td>–</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Highlands &amp; Islands Enterprise</td>
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<td>–</td>
<td>N/A</td>
<td>–</td>
<td>40,008</td>
<td>92.99</td>
<td>42,600</td>
<td>99.01</td>
<td>N/A</td>
<td>–</td>
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<td></td>
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</tr>
<tr>
<td>Total/Average³</td>
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<td>–</td>
<td>–</td>
<td>–</td>
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</tr>
</tbody>
</table>

Notes 1, 2, 3, 4 – see overleaf.
The table shows that patterns of enterprise company spend vary considerably both between LEC areas, and within LEC areas between the core cities and their surrounding regions, reflecting relative needs and enterprise network priorities.

Spend by each of the Scottish Enterprise ‘city’ LECs is lower than the Network average. Within the individual Scottish Enterprise LEC areas, spend in Grampian and Tayside is relatively weighted towards their respective cities, spend in the Lothians less so. Trends in the distribution of resources between LECs since 1999 reflect changes to the Scottish Enterprise’s planning and resource allocation process, with a move away from competitive ‘bidding’ towards a more strategic, planned approach to tackling the task of economic development in each area, to meet the objectives set out in ‘A Smart, Successful Scotland’. The distribution of resources within the network reflects both economic opportunity and need. Measures used to determine allocations include the proportion of Scotland’s businesses in an area, the proportion of Scotland’s vacant and derelict land, and the proportion of Scotland’s unemployed people. Such measures broadly explain the differences in allocations between LEC areas and the focus of expenditure within them.

In addition to spend on broadly similar ‘programme’ activity in each area (for example support for businesses; delivery of training; intervention in the property market), expenditure in each of the LEC areas is supplemented by spend on project activity with a more direct national impact. For example, Scottish Enterprise has supported the development of key national projects such as Lomond Shores, the Alba project and support for key industry clusters. Since this work is designed to address market failures manifest at a national level it is considered unreasonable to expect individual LECs to devote resources to achieve their implementation, so additional resources are made available from SE national for such projects. It is the presence of these national projects within the LEC budgets that account in part for the large variations in resource allocations year-on-year within SE Edinburgh and Lothian and SE Glasgow in particular.

Within the HIE network an explicit decision has been taken to focus growth away from Inverness and to disperse it throughout the rest of the Highlands and Islands. Accordingly expenditure per head in the Inverness and Nairn Enterprise area is significantly below the average for the HIE network area.
The main Scottish Executive programme designed to tackle social exclusion in the housing market is the housing development programme, introduced in 1998 and delivered by Communities Scotland (formerly Scottish Homes). Communities Scotland in turn rely on local housing associations to deliver the majority of programmes on the ground. Table 8.6 shows expenditure by city council area since 1998.

**TABLE 8.6: Communities Scotland (Scottish Homes) Expenditure by Area: 1998 to 2003**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital £m</td>
<td>5.0</td>
<td>5.9</td>
<td>6.4</td>
<td>5.1</td>
<td>4.8</td>
</tr>
<tr>
<td>Revenue £m</td>
<td>0.2</td>
<td>0.3</td>
<td>0.3</td>
<td>0.5</td>
<td>0.3</td>
</tr>
<tr>
<td>£ per head</td>
<td>24.45</td>
<td>29.16</td>
<td>31.51</td>
<td>26.33</td>
<td>23.98</td>
</tr>
<tr>
<td>Dundee</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital £m</td>
<td>5.5</td>
<td>7.3</td>
<td>8.1</td>
<td>6.6</td>
<td>6.1</td>
</tr>
<tr>
<td>Revenue £m</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
<td>0.4</td>
</tr>
<tr>
<td>£ per head</td>
<td>38.08</td>
<td>50.54</td>
<td>56.08</td>
<td>46.39</td>
<td>45.00</td>
</tr>
<tr>
<td>Edinburgh</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital £m</td>
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<td>18.2</td>
<td>17.5</td>
<td>13.1</td>
<td>14.1</td>
</tr>
<tr>
<td>Revenue £m</td>
<td>1.1</td>
<td>1.2</td>
<td>1.3</td>
<td>1.5</td>
<td>1.3</td>
</tr>
<tr>
<td>£ per head</td>
<td>42.28</td>
<td>42.95</td>
<td>41.62</td>
<td>32.32</td>
<td>34.09</td>
</tr>
<tr>
<td>Glasgow</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital £m</td>
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<td>61.0</td>
<td>63.0</td>
<td>59.3</td>
<td>58.0</td>
</tr>
<tr>
<td>Revenue £m</td>
<td>1.4</td>
<td>1.5</td>
<td>1.4</td>
<td>1.4</td>
<td>1.6</td>
</tr>
<tr>
<td>£ per head</td>
<td>96.66</td>
<td>102.22</td>
<td>105.33</td>
<td>99.27</td>
<td>97.47</td>
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<td>Inverness*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital £m</td>
<td>1.5</td>
<td>1.9</td>
<td>1.6</td>
<td>1.6</td>
<td>1.1</td>
</tr>
<tr>
<td>Revenue £m</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>£ per head</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Scotland</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital £m</td>
<td>192.0</td>
<td>201.4</td>
<td>207.5</td>
<td>216.1</td>
<td>192.7</td>
</tr>
<tr>
<td>Revenue £m</td>
<td>7.8</td>
<td>8.2</td>
<td>8.3</td>
<td>8.3</td>
<td>8.9</td>
</tr>
<tr>
<td>£ per head</td>
<td>39.02</td>
<td>40.93</td>
<td>42.16</td>
<td>43.84</td>
<td>39.38</td>
</tr>
</tbody>
</table>

* N.B. Inverness Area – population figure not available

Resource planning assumptions are allocated to each area by Communities Scotland on the basis of need measured by local indicators of social exclusion. Each area then in turn bids for programme resources based on local housing system analysis, housing association business plans and strategic agreements with local authorities and other partners, before Communities Scotland confirm allocations to each area.

Allocations reflect measures of deprivation, with allocations in Aberdeen and Edinburgh below the Scottish average, Dundee receiving marginally above the average, while in Glasgow expenditure per head has been significantly above the Scottish average.

Development programme spend in the cities and other areas of Scotland fluctuates according to the total level of resources available, Ministerial priorities and local indicators of need and ability to spend. Since 1998 Ministers' investment priorities have reflected an emphasis on community regeneration and a desire to increase the supply of affordable rented housing and housing for low-cost home ownership. Spend in the cities in the last 3 years has been reduced in favour of increased spend in rural areas to reflect Ministerial priorities.
The National Health Service

Funding to support the National Health Service (NHS) is allocated via local health boards, which cover larger geographical areas than the core cities. Table 8.7 shows the distribution of funding to support the operation of the NHS for the 5 health boards covering the cities.

TABLE 8.7: Financial Allocations by Health Board – 1997 to 2003

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grampian</td>
<td>£000s</td>
<td>£ per head</td>
<td>£000s</td>
<td>£ per head</td>
<td>£000s</td>
<td>£ per head</td>
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<tr>
<td></td>
<td>426,477</td>
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<td>443,063</td>
<td>843.45</td>
<td>450,258</td>
<td>857.14</td>
</tr>
<tr>
<td>Tayside</td>
<td>£000s</td>
<td>£ per head</td>
<td>£000s</td>
<td>£ per head</td>
<td>£000s</td>
<td>£ per head</td>
</tr>
<tr>
<td></td>
<td>373,749</td>
<td>962.53</td>
<td>392,612</td>
<td>1,011.10</td>
<td>398,602</td>
<td>1,026.53</td>
</tr>
<tr>
<td>Lothian</td>
<td>£000s</td>
<td>£ per head</td>
<td>£000s</td>
<td>£ per head</td>
<td>£000s</td>
<td>£ per head</td>
</tr>
<tr>
<td></td>
<td>645,741</td>
<td>829.47</td>
<td>670,876</td>
<td>861.75</td>
<td>690,199</td>
<td>886.58</td>
</tr>
<tr>
<td>Greater Glasgow</td>
<td>£000s</td>
<td>£ per head</td>
<td>£000s</td>
<td>£ per head</td>
<td>£000s</td>
<td>£ per head</td>
</tr>
<tr>
<td></td>
<td>858,084</td>
<td>947.11</td>
<td>879,355</td>
<td>970.59</td>
<td>909,981</td>
<td>1,004.39</td>
</tr>
<tr>
<td>Highland</td>
<td>£000s</td>
<td>£ per head</td>
<td>£000s</td>
<td>£ per head</td>
<td>£000s</td>
<td>£ per head</td>
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<td>196,339</td>
<td>941.22</td>
<td>198,078</td>
<td>949.56</td>
</tr>
<tr>
<td>Scotland</td>
<td>£000s</td>
<td>£ per head</td>
<td>£000s</td>
<td>£ per head</td>
<td>£000s</td>
<td>£ per head</td>
</tr>
<tr>
<td></td>
<td>4,436,071</td>
<td>866.56</td>
<td>4,607,214</td>
<td>899.99</td>
<td>4,739,791</td>
<td>925.89</td>
</tr>
</tbody>
</table>

Funding is allocated to each health board according to the Arbuthnott formula that assesses relative need for services and reflects Ministerial priorities. Health boards then allocate resources within their own area to local health trusts that are responsible for delivering NHS services.

The table shows that Tayside, Highland and Glasgow health boards receive higher than average allocations per head, while Grampian and Lothian health boards receive lower than average allocations. This reflects the higher levels of deprivation and relatively poor health of the population in the Tayside and Glasgow areas and the higher costs of providing services in the sparsely populated Highlands.
Another significant source of funding for the development of the cities is the European Union. Resources are available in Scotland under 3 Objectives of the Structural and Social funds.

- **Objective 1** – which aims to promote the development and structural adjustment of regions whose development is lagging behind;
- **Objective 2** – which aims to support the economic and social adjustment of areas facing structural difficulties – industrial, urban, rural and fisheries;
- **Objective 3** – which aims to support the adaptation and modernisation of policies and systems of education, training and employment to develop human resources to meet the needs of the economy.

Table 8.8 shows awards to the cities in 2000 and 2001 (the most recent years for which figures are available) under each of the objectives. It should be noted that funding is not strictly allocated by area and that the figures in the table have been derived by identifying approved projects that have a lead sponsor based in a city.

Different geographical areas are targeted under each of the Objectives and therefore not all cities are eligible under each Objective. In addition, the distribution of funding is ultimately dependent upon who bids to the funds. The table shows that, of the cities, Glasgow is by far the largest beneficiary of European funding, with Dundee the second most successful in terms of funding awarded per head of population. This is to be expected given the targeting of funding upon areas of relative deprivation.

A number of review consultees questioned whether Scottish cities are exploiting the structural and social funds as effectively as other UK and European cities. Some felt that our cities could be more proactive in identifying potentially eligible projects and supporting applications to the funds. In the light of the possible scaling back or redirection of the structural and social funds after 2006, it is important that Scotland’s cities take advantage of the funding opportunities that remain in the interim.
As can be seen from the above, significant sums of money are being spent on services and infrastructure in our cities and their surrounding regions. For example, the sources of funding reviewed above represent public spending in 2000-01 of some £2.5 billion in Glasgow and £1.5 billion in Edinburgh. But at present it is difficult to obtain an accurate impression of total funding available, how it is spent and whether our cities are adequately resourced.

The first part of this section has outlined the problems that the review team encountered in trying to identify investment in the core cities. Problems are multiplied if one attempts to do the same for the city-region. As noted above, the difficulties encountered reflect differing criteria for allocating and spending resources by different agencies, different spatial scales at which expenditure is focused, and different geographical units over which the agents through which funding is distributed operate.

While it is therefore possible to identify and consider distribution patterns for individual sources of funding (for example local government or LECs) the review team were struck that no single agency appeared to be able to say how much funding is being spent in the core cities in any one year (let alone in the city-region). The review team consider that this is a weakness. If the Executive, local authorities and other agencies are to consider together, in an informed way, whether our cities (and towns and rural areas) are receiving sufficient resources to meet their needs ‘in the round’ then consistent presentation of all investment in our cities is required.

The Executive has recently consulted on the possibility of introducing community budgeting as an integral part of community planning and neighbourhood renewal. This would seek to inform communities at a sub-local authority scale of the level of public sector resources being invested in their area and to enable them to have a greater say in how resources are spent. The review team agree that this is extremely important at a community level but consider that such an exercise would also be useful at a city and city-region level.

An annual ‘budget’ statement for the cities and their surrounding regions, which brought together all current and capital expenditure programmes in the city, would help community and land-use planning arrangements and help to ensure that decisions about major investment in infrastructure and service improvements are well informed.

The review team would therefore suggest that the Executive should consider ways to encourage greater consistency and clarity in the way in which information about spend in different geographical localities is presented by different agencies. This would help to ensure that discussions and debate about investment decisions take place against an informed back-drop.

8.4.3 Fair Shares for Cities?

Central to arguments about funding are questions surrounding whether our cities (and towns and rural areas) are receiving their ‘fair share’ of resources. The working group convened to consider funding issues identified two key issues that they felt were particularly pertinent to the consideration of funding patterns. The first is not unique to cities and concerns the methodology used to determine ‘need’ – and thereby the patterns of distribution of funding between different geographical areas. The second is unique to cities and concerns whether cities are adequately compensated for the ‘metropolitan’ functions that they fulfil.
8.4.4 Identifying and Taking Account of ‘Need’

Questions surrounding the identification of ‘need’ are not unique to cities. However, certain characteristics of Scottish cities (for example the concentration of area and individual deprivation) have a significant impact on the need for, and patterns of distribution of, resources. The Cities Review therefore sought to examine whether the available funding adequately reflect the ‘needs’ of cities.

The first part of this section has already identified that significant ‘skewing’ of resources does take place and that therefore the amounts of funding received per head under various funding sources are not the same across the country. For example, under the local government settlement Dundee and Glasgow City Councils receive higher amounts of funding per head than Aberdeen or Edinburgh, to reflect the relatively greater incidence of deprivation in their areas and therefore a relatively greater assessed need.

It is, however, much more difficult to assess whether this observed “skewing” of resources is proportionate to need. The reflection of the higher costs of deprivation on the provision of local government services is a case in point. Several attempts have been made over the years by CoSLA, the Executive, local government and academics to identify whether existing formulae adequately reflect the costs of deprivation. Numerous adjustments to formulae have been made as a result but none have been able to satisfy all parties that the distribution of resources adequately reflect need. Indeed there is a risk that constant tinkering with the system may be as much of a problem as the issues it is intended to address.

It was not possible in this review to resolve long-running debates about whether the needs of cities (including the costs of deprivation) are adequately taken into account in the distribution of resources. Nevertheless, the review has explored a number of specific issues in more detail.

8.4.5 Consistency of Allocation Criteria

Concern was expressed by members of the working group and other consultees, about perceived inconsistencies in the criteria used to allocate resources to cities and other areas. This, in part, reflected uncertainty about the detail of the funding allocation processes outlined above, but also the sheer variety of different indicators and criteria used by different agencies for different programmes to measure relative need, as a basis for skewing the distribution of resources.

The review team found that different agencies often use different factors to assess relative need, and apply different weightings to skew the distribution of resources towards areas of higher need. For example, funding distributed by the NHS, Scottish Enterprise and Communities Scotland all skew resources according to...
measures of deprivation, in order to target resources on areas of greatest relative need. However, all three funding formulae utilise different measures of deprivation, and therefore skew the distribution of resources between geographical areas to different degrees.

This is not to say that different funding sources and expenditure programmes should not use different allocation criteria and weightings if it can be shown that there is good reason for doing so. For example, the aims and objectives of different programmes will vary. Both the NHS Arbuthnott formula and the LGF settlement contain (unhypothecated) allocations for the provision of community care services. Both allocation formulae reflect a similar range of factors that are deemed to impact on spending need. However, some of the factors used to adjust the distribution of resources are different because they relate to different elements of provision.

We nevertheless believe there is a case for simplifying and making more consistent the use of allocation criteria across different spending programmes – where the programmes concerned, and their associated resource distribution systems, are intended to address similar issues.

8.4.6 Metropolitan Functions

A major issue raised by the cities concerns the funding of the so-called ‘metropolitan’ functions. These are the services and infrastructure that are either provided directly, or supported financially, by a city authority because of their city role but which are used by visitors to the cities from surrounding authorities and further afield.

Examples of these services cover a very wide range of subjects and include: art galleries; leisure centres; libraries; roads; train services; and policing. City authorities argue that they are, to a greater or lesser degree, obliged to provide such functions due to the nature of the city that they represent, but that they receive insufficient compensation for doing so. They argue that, in effect, they are obliged to provide services and infrastructure, at a cost to city residents, that others benefit from without contributing towards their cost financially.

There are broadly two categories of metropolitan function:

- Services and infrastructure which the cities are statutorily obliged to provide and for which the inflow of population to cities from surrounding areas causes higher expenditure to be incurred. Examples might include police and street cleaning services and transport infrastructure.
- Services and infrastructure which the cities are not statutorily obliged to provide but for which there may be a quasi-obligation/expectation that the offering will continue to be maintained and provided. Examples might include art collections of national and international significance, sporting facilities, major reference and lending libraries, and events such as the Edinburgh Hogmanay celebrations and the Aberdeen ‘Offshore’ exhibition.

We assess each in turn.

8.4.7 Statutory Functions – Inflow Populations

The first category comprises services and facilities that cities are obliged to provide through statute, and where the level of provision is materially affected by the level of ‘inflow’ population. For such functions (for example environmental health services, police services, local roads) the city council have no choice but to provide an adequate level of service to meet demand. Yet they usually have no mechanism by which they might charge incomers for using services that they do not otherwise contribute towards financially.
“Inflow” effects are however reflected in the Local Government Finance settlement, with a number of elements of the settlement adjusted to take account of populations using a service from outwith the city. These include street cleaning, refuse disposal and environmental health. The issue is therefore whether “inflow” effects are properly captured. The working group examined three separate issues that were raised with us:

- The calculation of inflows is based on census data on people’s home and work locations, and tourism data on bed nights spent in different council areas. The Scottish Local Government Finance settlement (unlike the English Standard Spending Assessment) takes no account of day visitors to the cities for shopping and recreation. Annual surveys of such day visitors are available and it has been suggested that the potential impact of such flows on financial allocations to the cities should be examined.

- At present population adjustments only reflect inflow populations and do not take account of ‘outflows’ from neighbouring areas, i.e. by adjusting the expenditure needs of the latter authorities downwards. This partial adjustment has been criticised by some as inadequate. However, assessing the negative impact of outflow populations on demand for services is technically difficult.

- At present, population adjustments are applied to funding for leisure provision, parks and open spaces, and libraries. It could be argued that such services represent instances where incomers could be charged discretionally for their use, where the provision of facilities is a matter of local choice, or where it is unclear that provision varies with the scale of visitors/inflows. Removing such population adjustments would actually reduce funding allocations to the cities.

Further work to model the impact of possible changes to the methods of adjustment (such as the possible impact of ‘outflow’ populations) could be justified. The Executive may therefore wish to investigate further whether action to address the issues identified above is desirable.

The important point to bear in mind, however, is that any changes that might result would make very little difference to the amounts of funding allocated to Scotland’s cities – Glasgow city council receives the largest adjustment inflow population, but this amounts to no more than 0.1% of its Grant Aided Expenditure (GAE) assessment. The impact of inflow populations on the costs of providing statutory services and infrastructure in cities is, to all intents and purposes, reflected in the existing settlement.
8.4.8 Non-Statutory Services – National Assets

The second category of metropolitan functions concerns those assets, facilities or events which authorities are not statutorily obliged to provide, but cities, by their very nature, have inherited over time or are informally expected to provide and maintain. The presence of these ‘assets’ in cities is in most cases an historical inheritance (arising out of their role as centres of economic and social interaction) rather than a recent conscious choice on the part of cities to provide them. The degree to which authorities exercise ‘real’ choice over whether to fund them varies. Relevant assets range from those of genuinely ‘national’ significance which the city is effectively ‘obliged’ to support (e.g. a major gallery or sporting facility) to those of more local significance which it chooses to support entirely at its own discretion (e.g. a local museum, exhibition or festival).

Judgements about the level of obligation for individual events, services and facilities will be controversial and open to debate. It would be difficult to cater for one-off ‘national’ assets through the formula driven Local Government Finance system. Tailored case by case solutions will be required between the authority concerned and the Executive on a ‘benefit to Scotland’ basis, as happens already to some extent. However, these ad hoc decisions would benefit from being made more explicit. Chapter 5 has advocated a more strategic approach to the way in which ‘national’ cultural assets are supported.

The financing of events, services and facilities towards the discretionary end of the spectrum would appear, however, to be most fairly provided through fees and charges or through discretionary funding partnerships with other councils and agencies. Neighbouring authorities, and those from further afield, will undoubtedly argue that, although they may benefit from an event, service or facility, it would be unfair for their residents to be forced to contribute towards the costs of providing them without some say in how they are managed. A number of precedents for partnership funding arrangements already exist – in some cases for services which might be deemed statutory or quasi-obligatory metropolitan functions. For example, each of the authorities within the former Strathclyde Region contributes towards the funding of the Glasgow Underground. Authorities also sometimes reimburse neighbouring authorities for educating special needs children in specialist facilities that may not exist in their own area. In most cases partners who contribute financially to the service or event expect to be consulted on the level and nature of provision.

Judgements about whether individual assets, facilities or events are worthy of support nationally are being complicated by the ad hoc way in which funding decisions are currently being undertaken. A more strategic, co-ordinated approach to the identification and funding of assets which are truly of national importance to Scotland will help to justify controversial choices about which are supported.

8.4.9 Supporting Growth – Tackling Decline

A further set of issues concern the balance of Scottish Executive spend in the cities, and elsewhere in Scotland, between supporting growth and tackling decline. A number of parties expressed concern about the relative importance attached to these issues in current funding allocations.

Questions about the balance of expenditure between growth and decline are ultimately a matter of political opinion. While it is therefore impossible for the Cities Review to answer definitively questions about the balance of investment, the review was able to identify particular concerns and challenges that warrant further consideration. This section outlines some of the main concerns raised and gives consideration to what action might be taken to address the challenges raised.
8.4.10 Supporting Growth

If our cities are to be nationally and internationally attractive locations for firms and individuals, then we must ensure that city infrastructure and services are of the highest quality. Chapters 3 and 4 have already recognised the increasing locational flexibility of firms and entrepreneurs, while Chapters 5 and 6 have highlighted the importance of investment in city centres, arts and culture and transport infrastructure. Yet there is widespread concern about the lack of priority given to investment in the physical infrastructure of cities and the absence of incentives to promote and support growth.

8.4.11 Incentivising Support for Growth

The funding working group considered whether existing patterns of funding, and in particular the local government finance settlement, gave sufficient incentives to local authorities to invest in support for growth. In particular, the review therefore considered whether the current funding system contained incentives to encourage councils to invest to expand their council tax and/or non-domestic rates base and, if not, whether such incentives were desirable.

City councils derive between approximately 19% and 27% of their income from the council tax system. The Local Government Finance formula is adjusted to ‘equalise’ all council’s income for the level of council tax they might be expected to collect. In theory, if councils were permitted to retain increases in their tax base they might be encouraged to invest in services and infrastructure that would help increase that base. However, the funding working group considered that incentives to encourage councils to increase their council tax base were not desirable, since they could encourage councils to permit development in their area that was not socially or environmentally sustainable. In effect competition between councils for residential development could result with the council with the lowest development control standards ‘winning’.

The case for incentivising action to increase the non-domestic rates base of councils is less clear cut. The current Local Government Finance settlement is not designed to provide incentives to councils to invest in services or infrastructure that will encourage growth, rather it is designed to take account of relative need and allocate resources accordingly. This is because non-domestic rates (NDR) are set nationally, are ‘pooled’ by the Scottish Executive once collected, and form merely one element of the Local Government Finance settlement. In effect councils that collect higher amounts of NDR are not rewarded for doing so. However, neither are they penalised, since all councils receive their ‘fair share’ of the total pot of funding available to local government based on their existing assessment of need.

It is unclear whether the provision of incentives to increase the NDR base of an area through the LGF system would be effective. Action by local authorities can help to improve the NDR base of cities and of Scotland as a whole, thus helping to increase the level of resources available to the Scottish Executive for investment, directly or indirectly, in services and infrastructure. If managed well, incentives to grow the NDR base might result in a net increase in income to councils and the Executive by creating a ‘cycle of growth’ that supports, and manages the implications of growth. However, the causal link between growth in NDR income and the actions of local authorities is by no means direct. Factors outwith the control of local government (such as the general economic environment) and the actions of other individuals and agencies have a greater influence on the level of economic growth (and hence the NDR base) and make it difficult to separate out the impact of a council’s actions.
In addition, incentives to increase the NDR base could also result in competition between councils to attract development. For example, if councils were to receive some financial benefit from the location of new commercial development in their area, patterns of growth and development could be distorted by differences in development control standards, with potentially negative implications for the environment and social justice.

The Review Team are therefore not persuaded that it would be either effective or desirable to offer incentives to encourage councils to grow their NDR base.

8.4.12 Investing in City-Region Infrastructure

Chapter 5 highlighted concerns about a perceived deterioration in the physical environment of some of our city centres. Contributors to the review also raised concerns about a lack of investment in the physical infrastructure of our cities primarily (but not exclusively) related to transport.

Chapter 3 has noted the particular problems that Edinburgh is facing in accommodating the effects of growth and ‘feeding’ its growing labour market. Similar problems can be identified elsewhere. For example, Aberdeen faces increasing problems of traffic congestion and the provision of new sites for business expansion. Glasgow needs to provide modern, sustainable transport links to development sites along the River Clyde and in the East End, and to protect the River Clyde corridor from the risk of flooding. Dundee must continue to invest in its public realm and business facilities if it is to maintain the momentum that it has built up in recent years. Inverness is a growing city that planned dramatic changes to its city centre environment as part of its European Capital of Culture bid.

All of these developments will require significant investment in infrastructure, yet patterns of existing funding to support improvements to the physical environment of our cities fall well short of these aspirations.

Arguably, cities require higher levels of investment in physical infrastructure because of their role as centres of economic and social activity and transport networks. However, Table 8.9 shows that gross capital expenditure per head of population in 2000-01 (excluding expenditure on housing) was lower than the Scottish average in Aberdeen and Dundee and only slightly higher than average in Edinburgh and Glasgow. Indeed capital expenditure per head of population is much higher in rural areas (such as the Highlands) where expenditure on roads and other major capital items is spread over a much greater geographical area.

**TABLE 8.9: Local Government Capital Expenditure 2000-01**

<table>
<thead>
<tr>
<th></th>
<th>Aberdeen</th>
<th>Dundee</th>
<th>Edinburgh</th>
<th>Glasgow</th>
<th>Highland</th>
<th>Scotland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Capital Payments – £ per head</td>
<td>193</td>
<td>208</td>
<td>171</td>
<td>244</td>
<td>219</td>
<td>189</td>
</tr>
<tr>
<td>Net Capital Allocation (excluding Housing Revenue Account Payments) – £ per head</td>
<td>58</td>
<td>60</td>
<td>77</td>
<td>75</td>
<td>96</td>
<td>67</td>
</tr>
</tbody>
</table>
If one considers the impact of day and tourist visitors on the infrastructure of cities, then expenditure per user would be even lower in the cities. The situation is even more striking if one considers a key use of local capital expenditure – investment in transport infrastructure.

**TABLE 8.10: Local Authority Capital Expenditure on Local Authority Roads and Public Transport**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Roads (£m)</strong></td>
<td>164.0</td>
<td>174.7</td>
<td>172.8</td>
<td>99.5</td>
<td>91.7</td>
<td>95.4</td>
<td>86.5</td>
</tr>
<tr>
<td>Of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- New roads/bypasses</td>
<td>29.8</td>
<td>31.1</td>
<td>24.5</td>
<td>14.5</td>
<td>24.6</td>
<td>13.1</td>
<td>7.8</td>
</tr>
<tr>
<td>- Improvement and reconstruction</td>
<td>13.7</td>
<td>9.6</td>
<td>10.0</td>
<td>10.9</td>
<td>7.3</td>
<td>11.0</td>
<td>11.0</td>
</tr>
<tr>
<td>- Road projects costing &lt; £2 million</td>
<td>73.6</td>
<td>79.8</td>
<td>78.5</td>
<td>33.7</td>
<td>24.2</td>
<td>25.2</td>
<td>22.1</td>
</tr>
<tr>
<td>- Bridge repairs/strengthening (excluding toll bridges)</td>
<td>16.9</td>
<td>20.1</td>
<td>16.7</td>
<td>9.4</td>
<td>9.6</td>
<td>11.7</td>
<td>10.7</td>
</tr>
<tr>
<td>- Structural maintenance of roads</td>
<td>6.8</td>
<td>9.7</td>
<td>20.1</td>
<td>21.1</td>
<td>12.1</td>
<td>18.9</td>
<td>21.2</td>
</tr>
<tr>
<td>- Road safety</td>
<td>18.1</td>
<td>16.9</td>
<td>17.5</td>
<td>8.4</td>
<td>12.1</td>
<td>14.7</td>
<td>13.1</td>
</tr>
<tr>
<td><strong>Total Public Transport (£m)</strong></td>
<td>27.9</td>
<td>25.8</td>
<td>17.5</td>
<td>18.3</td>
<td>18.5</td>
<td>20.5</td>
<td>24.5</td>
</tr>
<tr>
<td>Of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Public transport (including bus priority)</td>
<td>6.1</td>
<td>12.1</td>
<td>10.0</td>
<td>10.1</td>
<td>10.2</td>
<td>15.0</td>
<td>15.7</td>
</tr>
<tr>
<td>- Transport piers and ferry terminals</td>
<td>2.3</td>
<td>2.0</td>
<td>1.2</td>
<td>0.9</td>
<td>1.2</td>
<td>1.6</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Total Transport (excluding toll bridges) (£m)</strong></td>
<td>191.8</td>
<td>200.5</td>
<td>190.3</td>
<td>117.9</td>
<td>110.2</td>
<td>115.8</td>
<td>111.0</td>
</tr>
</tbody>
</table>

Chapter 6 has already demonstrated the crucial importance of transport systems to the future viability and competitiveness of our cities. Table 8.10 shows that gross capital expenditure by local authorities on local roads and transport has declined by some 42% since 1993, with expenditure on roads declining by an even more marked 47%, reflecting a general reduction in total local authority non-housing capital allocations. The ability of local authorities to respond to local priorities to invest in transport and other infrastructure has therefore been constrained. Problems are exacerbated still further where infrastructure (particularly transport infrastructure) transcends local government boundaries and requires co-ordinated action and investment to deliver change (see earlier and later sections on governance and delivery).

Increased recognition needs to be given in funding allocations to tackling the historical investment deficit in the physical infrastructure and environment of our cities. This will also have implications for the spending programmes of public agencies. Initiatives by the Scottish Executive, such as the Transport Delivery Report, the allocation of resources to tackle local ‘quality of life’ issues, and the new City Growth Fund, introduced specifically to increase levels of investment in city-region infrastructure, will be of crucial importance in starting to tackle this backlog of investment in city infrastructure.
8.4.13 Tackling Decline

Supporting growth in cities is important if we are to ensure their future economic vitality and viability of our cities. But ensuring that the symptoms and causes of past decline are addressed is also vital, to make them attractive places to live and work and to secure the future social and economic well-being of the people who live and work there.

This section has already highlighted the difficulty of assessing whether sufficient weight is given to deprivation and other factors in funding formulae to ensure that areas of relative deprivation receive allocations commensurate with their needs. Many involved in the review were concerned that current distribution patterns of public sector funding did not always adequately reflect Ministerial priorities. In particular there was concern that formulae did not reflect the importance given to tackling social exclusion and that, as a result, there had been excessive use of ‘top-up’ funding – outwith ‘mainstream’ allocations – to ensure that Ministerial targets were addressed. The latter was perceived to cause problems in terms of a lack of flexibility about how resources were deployed.

A key priority of the Scottish Executive is combating Social Exclusion. Funding to tackle social exclusion may be targeted at individuals suffering from exclusion or at particular areas where excluded individuals are concentrated or where economic-socio-environmental conditions tend to exacerbate the incidence of individual exclusion. Concerns about whether our cities receive sufficient funding to tackle exclusion are largely related to the second category.

Public sector funding for areas takes two different forms. Firstly, ‘mainstream’ public sector expenditure (on, for example, education or training) is ‘bent’ towards areas of higher relative need. Secondly, specific investment programmes are created and designed to tackle some of the particular symptoms of social exclusion (for example, poor quality housing or drug abuse) and are provided outwith mainstream programmes.

8.4.14 Mainstream Funding to Tackle Social Exclusion

It is clear from an examination of funding sources that significant skewing of ‘mainstream’ resources for education, health, social work and other services does take place. It is understandable that those who deliver services in areas with above average levels of deprivation seek further skewing. Some have suggested that the Standard Spending Assessments used to calculate local authority funding in England give greater weight to deprivation than the distribution formula used in Scotland, but the SSAs are constructed on a different basis.

It is important that formulae used to distribute funds for services are based on the best evidence of the actual impact of deprivation on the cost of delivering those services. There have been numerous reviews of deprivation in the local government grant distribution, all based on evidence submitted by councils. The most recent, in 2000, reviewed all the available evidence and increased the allowance made for teaching in deprived areas. No new evidence that the formula takes insufficient account of deprivation has emerged since then and Ministers currently have no plans for a further review.
A key priority of the Scottish Executive is combating Social Exclusion.

8.4.15 Top-up Funding to Tackle Social Exclusion

Any consideration of whether adequate funding is devoted to tackling social exclusion would not be complete without taking account of the significant resources provided in addition to the mainstream funding. Table 8.11 provides details of some of the main sources of funding that are provided to local authorities, in addition to their main financial settlement, that are either specifically targeted on tackling area deprivation or are weighted towards deprived areas to enable them to tackle exclusion more effectively.

**TABLE 8.11: ‘Top-up’ funding for Local Authorities to tackle area deprivation – 2001 to 2004**

<table>
<thead>
<tr>
<th>Funding Specifically to Tackle Area Deprivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tackling Health Inequalities</td>
</tr>
<tr>
<td>Early Intervention</td>
</tr>
<tr>
<td>Study Support/Out of School Hours Learning Activities</td>
</tr>
<tr>
<td>Alternatives to Exclusion</td>
</tr>
<tr>
<td>Social Inclusion Partnerships</td>
</tr>
<tr>
<td>Working for Communities</td>
</tr>
<tr>
<td>Listening to Communities</td>
</tr>
<tr>
<td>Better Neighbourhood Services Fund</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Funding Weighted to Tackle Area Deprivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Childcare Strategy</td>
</tr>
<tr>
<td>Sure Start</td>
</tr>
<tr>
<td>New Community Schools</td>
</tr>
<tr>
<td>New Housing Partnerships</td>
</tr>
</tbody>
</table>

The table shows that, in total, these additional sources of funding will provide authorities collectively with more than £242 million each year to tackle area deprivation in the period up to 2003-04. However, each of these initiatives places conditions on the use of resources to ensure that they are spent on Ministerial priorities. Review consultees have questioned whether better results might be achieved if funding was allocated to authorities as part of the block grant, to be spent according to local circumstances to meet prior agreed local outcome agreements.
There is plenty of anecdotal evidence of where ringfencing and restrictive conditions placed on the use of funding limit the ability of councils, and their partners, to respond effectively to the unique circumstances of their area. Where additional sources of funding are provided annually, uncertainty about whether funding will continue in future years can cause problems for councils in terms of resource planning. Uncertainty is in turn passed on to the councils’ partners who find it difficult to plan long-term co-ordinated action. While the Executive has recently taken steps to ensure that future funding is guaranteed on a 3-5 year basis, concerns remain about the effort and uncertainty involved in ‘chasing’ different pots of funding and the resulting opportunistic approach to planning.

Such concerns are not new and the Scottish Executive has begun to take steps to address them through reform of the local government finance system and of the way in which new sources of funding are allocated. Increasingly, new resources to tackle social exclusion or other problems are mainstreamed and/or tied to local outcome agreements. But while such steps are welcome, much remains to be done.

The Executive’s recently published plan for tackling deprivation Better Communities in Scotland: Closing the Gap makes it clear that Ministers still believe there is a place for additional funding to ‘top-up’ mainstream funding. But it also stresses the importance of community planning and the joining-up of mainstream budgets to deliver better services in areas of deprivation to tackling social exclusion. Improved delivery of mainstream services can make a real difference to the lives of people living in deprived areas and better co-ordination of flexible ‘mainstreamed’ funding sources will go a long way towards bringing this about. We welcome this policy development and believe that incremental action to absorb ring-fenced funding into mainstream settlements should continue.

8.5 NEW OPPORTUNITIES – NEW APPROACHES: DELIVERING CHANGE

This report has highlighted a range of new opportunities facing our cities. If they are to fulfil their potential then central government, local authorities and regional agencies must also consider the most appropriate and effective way to deliver the required change.

The importance of delivering change (to both services and physical infrastructure) to the future of our cities has been demonstrated by previous sections of this report. The impact of, for example, good schools or public safety on the image of our cities as places to live, work and visit has been shown to be crucial to all sections of society. The Scottish Executive’s drive to improve service delivery throughout Scotland will therefore be no less relevant in Scotland’s city-regions than elsewhere.

At the same time our cities also face particular challenges in delivering physical change and regeneration. Chapter 3 has demonstrated the vital importance of our cities’ contribution to Scotland’s economy and the importance of delivering regeneration on brownfield sites for Scotland’s economic, social and environmental sustainability. Meanwhile Chapters 4, 5 and 6 have emphasised the importance of the built environment and transport systems to the image of our cities and their future sustainability.

All of our city-regions must deliver major changes to services and their physical infrastructure if they are to realise their future potential.

- Glasgow must regenerate vacant and derelict land throughout the city and deliver family housing, jobs and business infrastructure if it is to maximise the potential contribution of its households and businesses to Scotland’s economy and society.
Edinburgh must deliver improvements to its transport system and secure new sites for both housing and business if it is to sustain recent growth.

Aberdeen too faces problems of lack of space for business expansion/development and growing traffic congestion. It must secure improvements to its transport infrastructure and increase the availability of high quality business locations if it is to remain an internationally important centre for the energy industry.

Dundee must build on recent improvements to its city centre, regenerate deteriorating residential neighbourhoods and provide better business facilities if it is to reduce population loss and maintain its viability.

Inverness must re-invigorate its city centre and create new ‘must-see’ visitor attractions if it is to build on existing tourism and realise its ambition to become a major cultural capital for the Highlands.

Meeting these challenges will require strategic action on a number of issues across the city-region, which will in turn require substantial resources and co-ordinated action by a range of interests and agencies. Local authorities and other public sector bodies will need to work in partnership to identify and prioritise the projects central to the realisation of their vision for their city-region, and to commit financial and human resources to achieving change on the ground. This in turn will require a willingness to be flexible about the most effective way of delivering change.

### 8.5.1 New Approaches

Scottish cities are already experienced in delivering major development projects that require substantial physical change. Our cities can demonstrate many examples of innovative delivery and in many ways can be considered to have been in the vanguard of attempts to introduce innovative ‘vehicles’ for delivering change.

Despite many examples of effective delivery, however, the review has identified considerable frustration among many ‘development’ professionals at the sometimes significant delays that can hold-up or prevent the implementation of major projects. Those working in the field, in both the public and private sector, expressed frustration at the length of time taken to deliver some projects and identified a number of barriers to quicker, more effective delivery.

While Scotland can therefore point to a wide range of successful vehicles for delivering change, those involved in the review believe there to be scope for even greater experimentation, to learn from best practice, and to consider ways to break down barriers to effective delivery.
8.5.2 Defining Delivery – what, where and how?

When considering how to ‘deliver’ a desired change or outcome there are essentially three variables that the public sector has control over. These are:

**Purpose** – i.e. what change needs to be delivered? New/better services (e.g. a new school or better healthcare)? Physical infrastructure (e.g. housing or a new road)? Economic development (e.g. new jobs or more SMEs)? Or some combination of multiple objectives (e.g. the holistic regeneration of a particular community)?

**Scale** – i.e. for what geographical area is the change to be delivered? The city-region? A local authority? A ‘community’? Or a particular brownfield site?

**Type** – i.e. how will the required physical or service change be brought about? Through the creation of a single purpose, arms’-length company? Through contracting with the private or voluntary sector? Or through a partnership approach?

Over time, successive governments have given greater emphasis to approaches that placed a particular emphasis on one or more of these variables when seeking to encourage the delivery of particular types of change. For instance, during the early 1980’s there was a particular emphasis on encouraging vehicles with a single-purpose remit for delivering change in a particular field (for example, economic development, housing or physical regeneration). During certain periods a particular emphasis has been placed on delivering change at a particular scale within our cities (for example at the community scale through social inclusion partnerships). At various times throughout the last three decades distinct phases can also be identified where there was a particular ‘vogue’ for the use of certain types of vehicle (for example, an emphasis on the use of arms’-length companies in Edinburgh during the 1990’s or for broadly based partnerships to deliver community regeneration in the latter part of the 1990’s).

Approaches that focus on varying one dimension of delivery have achieved success to varying degrees, but in recent years increasing emphasis has been placed on identifying the most appropriate vehicle for delivering the desired change in the particular circumstances faced. Increasingly authorities and agencies have been encouraged to adopt an ‘holistic’ approach to delivery, to adopt a ‘best value’ approach and to rely on partnerships between public, private and voluntary sectors to bring about the desired change.

8.5.3 Delivering Change – the Scottish Experience

Scotland can point to an impressive record of delivering change within our cities for a variety of purposes, at a range of geographical scales, through a range of types of vehicle. This section sets out some of the historic and current approaches to delivery adopted in Scotland, which reflect a wide spectrum of approaches and have an impressive history of delivering regeneration.

Some of the types of ‘vehicle’ used to deliver change in our cities include:

**Local Authority Companies** – some authorities have experimented with the use of ‘arms’-length’ companies, in which the local authority holds a (usually majority) share. Companies receive an initial contribution from the local authority of funding and/or land and then enter into deals with private sector developers to deliver an agreed set of objectives. ‘Arms length’ companies can offer managerial focus and are often better placed to tap private sector skills, either directly or through partnerships. But they also raise issues of accountability and control. Examples in Scotland include the EDI Group and Stirling Ventures.
The EDI Group

EDI is a private limited company set-up in the late 1980’s by the City of Edinburgh Council (CEC) to develop the Gyle shopping centre on the western outskirts of the city. CEC own 100% of the shares in EDI and originally donated the site to be developed as well as a small amount of operating capital. Just over ten years on, EDI is now a profitable company that has undertaken a range of economic development projects with the private sector, both within and outwith the city boundary. It has, amongst others things, successfully delivered a major business park at Edinburgh Park; the Gyle shopping centre; a number of industrial units for rent; and a number of office space and retail units within the Old Town.

At one stage, EDI had ambitions to operate nationally, but the company’s activities are currently restricted to projects consistent with the plans and aspirations of the City of Edinburgh Council.

EDI has been successful in increasing its assets, realising a profit for the city council, and delivering high quality developments, while gaining the trust and respect of the private sector. Factors regarded as beneficial to success include the relative autonomy, but discipline, of a company approach, the importation of private sector expertise to the public sector, and the freedom to take action on a wide range of initiatives throughout the city-region.

Joint Ventures – a large number of local authorities and public agencies throughout Scotland have entered into joint ventures – with each other or with the private sector – to deliver particular projects and objectives. Joint ventures rely on two agencies recognising the inter-dependence of their mutual aims and objectives and coming together to deliver the necessary change. Existing examples of joint ventures cover a range of activities and objectives and include the Dundee Medipark, Edinburgh Waterfront Limited and the Edinburgh International Conference Centre.

Edinburgh International Conference Centre (EICC)

EICC is a joint venture between the City of Edinburgh Council (CEC) and Scottish Enterprise Edinburgh and Lothian (SEEL) formed in 1991 to deliver an international conference centre, a financial district and urban regeneration in the west end of the city centre – shortcomings in the corporate business offering of the city that were identified at that time. CEC own 100% of the shares in the limited company and originally contributed £25 million in the form of capital receipts for the development site. SEEL hold a ‘golden’ share and 50% of seats on the board. They originally contributed £6.75 million in grant funding.

Since inception EICC has been extremely successful in developing the area and virtually all of the original objectives have been met. An international conference centre is in place, business tourism has increased vastly, significant office floor space has been created and the profile of the city as a location for financial services has been radically improved. In total an investment of approximately £60 million of public funds has attracted about £400 million of private sector investment.

Factors identified as critical to the success of the project include 100% control over the development site by EICC (the title deeds for the site were leased from CEC by EICC), the importation of 'commercial expertise' to the board, a management team dedicated solely to the project, and the separation of secondary tasks (e.g. the ongoing management of the conference centre) from the development team.
Strategic Partnerships – whereby a range of local partners (primarily, but by no means exclusively, public sector) identify the key developments required to bring about change in an area/community. The partners then agree between them to focus their respective efforts and pool resources to deliver an agreed action plan. Successful examples in Scotland include the Dundee Partnership and the Crown Street Regeneration Partnership in the Gorbals.

The Dundee Partnership

The Dundee Partnership was established in the early 1990’s in response to studies identifying Dundee as under-performing on a number of measures. Covering the whole of the city, but with a particular focus on the city centre, the partnership has funded and undertaken a wide range of initiatives to improve the economic, social and environmental prospects of the city. Originally the partnership comprised only the regional and district councils and the local enterprise company but has since expanded to include membership from all sectors of the local community.

The partnership is, in effect, a ‘virtual’ one with no formal legal status. However, an agreement between partners has been signed and an action plan and financial schedule for contributions from the 3 core partners (Dundee City Council, Scottish Enterprise Tayside and Communities Scotland) agreed. Each of the core partners contribute staff time to support the operation of the partnership – while individual partners agree to take forward the agreed actions that fall within their remit.

The partnership has implemented a wide range of projects but has been particularly successful in regenerating and improving the image of the city centre, through huge investment in the public realm and the creation of a cultural quarter centred on Dundee Contemporary Arts.

Factors considered vital to the partnership’s success include the presence of an agreed vision for the city; a focus on the ‘culture’ of partnership rather than the ‘process’; a broad membership; the empowerment of officials in the core partners to take action; and a focus on areas where Dundee could realistically be competitive.

Area regeneration agencies – through which regeneration efforts across a range of topics (e.g. housing improvement, economic development, skills training) are co-ordinated and focused in the target area by one particular agency. Usually focused on areas of relative deprivation, sometimes through an existing agent (e.g. a housing association) regeneration efforts are not restricted to particular approaches or actions and often expand/change over time. Existing examples include the Queen’s Cross Group in Glasgow and Castlemilk Economic Development Agency.

Queen’s Cross Housing Association

Queen’s Cross H.A. has operated as a housing association in the Queen’s Cross, Maryhill area of Glasgow for over 25 years and is a company limited by guarantee as well as a registered social landlord. It is the original part of the Queen’s Cross Group of companies, that includes workspace development and property development companies. Recognising that the regeneration of deprived communities requires more than just the physical regeneration of the housing stock, Queen’s Cross now undertakes a range of activities in support of its development and management of the area’s social housing stock. These include support for credit unions, designing and building play areas, CCTV and road calming, and the management of a community facility – all with the aim of improving the image of the area and empowering local citizens to fulfil their potential.
Queen's Cross has relied upon an ‘opportunistic’ approach (specifically not excluding any activities from its remit) and an ability to exploit whatever funding sources become available. Such an approach may have drawbacks in terms of longer term planning but is cited as a strength by Queen’s Cross. The Association has succeeded in halting the decline of the housing stock in the area and has made it an attractive place to live (resulting in a waiting list of over 1,000 for Association properties). Key strengths of the Queen’s Cross approach include an action orientated approach on a wide range of projects, and partnerships with all of the key organisations in the area.

8.5.4 Learning from Best Practice

The above examples illustrate the impressive track record that Scotland’s cities have of developing successful vehicles for delivering change. Different models and approaches have been employed to excellent effect in a range of locations for a range of purposes according to local circumstances. However, review consultees did question whether existing efforts to learn from experience and to exchange good practice were sufficient and whether we were always sufficiently flexible to adopt new ideas and approaches from elsewhere.

While the approaches adopted to date are not directly comparable with each other it is impossible to say whether one approach is ‘better’ than another. However, it is possible to draw a number of lessons from existing examples and to highlight a number of features which might be regarded as ‘good practice’ when designing new delivery vehicles.

The box below highlights ‘good practice’ features drawn from the examples considered in detail by the review team. The list is not meant to be comprehensive, nor does it seek to provide a definitive guide of the factors to be built into the design of new vehicles. Indeed the ‘best’ vehicle for delivering a particular development will vary with local circumstances and in some instances may not demonstrate some of the properties identified here.

Designing a Successful Delivery Vehicle – Good Practice Features

➤ Vehicles should be ‘fit for purpose’ and empowered to take the action necessary to deliver the objectives;

➤ Board members and partners should be comfortable with, and committed to, the approach adopted. Ideally board members should have prior experience of (or be helped to understand) each partner’s aims and ethos;

➤ Partners should set the overarching objectives but, as far as possible, the vehicle should be empowered to determine the ‘how’ of delivery and to take action on behalf of partners;

➤ Vehicles should work within existing policy and land use planning frameworks;

➤ Vehicles should have control over the allocation of their own resources – within an overall accountability framework;

➤ Funding for vehicles should be non-compartmentalised (i.e. from as few sources as possible) and have as few conditions as possible placed on its use;

➤ 100% ownership and control of the site(s) to be developed is preferable;

➤ The purpose, objectives and targets of the vehicle should be kept as simple as possible;
A focus on readily deliverable objectives early in a vehicle's life help generate visible ‘wins’ and build momentum and credibility;

An investment in infrastructure in the development area early in the project demonstrates commitment to the project, builds credibility and eases delivery later in the process;

A ‘culture’ of partnership enables effective delivery – much more so than a ‘process’ of partnership;

Early and sustained consultation/liaison with the local community helps build support and enables delivery;

The presence of dedicated, full-time, experienced, professional staff is an advantage – although they need not necessarily be located within the vehicle itself;

The presence of a few key individuals within partner organisations dedicated to supporting the work of the vehicle is crucial to success. However, they must be replaced in adequate time.

Experience in Scotland therefore demonstrates that careful planning and consideration at the design stage are vital, that providing the vehicle with powers and a degree of autonomy that are fit for purpose is essential, and that there is no ‘one size fits all’ solution. The most appropriate design will depend entirely on the specific circumstances of the change required to be brought about – flexibility and a willingness to innovate are key.

It is important that the culture of innovation continues to be fostered and encouraged. A number of existing proposals – including the proposed duty of best value, the power of well-being for councils and the duties of community planning, along with amendments to the capital consents regime for local authorities – will go some way towards helping to cultivate new approaches and partnerships. Nevertheless, it remains vital that the Scottish Executive continues to free local authorities and public agencies to experiment with new approaches to delivery and that it provides incentives for them to do so.

The review process has also demonstrated that there is a wealth of experience in Scotland in delivering change effectively. Yet at present there is no mechanism for facilitating the exchange of practice between areas and agencies and, as a result, some areas or agencies may tend to become blinkered by following one particular approach. The review team therefore believes that there is a need to encourage a greater exchange of experience and good practice and to co-ordinate training for local authorities, agencies and communities in the design and use of vehicles for delivering change.

8.5.5 Learning from Experience from Outside Scotland

Despite its excellent track record in delivering change in innovative ways Scotland must not rest on its laurels. Some of those involved in the review suggested that Scotland may be losing the advantage that it had over the rest of the UK (and other countries) in delivering change in innovative, joined-up ways.

We must therefore ensure that we learn from effective new approaches from outwith Scotland. We must remain open and receptive to new ideas and must proactively seek to exchange information with our counterparts in the rest of the UK on what works and what doesn’t. In particular we need to learn from the innovations adopted in England following the Urban Task Force.
8.5.6 Urban Regeneration Companies

Urban Regeneration Companies (URCs) are one concept proposed by the Urban Task Force\(^6\) in England, and which have since been introduced, which some development professionals have recommended as a possible model for adoption in Scotland.

The Urban Task Force in England recommended the creation of URCs because it was felt that existing regeneration models were failing to achieve results as effectively or as quickly as necessary and that therefore a new approach was needed. In particular the recommendation to create URCs reflected recognition of:

- the need for a **strategic** approach to area regeneration;
- the need to **integrate** economic, social and physical regeneration measures to achieve success; and
- the need to **concentrate** limited resources on priority areas.

Three pilot URCs – Liverpool Vision, Sheffield One and New East Manchester – were originally designated in 1999 and 2000, and the Urban White Paper of November 2000\(^7\) announced that a further twelve would be established by 2003/04.

It is important to recognise that URCs are not formulated upon a fixed model – although most tend to operate as companies limited by guarantee and all share some common key features. These include:

- Operating within a defined area – the ‘designated area’;
- Operating as a partnership at ‘arms’-length’ from the partners – and in particular the local authority (each has three core partners – the local authority, the Regional Development Agency and English Partnerships);
- A board – usually comprising the public, private and community sectors, with both local and national private sector interests and elected members from the local authority;
- A dedicated Executive staff team – including both new appointees and secondees from the public and private sector.

A more detailed description of New East Manchester, one of the pilot URCs, is provided below.

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…it remains vital that the Scottish Executive continues to free local authorities and public agencies to experiment with new approaches to delivery…
New East Manchester

New East Manchester (NEM) was established in October 1999 and covers an area of approximately 1,100 hectares immediately to the east of the city centre. The NEM area comprises a very run down mixed residential and industrial area. At the time of inception approximately 30% of the land was vacant; population was falling dramatically; demand for housing was low; crime, fear of crime and environmental conditions were very poor and figures for unemployment, economic activity, educational attainment and post-16 education were far worse than the Greater Manchester and national averages.

Various parts of the area had already been subject to a range of regeneration efforts in the past and some or all of the area was already included under a number of regeneration programmes at the time of designation in 1999 (for example the New Deal for Communities, the Single Regeneration Budget, and Health, Education and Sport Action Zones). In total some £90 million was to be invested in the area over 10 years through existing initiatives and approximately a further £150 million each year of mainstream public sector funding was to be redirected to the area.

NEM operates as a company limited by guarantee, has a board comprising community, private and public sector representatives and has an Executive team of staff that is 10 strong. A strategy has been formulated that seeks to build on major opportunities and which has the 2 overarching objectives of “creating sustainable communities” and maximising the contribution of East Manchester to the regional and national economy.

The NEM strategy was developed through extensive community and stakeholder consultation and comprises six inter-related frameworks for co-ordinating action on the key issues of: economic development; education; housing; retail; community development; and transport. Following the completion of the strategy NEM is managing the delivery of five priority schemes (including the development of a new business park and the Ashton canal corridor) either directly, or through employing consultants. There is general agreement that NEM has created a strategy that is realistic and well supported, and that it has already made considerable progress in implementing its key development projects.

URCs do not receive additional resources from central government, nor are they given additional powers. Instead they are reliant on the allocation of resources by their core partners and the use of the relevant powers of partners (for example the compulsory purchase powers of local authorities) where necessary.

The primary role of URCs is to provide strategic co-ordination to achieve the physical, social and economic regeneration of an area in a comprehensive way. As such, URCs are primarily charged with undertaking a baseline study for the area, creating a regeneration framework (or Masterplan) for the area and translating this into a forward strategy (or action plan). The way in which URCs add value to existing initiatives is by influencing and co-ordinating the activities of partners and others – in effect providing the strategic leadership necessary to permit areas to realise their development potential and to raise investor confidence to the point where physical regeneration becomes self-sustaining.

Research into the operation of the three pilot URCs, commissioned by the Department for Transport, Local Government and the Regions and published in July 2001, found that they were making significant progress and that they offered significant potential for the improved focusing and co-ordination of physical and economic regeneration in specific areas.

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The research identified a number of factors (shown in the Box below) that contribute to the success of the URC approach. However, the single most important success factor identified was the need to engender confidence in the private sector, by creating a favourable climate for investment through the perception of a well-managed area, the commitment of key decision takers, and significant public investment in early actions to establish the conditions for growth.

**Evaluation of the Pilot URCs – key success factors**

- Full commitment and involvement by the partners and a willingness on their behalf to concede certain powers and responsibilities to the URC;
- A close and effective working relationship with the local authority;
- Taking the time to get the local strategy right and communicating it widely;
- Appointment of a highly effective Chair, Board, Chief Executive and Executive team. The board should comprise key decision makers and influential individuals;
- Development of a prioritised programme of action with clear implementation arrangements;
- Effective involvement and engagement of stakeholders;
- Influence on the investment decisions of partners, other public sector organisations and, crucially, private sector investors;
- Integration with other initiatives and clear agreement on roles and responsibilities;
- The establishment of positive momentum, through early high profile projects successfully delivered, which is then successfully maintained;
- A commitment to high quality standards in terms of design and architecture.

URCs have therefore made a promising start in re-invigorating regeneration efforts in their designated areas in England and could offer potential for doing the same in Scotland were we to choose to adopt the approach.

The URC approach offers little that is particularly new or unique in terms of a model. Indeed many of the success factors identified in the table can be demonstrated by a number of existing Scottish delivery vehicles. What the URC model does offer, however, is a renewed focus and dynamism for regeneration efforts, improved co-ordination of existing activities behind a comprehensive strategy and independence from local authorities and other public agencies.
The Cities Review team therefore believe that there is potential in introducing key elements of the URC approach to Scotland, to provide a new impetus for regeneration efforts in areas of our cities where existing initiatives are failing to deliver. In particular, we believe there to be benefit in the role that the designation of URCs by central government plays in identifying national priorities and signalling to the private sector the intention of public agencies to focus efforts and investment to drive forward regeneration in particular areas. But to be effective national priority status would need to be reflected across the range of central government funding programmes and in the developing national planning framework.

8.5.7 Community Development Trusts

Community Development Trusts (CDTs) represent another example of an ‘holistic’ approach to regeneration and change that those involved in the review suggested Scotland might learn from. CDTs adopt a comprehensive approach to the regeneration of both urban and rural communities and are founded upon a partnership approach with a focus on community involvement. Trusts are not founded upon a common model but most are formed as charitable companies and comprise a board of directors with a high degree of representation from the local community.

CDTs have been in existence for several decades but have proliferated since 1996 and the Development Trusts Association now boasts over 200 members in England, Wales and Northern Ireland. CDTs were recommended as a possible model to learn from because of their success in harnessing the capacity of communities to help regenerate their own community and their ability to exploit short-term funding opportunities to create an asset base, and thereby become self-sustaining.

Having grown out of traditional voluntary sector approaches to social welfare, trusts have since expanded to deal with both the economic and environmental aspects of community regeneration. They do not explicitly exclude any particular activities from their remit and instead adopt a holistic approach to regeneration that recognises that for successful community regeneration to occur, economic, social and environmental shortcomings must be tackled in a comprehensive way.

The geographical areas that trusts cover range in size from a few hectares to large towns or rural communities and the assets that they have built from a few thousand pounds to millions in some cases. Because they respond to local needs, no two trusts are alike but the activities that they commonly become engaged in include:

- the development and management of workspace for local businesses;
- the provision of shops, market spaces and business advice;
- the co-ordination of career advice and training schemes;
- the development of vacant and derelict land;
- the management of local environmental improvement schemes and public spaces;
- the development and management of sports and recreation facilities;
- the management of community centres and offices;
- the development of play schemes and childcare centres;
- the development of affordable housing;
- support for community development.

In short CDTs engage in any activity that they deem to be of benefit to the local community. They both work in partnership with other bodies (e.g. local authorities) and directly manage and undertake work themselves.

For more information on Community Development Trusts visit: www.dta.org.uk
Research over recent decades, and the Borrie Commission on Social Justice, have both found CDTs to offer considerable potential because of both the outputs that they deliver and the way in which they deliver them. Relying on bottom up approaches to regeneration, they both foster confidence in deprived communities through empowering them to take action and enhance local skill levels through their activities.

Although organisations similar to CDTs exist in Scotland, review consultees suggested that current regulations and legislation governing social economy vehicles prevent Scottish organisations from fulfilling their full potential. Others argued that the regulatory framework for CDTs was fully adequate for the wider role envisaged, and that the issues that need to be addressed concerned education, information and encouragement.

The Scottish Executive may wish to give consideration to whether CDTs offer a distinctive approach that is worth exploring in Scotland and, if so, whether permissive legislation is required to enable their development.

8.6 ENSURING SUCCESSFUL DELIVERY

Despite the excellent track record that Scotland can demonstrate in delivering change in our cities, the review also highlighted the existence of a number of barriers that currently limit the effectiveness of regeneration efforts and retard the process of change. The following section highlights those that were identified, where the review team believes there is considerable scope to improve the current situation.

8.6.1 The Importance of Pro-active Leadership

A crucial barrier to delivery identified by the review is the absence, in some instances, of pro-active, strategic leadership to tackle the priority issues facing our cities. This is particularly a problem at the city-region level. This chapter has already highlighted the importance of effective city-region civic leadership and the need for comprehensive, forward looking plans that tackle the key development priorities and opportunities facing our cities. Greater co-operation at a regional level to identify the key threats and opportunities will go some way towards addressing perceived shortcomings. Nevertheless it is vital that key stakeholders in the city take action to tackle the key development challenges facing them – particularly where challenges transcend individual local authority boundaries.

The review team also believes that the Scottish Executive has a role to play in ‘flagging’ national priorities that it considers Community Planning partnerships and individual authorities should proactively address through the proposed national planning framework.
Local authorities, public agencies, communities and the private sector must have a clear understanding of who will take the lead on tackling particular issues and, once agreed, must be proactive about grasping development opportunities and driving through change. This should be a role of Community Planning. At present there is a danger that, due to a lack of clarity over responsibilities, some regional development opportunities are being missed.

A particular example that demonstrates this point is the future of the River Clyde Waterfront in Glasgow. It is now universally accepted that the future prosperity of the city and its surrounding region will benefit greatly from a comprehensive, co-ordinated redevelopment of the waterfront from Inverclyde in the west to Lanarkshire in the east. A large number of separate development applications have been put forward. Following a meeting in November 2001 of public and private sector partners involved in the regeneration of the River Clyde, the Clyde Waterfront Working Group was established, chaired by Scottish Enterprise, to ensure that all parties work closely together to realise an ambitious vision for the river from Glasgow Green to the Erskine Bridge.

But, in the absence of co-ordinated action in the past by all the local authorities in the region, the Working Group is now faced with the difficult task of integrating the many existing (sometimes competing) development proposals for this part of the River Clyde corridor into a single comprehensive masterplan. Achieving an optimum development plan for the riverside will be extremely challenging. And there is still no formal mechanism for taking a strategic view of the developments to the east and west of the RCWG area.

8.6.2 The Land-Use Planning System
Earlier sections of this chapter have already highlighted the reforms that are proposed for the planning system. However, a large number of development professionals expressed frustration with aspects of the planning system that they believed were limiting the delivery of change in our cities. The compulsory purchase and planning gain regimes are dealt with separately below but a number of other concerns about the land-use planning system were raised.

8.6.3 Masterplanning for Change
One of the prime causes of concern was a perception that the key development and regeneration projects that are central to the future success of city-regions were not receiving sufficient priority. Some felt that there should be more widespread use of masterplans to ensure more holistic development, greater external buy-in, and a more integrated approach to delivery.

Masterplanning is already being used effectively in Scotland, but we agree it may be able to play a bigger role, particularly where action is required by multiple agents. Relevant projects might range from the redevelopment of a large brownfield site, greenfield sites or renewal of an existing neighbourhood/community. In such instances, comprehensive masterplans, with a strong action orientated approach, could bridge the gap between local plans and regional structure plans, and help focus and guide efforts to bring about change. This would link in with our earlier consideration of Urban Regeneration Companies and the discussion which follows below on a more action orientated role for the planning system.
### 8.6.4 Focusing the Planning System on Delivering Change

The planning system was also criticised for being slow and unresponsive. Many felt that plans were not generated, approved or updated quickly enough and that as a consequence they were often out of touch with reality. Some argue that council planning departments are under resourced, others that councils fail to make the best use of the resources they do have. There is certainly the perennial problem of ‘routine’ applications for planning permission driving out more strategic work. This is compounded by the bureaucratic nature of much of the formal consultative and decision-making processes.

The scale of the challenge is indicated by the available statistics on the performance of planning authorities:

**Table 8.12:** Type and number of planning applications processed by local authority – 1998/99 to 2000/01

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</thead>
<tbody>
<tr>
<td>Number of planning applications</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aberdeen</td>
<td>1,325</td>
<td>1,373</td>
<td>1,286</td>
<td>74.2</td>
<td>69.0</td>
<td>1,003</td>
<td>855</td>
<td>767</td>
<td>43.0</td>
<td>44.9</td>
<td>2,328</td>
<td>2,228</td>
</tr>
<tr>
<td>Dundee</td>
<td>250</td>
<td>280</td>
<td>262</td>
<td>82.5</td>
<td>84.4</td>
<td>496</td>
<td>540</td>
<td>456</td>
<td>50.7</td>
<td>48.2</td>
<td>746</td>
<td>820</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>1,342</td>
<td>1,734</td>
<td>1,679</td>
<td>59.2</td>
<td>59.9</td>
<td>1,961</td>
<td>2,302</td>
<td>1,977</td>
<td>34.1</td>
<td>33.3</td>
<td>3,303</td>
<td>4,036</td>
</tr>
<tr>
<td>Glasgow</td>
<td>493</td>
<td>598</td>
<td>630</td>
<td>72.8</td>
<td>83.7</td>
<td>2,019</td>
<td>2,457</td>
<td>2,412</td>
<td>51.0</td>
<td>55.0</td>
<td>2,512</td>
<td>3,049</td>
</tr>
<tr>
<td>Highland</td>
<td>1,104</td>
<td>1,124</td>
<td>1,018</td>
<td>83.0</td>
<td>81.9</td>
<td>2,342</td>
<td>2,591</td>
<td>2,567</td>
<td>60.2</td>
<td>54.5</td>
<td>3,446</td>
<td>3,715</td>
</tr>
<tr>
<td>Scotland</td>
<td>17,102</td>
<td>18,116</td>
<td>17,709</td>
<td>80.3</td>
<td>80.2</td>
<td>25,598</td>
<td>26,676</td>
<td>24,586</td>
<td>52.3</td>
<td>51.0</td>
<td>42,700</td>
<td>44,792</td>
</tr>
</tbody>
</table>


N.B. The Scottish Executive target for local authority performance is for 80% of all applications and 90% of householder applications to be processed within two months.

Table 8.12 shows the number of ‘householder’ and ‘non-householder’ planning applications to the city authorities, and their performance in processing them, over the last 2–3 years. From this it can be seen that the city authorities’ performance in processing all applications is just below the Scottish average, except for Edinburgh, which is well below the Scottish Executive’s target. The performance of authorities over the period has improved slightly in some cases, but has declined slightly in others. Care must be taken when comparing the performance of councils since the time taken to process an application will vary according to the complexity of the application itself, the number of organisations and individuals to be consulted and whether it affects a listed building or conservation area. The proportion of applications that are more ‘complex’ in any one year will therefore affect the performance of authorities.

Nevertheless, the fact that the performance of city authorities in processing applications is, in some cases, worse than average has implications for development in our cities, and the lack of improvement in recent years gives cause for concern. This is particularly the case when one considers non-householder applications (such as those from housing developers and commercial organisations) and reflects the concern expressed by some that insufficient priority is given to processing planning applications for ‘major’ regeneration and development projects.
Table 8.13 shows the number of non-householder applications to each authority per thousand of population and gives some idea of the scale of activity for each authority. This shows that the volume of applications in the cities is less than the Scottish average and much less than the large, mainly rural, Highlands, although it is possible that applications and the resulting consultation process may be more complex in cities.

**TABLE 8.13:** Planning applications per head of population, by type and by local authority – 2000/2001

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Population</th>
<th>‘Householder’ Planning Applications per 1000 of population</th>
<th>‘Non-householder’ Planning Applications per 1000 of population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen</td>
<td>212,650</td>
<td>6.0</td>
<td>3.6</td>
</tr>
<tr>
<td>Dundee</td>
<td>144,430</td>
<td>1.8</td>
<td>3.2</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>451,710</td>
<td>3.7</td>
<td>4.4</td>
</tr>
<tr>
<td>Glasgow</td>
<td>611,440</td>
<td>1.0</td>
<td>3.9</td>
</tr>
<tr>
<td>Highland</td>
<td>208,600</td>
<td>4.9</td>
<td>12.3</td>
</tr>
<tr>
<td>Scotland</td>
<td>5,119,200</td>
<td>3.5</td>
<td>4.8</td>
</tr>
</tbody>
</table>


The performance of Aberdeen, Dundee, Edinburgh and Glasgow is therefore poor compared to the Scottish average, and well below the Executive’s target. There are recent signs of a sustained improvement in Edinburgh, although it has been suggested that in Glasgow there is little sign of improvement, indeed performance may have deteriorated.

Consequently, many review consultees felt that there was an urgent case for encouraging quicker consideration of developer planning applications in our cities. Some argued for the ‘fast tracking’ of planning applications for major projects and for the designation of ‘priority’ areas for development that might form the focus of special attention by planning departments.

The Planning Audit Unit, within the Scottish Executive Development Department, is working with authorities to try to improve performance in development control and Planning Advice Note 40 (Development Control) gives advice on best practice. However, a number of review consultees clearly believe that more needs to be done.

### 8.6.5 Compulsory Purchase Powers

There is widespread concern among local authorities and the development profession that the existing compulsory purchase order (CPO) system is not meeting current needs. Opinion is somewhat divided over whether existing local authority CPO powers are insufficient or whether current practitioners lack the necessary skills to employ them to best effect.

There is a commonly held belief among practitioners that current arrangements are at best complex, slow and unwieldy and that at worst they are adversarial and favour landowners. The most commonly expressed concerns related to the time taken to process applications for CPOs, the system for determining ‘fair’ compensation to landowners, and the definition of circumstances in which CPOs may be used.
Concern was expressed about the absence of commitment to a timetable for confirmation of planning CPOs by Scottish Ministers. Unopposed CPOs and those where the objections are withdrawn quickly can be processed very rapidly. However, where statutory objections are sustained, under the current legislation these require to be considered at either a public local inquiry or hearing. Such CPOs could take 2 years or more to be determined by Ministers. Where such a delay occurs this could cause major difficulties for regeneration projects and create uncertainty for both delivery vehicles and private sector partners over whether and when progress will be made.

Safeguarding the rights of the individual will remain a crucial requirement of the CPO process, but there is a feeling that more emphasis needs to be placed on the ‘common good’. The current system appears to favour landowners who, once a regeneration scheme has been proposed, can delay the sale of their land in the hope that they will receive a higher return at a later date. Problems are exacerbated by a perceived lack of consistency from the Lands Tribunal for Scotland over how much landholders should receive in compensation. This may be allowing some of the ‘betterment’ value of regeneration schemes to leak out of the system – thereby reducing the returns that public and private sector developers might expect and the attractiveness of investing in regeneration projects.

It is possible that the proposals for Community Planning and a local authority ‘Power of Well-being’ contained in the current Local Government (Scotland) Bill may help to provide greater powers for authorities to act in the ‘common good’. However, no consideration has yet been given to their potential impact on the CPO system.

Section 189 of the Town and Country Planning (Scotland) Act 1997 gives authorities the power to acquire land compulsorily for the purposes of development, redevelopment or improvement, or “in the interests of the proper planning”\(^\text{10}\) of an area. However, there is uncertainty among development professionals about the circumstances in which section 189 may apply and it has been suggested that Ministers should issue a policy statement clarifying their interpretation.

A final set of concerns surround the levels of professional competence in the use of CPO procedures and land compensation within local authorities. Levels of CPO use in Scotland have been low and declining in recent years and some have pointed to the absence of up to date, concise guidance notes for practitioners as one of the principal causes of this trend. There can be little doubt that the use of CPOs by local authorities has declined since a high point in the mid-1990’s, despite the number of high-profile regeneration projects that have been implemented.

Research published in 2001\(^\text{11}\) found that CPO use declined between 1994 and 1998, and that, if acquisitions by the Scottish Executive (almost exclusively for trunk road projects) were excluded, the limited use of compulsory purchase powers was even more striking. In addition, the research found that there was little evidence of orders being used for major urban regeneration projects. Figures on the use of CPOs by local authorities since 1998 suggest that it is continuing at a similar level. When looking at numbers of CPOs, however, we note that the research also indicates that the majority of acquisitions are made by agreement ‘in the shadow’ of compulsory purchase powers. In other words the vendor is aware that the acquiring authority could use compulsory purchase powers if necessary.

\(^{10}\) Section 189 (1)a – Town and Country Planning (Scotland) Act, 1997.

\(^{11}\) Review of Compulsory Purchase and Land Compensation – Scottish Executive Central Research Unit, June 2001.
The review team believes that the decline in the use of CPO powers could hinder the future delivery of physical development in our cities. Research in 1996 into the use of CPOs under planning legislation across Great Britain suggested that the then single most important reason for the limited use of such orders was financial. While financial constraints are likely to remain a major factor influencing use of the powers, evidence is accumulating that legal and practical difficulties in using the powers are increasingly significant, and reform of the CPO system is now pressing. In particular, the team believes there are a number of short-term steps which could be taken without the need for legislation (such as the provision of updated guidance and training for staff involved in the CPO process) which would go some way towards preventing further decline in CPO use and the possible loss of expertise in this field.

England have already shown the way in this respect and published proposals for both legislative and procedural change. Following a consultation paper on changes to the system, the Office of the Deputy Prime Minister published proposals for the way forward for the CPO system in England in July 2002. This set out the Government’s intention to bring about both procedural and legislative change to:

- Provide a clearer legislative basis for the use of CPOs and clarify local authority powers to utilise CPOs for the full range of planning and regeneration purposes;
- Make the system simpler (by making it easier to confirm orders and consider objections, to clarify compensation codes and entitlements, unify inquiry rules, and provide improved guidance);
- Make the system fairer (by improving the levels of compensation payable, increasing certainty about timetables for CPO procedures and encouraging easier access to the Lands Tribunal);
- Make the system quicker (by allowing for confirmation of orders in stages and increasing local authority powers to acquire land for mitigation purposes).

As a member of the Compulsory Purchase Policy Review Advisory Group, the Scottish Executive (and the then Scottish Office) has kept closely in touch with ODPM’s work in England. In addition, the Executive commissioned research, published in 2001, to identify any particular Scottish dimensions to the compulsory purchase review. The Executive intends to consult on proposals for updating the laws and procedures in relation to compulsory purchase in due course.

8.6.6 Planning Agreements

Planning agreements often, but not always, relate to the provision by would-be developers of services and/or infrastructure that traditionally would have been provided by the public or voluntary sectors. Planning agreements may include the provision of ‘affordable’ housing by developers within owner-occupied developments, funding for improvements to transport infrastructure (such as access roads, bus stops and transport interchanges), and contributions towards social infrastructure (such as community centres, schools or other services). Such agreements are negotiated between planning authorities and developers to make development proposals acceptable in land use planning terms. The service or infrastructure provided by the developer is often referred to as “planning gain”.

Planning authorities in Scotland have the power to enter into planning agreements under section 75 of the Town and Country Planning (Scotland) Act 1997. Current guidance from Scottish Ministers stresses that planning authorities should not use an applicant’s need for planning permission to obtain a benefit which is unrelated in nature, scale or kind to the proposed development – i.e. that the subject of the agreement should be directly related to the development.

Use of planning agreements in Scotland is still relatively limited but is rising. Planning agreements accounted for less than 1% of all planning approvals over the 3 year period from September 1996 to September 1999, but rose by some 77% over the same period. The majority of agreements related to residential development and were used most frequently to secure infrastructure and transport improvements (including Green Transport Plans). There is a significant variation in the use of planning agreements between different authorities across Scotland, with Aberdeenshire and Aberdeen City accounting for nearly 30% of all of the agreements concluded from September 1996 to March 2000.

There is some evidence that planning agreements or obligations are used more widely in England. Recent research suggests that 17.6% of major developments and 26% of major housing schemes in England involved planning obligations. This may reflect more restrictive Scottish legislation about what agreements may contain and/or development pressures in the south-east of England.

Despite the growing importance of planning gain agreements, both private developers and public sector development professionals involved in the review identified concerns about the operation of the system which could frustrate development. Unsurprisingly, the private sector expressed concern that too much ‘gain’ was being ‘squeezed’ out of developments and that, as a result, the returns achievable were being reduced and investment opportunities stifled. On the other hand, some local authority members and officers were concerned that some developments do not realise the amount of ‘gain’ that might be possible. At the heart of this debate lies uncertainty about the level of contribution that might reasonably be expected from developers; one consequence is the length of time it generally takes to conclude an agreement.

Part of the problem is that there are pressures to use planning agreements for purposes other than those originally conceived. The statutory powers were designed to regulate the use of land and provide support for infrastructure and other improvements directly related to the development. The intention was not that they should be used to fund new transport infrastructure or affordable housing. Although the purpose of planning agreements is clearly defined in guidance from the Scottish Ministers, their actual use is “inconsistent and eccentric”. It is clear that, whatever their original aim, planning agreements are now being used to meet both the external costs of development and, more contentiously, to meet wider social/economic objectives. The financial pressures that have led to this outcome are unlikely to diminish, and there is therefore a strong case for considering whether planning agreements are the way to address these wider objectives and what amendments may be required to legislation and guidance in this area.

This trend towards use of planning agreements for funding necessary investment is unsatisfactory in several respects. As has been noted above, the negotiation of case by case deals can be time consuming. The process is also inherently inequitable in its treatment of developers. The big and the influential can use their influence

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and hire in negotiating expertise, the small and the run-of-the-mill often have little of either. Some developers may be able to evade their reasonable responsibilities, others may be asked to make too large a contribution.

But the public sector financial pressures that have led to this outcome are unlikely to diminish. Many, if not most, review consultees expected that planning agreements will become increasingly important if Government’s ambitions for Scottish and UK cities are to be realised in years to come.

The draft development plan for London sets ambitious targets of 35% or 50% for each borough for the proportion of affordable housing that will be provided within private residential or mixed-use housing development schemes. The plan recognises that the share of affordable housing realisable on each site will vary according to individual circumstances and that therefore some sites will deliver less than 35% affordable housing, while others should deliver over 50%. Individual borough councils are therefore free to negotiate with developers about the level of affordable housing provided and may enter into agreements that provide for the provision of affordable housing ‘off-site’ or payments in lieu in some circumstances.

Similarly, in November 2000, the City of Edinburgh Council introduced an interim planning policy on the provision of affordable housing, in response to perceived high levels of unmet housing need in parts of the city. The policy seeks to ensure the provision of affordable units within housing proposals of over 25 dwellings of up to 25%. For ‘major sites’ of over 500 units there is a uniform target of 25%, while the proportion of affordable units varies from 0-25% in different areas of the city for smaller developments. The city council aims to implement this policy through their local plans, with specific policies set out at ward level tailored to local circumstances. Homes for Scotland have opposed the use of such clauses, regarding them as a ‘development tax’. The Scottish Executive has recently consulted on revision of NPPG3 on Housing, including affordable housing, and Ministers are expected to publish a final version early in 2003.

There is therefore a strong case for reviewing the legislative framework for planning agreements and developer contributions.

Designing a system for negotiating planning agreements and working out what a ‘reasonable’ contribution might be is, of course, fraught with difficulty. The economics of new housing, an office development or a major transport scheme will be widely different. They will also vary by scale and location. The public sector may well be at an information disadvantage in any negotiations. Approaches that might be appropriate for a fairly standard ‘commodity’ such as housing for sale, will not work for a one-off business park or new rail link. There is therefore no single panacea that will work in all circumstances.

But significant sums are at stake, particularly in the case of the major one-off projects. Private evidence to the review suggests that the infrastructure contribution negotiated with a Central Belt business park substantially underestimated the real value of the development. Looking ahead, the potential development gain to the private sector of the new Edinburgh trams and the Edinburgh and Glasgow airport rail links is likely to be sizeable.

We need more empirical evidence about which approaches work and in what circumstances. Can we increase the professionalism with which the public sector negotiates agreements? Can we introduce greater predictability and consistency in the level of ‘public’ investment expected of developers? Are there better ways of handling the major schemes?

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8.6.7 Improving Negotiation Arrangements?

One obvious way to achieve greater clarity and consistency is to improve the way in which agreements are negotiated. At present the outcome of each case by case negotiation is subject to the different knowledge, experience and skills of the negotiators employed by both sides. This will undoubtedly vary considerably between cases and many believe that local authorities are usually disadvantaged by the relative expertise of their negotiators. Some consultees have therefore suggested that a solution may lie in improving the skills of public sector negotiators or in the ‘professionalisation’ of the system.

One council who have already pursued this approach is Aberdeenshire, who have appointed a planning gain co-ordinator whose role it is to undertake all negotiations with developers on behalf of the council. Better training for public sector negotiators will also go some way to achieving greater consistency in negotiations. At present, planning graduates receive no training or experience in the negotiation of planning agreements.

In other areas of Scotland and the UK some councils have begun to explore the possible use of planning gain ‘brokers’, independent of both sides, who seek to maximise development opportunities for both public and private sectors. They would appear to offer particular potential in relation to projects that might otherwise fail to be implemented due to uncertainties among both developers and councils about the level of ‘uplift’ achievable.

8.6.8 Development Tariffs?

To tackle uncertainty in the levels of ‘gain’ expected, some have advocated the introduction of a development tariff system that imposes ‘standard’ rates of ‘gain’ on developments. Some authorities in England (for example York and Cambridge) and parts of the Republic of Ireland have already experimented with the use of tariffs on a small-scale. In addition, a recent English consultation paper proposed reform of the planning obligation system in order that it might act as a mechanism to ensure that development provides social, economic and environmental benefits to the community as a whole – thereby delivering sustainable development. A central element of the proposed reforms comprised the introduction of a standard tariff system, set locally through the local plan process. The UK Government decided against a national move towards tariffs in the near term.

The review team found little enthusiasm for the adoption of a tariff approach in Scotland – with many believing a tariff system to be unworkable and too close to a ‘development tax’ to be considered acceptable. Nevertheless, the review team understands that some councils are considering introducing local development tariffs (e.g. West Lothian). It will be interesting to observe how such moves are perceived and work locally, before considering whether Scotland should pursue the tariff approach adopted in England and elsewhere.

8.6.9 The Way Forward

Uncertainty about the level of ‘gain’ that might be realised from development in our cities and the practice of negotiating contributions are causing delays and inconsistency in the delivery of change. This section has highlighted some of the potential solutions put forward to ensure that the potential contribution of planning agreements to realise visions for our cities are neither over nor under-exploited. It is clear that improvement to the system is needed but it is less clear

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that one solution will provide the answer in all circumstances. It is vital that local authorities, developers and the Scottish Executive work together to provide encouragement and support for new approaches to this issue. The Scottish Executive, the Royal Institute of Chartered Surveyors and Royal Town Planning Institute will be holding a joint conference on planning agreements and infrastructure provision to debate some of these issues in early 2003.

8.6.10 Financial Incentives and Restrictions
Despite the widespread use of purpose specific delivery vehicles, and recent encouragement for the use of joint ventures, the review highlighted concerns amongst the development profession about the financial regime supporting regeneration efforts.

8.6.11 Flexible deployment of funding
Despite recent encouragement for partnership working and the pooling of budgets to finance major projects, many consultees reported continuing concern and uncertainty amongst local authorities about the accountability of arms'-length delivery vehicles. Best value proposals in the current Local Government Bill will clarify the regulatory position and enable better informed decisions about the role of special purpose vehicles. However, there is still a need to educate local authority councillors about the benefits of innovative approaches and thus make them more comfortable with their use. At present the review team believe that some opportunities for the use of innovative delivery vehicles to facilitate regeneration may be being missed due to a lack of willingness to deploy funding and staff in flexible ways.

8.6.12 Exploitation of tax incentives
Review consultees also believe greater opportunities exist for more widespread exploitation of the tax and other incentives available to support regeneration activities. The UK Treasury, partly in response to the report of the Urban Task Force in England, has introduced a number of tax and other incentives in recent years to encourage the regeneration of our towns and cities. Table 8.14 summarises those currently available or proposed.

**TABLE 8.14: Tax Incentives Available to Support Urban Regeneration**

<table>
<thead>
<tr>
<th>Scheme</th>
<th>What’s available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Investment Tax Credit</td>
<td>Tax Credit worth at least 25% of value of investment in community loan funds in disadvantaged areas</td>
</tr>
<tr>
<td>Tax Credit for Contaminated Land Clean-up</td>
<td>Up to 150% tax credit for the clean-up costs of contaminated land</td>
</tr>
<tr>
<td>Capital Allowances for flats over shops for letting</td>
<td>100% capital allowances to provide up-front tax relief for the costs of converting flats over shops for letting</td>
</tr>
<tr>
<td>Removal of VAT burden on the sale of renovated houses empty for 10+ years</td>
<td>VAT removed on sale of housing that has been empty for over 10 years for VAT registered builders, developers and converters</td>
</tr>
<tr>
<td>Stamp duty exemption in disadvantaged communities</td>
<td>Complete exemption from stamp duty on all transactions (purchases and leases, residential and commercial) in selected disadvantaged communities</td>
</tr>
<tr>
<td>VAT reduction to 5% for residential conversions</td>
<td>Reduction of VAT rate to 5% for registered builders on the conversion costs of eligible buildings</td>
</tr>
</tbody>
</table>
However, there is some concern that these incentives are not being exploited in Scotland as extensively as they might be. In part this may be because the type and location of regeneration efforts designated as eligible for relief do not ideally match current initiatives in Scotland. In addition, knowledge of the incentives available may not have penetrated Scotland as widely as would be desirable.

There is therefore a need for the UK and Scottish governments to encourage greater exploitation of the tax incentives available by promoting their availability more widely throughout target areas and by ensuring that their design matches Scottish needs accurately. One way of raising awareness would be through publicising case study examples of developments that have taken advantage of the incentives to date.

8.6.13 Investment in Physical Infrastructure

A further barrier to the effectiveness of regeneration and development activities comprises the relatively low levels of public sector investment in infrastructure. In part this may reflect a general shortage of capital resources available for investment (as highlighted earlier in this chapter) but may also reflect a general reluctance on the part of local authorities and public agencies to invest in projects prior to confirmation of private sector investment and/or competing priorities for resources.

In comparison with some of their European counterparts, Scottish public sector agencies appear reluctant to invest ‘speculatively’ in public infrastructure and services (e.g. roads and public transport, water and communications technology) prior to the first turf being broken on new regeneration initiatives. Chapter 3 has already highlighted the implications of this on the regeneration of brownfield land in our cities, but the reluctance of local authorities and others in Scotland to put in place public infrastructure prior to development – with the aim of encouraging private sector investment – may be stifling some development projects.

This contrasts with attitudes in some of Scotland’s competitors. In countries such as the Netherlands and Germany, public authorities are much more willing to purchase land upfront, put in place a masterplan, invest in public infrastructure and only then dispose of the land to developers, using the higher prices obtained to reimburse some or all of their upfront costs (the former “New Town Model”). There was general agreement among review consultees that this approach (although carrying greater risks) leads to more integrated and equitable outcomes in the longer term.

Public agencies need, of course, to balance investment strategies across a range of priorities. However, concern was expressed by review consultees that the current investment strategies of some agencies (for example, Scottish Enterprise) are too heavily weighted against physical infrastructure projects. Physical investment is, of course, not an end in itself – it is only one of a number of investment streams that need to be integrated to help ensure strong, sustainable development. But there is a need for public sector agencies to consider more explicitly the spatial implications of their support strategies and the type of investment that will best deliver their objectives. The review team believe that more needs to be done to encourage investment in physical infrastructure as a way of facilitating growth. In particular the proposed national planning framework will have a role to play in signalling the importance of investment in public infrastructure and in identifying the key projects that will be central to the realisation of the Executive’s ambitions for Scotland’s future.
BEYOND CITY LIMITS
9.1 CHANGING LIMITS OF UNDERSTANDING

For much of the last twenty years the changing conditions and roles of Scotland’s cities have not always been at the forefront of policy reflection and development. Whilst many individual area or sectoral actions have been pursued, some of them effective and successful and others less so, there has been no integrated understanding of how the cities contribute to national progress and wellbeing. This Review set out to develop three important sets of insights.

First, it aimed to achieve an assessment of how cities matter in achieving Scotland’s core objectives.

Secondly, having established that where things occur influences what happens and for whom, the intention was to develop both a way of thinking about city issues and policies for the future.

Thirdly, and perhaps most importantly, the Review aimed to bring together what was known about key processes, problems and potentials in the Scottish cities.

This document essentially sets out the challenges, whether in solving problems or releasing city potentials, which the Review Team identified from the analysis of data, and through discussions with the research community and literally hundreds of officials, experts and others who attended Sounding Boards and Working Groups. The very existence of the Review triggered an active debate about Scotland’s cities. The Executive has put this contextual, analytical statement in the public domain both to indicate the evidence base supporting the associated policy statement but also to inform further debate.

There is a need to sustain future thinking for our cities. This will require a continuing dialogue between the Executive and local authorities and other partners about mutually consistent visions and supportive actions for the future. It will also require all of the actors in Scotland’s cities to develop a recurrent internal capacity and propensity to monitor and evaluate what is happening to progress in all of the cities.

Scotland’s city policy-makers, both national and local, could be more spatially aware. Being aware will mean having an increased ability to develop key, recurrent indicators for city progress and problems, not least for economic development, quality of life, and environmental and social justice. And the development of these indicators will require cross-departmental and agency collaboration in ensuring that we know what is happening in our cities, and that we know quickly and consistently.
9.2 BEYOND THE LIMITS OF BOUNDARIES

The work of this Review, time and again, drew attention to the mismatch (in many instances) of formal political boundaries, and indeed internal administrative boundaries of Executive agencies and quangos, and the functional shape of the key daily activity systems of our cities. Labour markets, housing markets, shopping patterns, commuting maps do not mesh easily with formal council boundaries. They will never, of course, match precisely and indeed these activities focused around a core city may each suggest different limits. And these limits will change over time.

A clear implication of this Review is that effective local responses to the pressures that global economic change brings, or indeed the shifts that stem from locally devised change, should now be seen within a city-region framework. That is the case whether the change in question is felt within the city-region or also involves the relationships between different city-regions. A city should now be aware of all of the key geographic relationships that influence its progress. The city boundary defines not so much a sanctuary or a line delimiting powerful autonomy over all key areas of activity but rather the place at which a city has to start recognising and thinking about the key relations and alliances that it needs to succeed.

This approach to cities stresses their connectedness, to their labour market and service areas, to their wider hinterland. And it requires the capacity not to make sharp delineations between city, suburbs, town and country. We will misunderstand the roles and effects of cities, both good and bad, if we see political boundaries as closures.

The Executive should be careful before taking the approach to urban and city policies that some national governments in the advanced economies have adopted since the 1980’s, where there has been a common pattern of giving greater responsibilities to local levels and advocating new partnerships as a panacea whilst policy resources were reduced. Devolution and appropriate partnerships are important priorities for the Executive in fashioning a better governance of Scotland, but so also is adequately resourced local government and clear overall strategy and direction.

In shaping policy for cities and places the Executive will have a lead role, as the higher level of government, in developing key aspects of policy and delivery. These include not just strategies for infrastructure provision, planning and the environment but also ensuring that effective co-ordination arrangements are in place both to promote central-local understanding and co-operation and to facilitate municipally-led cross-boundary action. The Executive also has an interest in ensuring that policies and actions it funds across different sectors of activity integrate locally to achieve progress on the high level goals of closing the gap, raising competitiveness and pursuing environmental justice.

Devolving resources and control and seeking local integration of policy action is not of course restricted to downward shifts from the Executive to councils. The same principles apply in relation to roles and functions that communities and community organisations can best undertake. This Review reveals that there is still much scope, in some of our cities, for councils to embrace communities as real partners in local change and to use more varied approaches and vehicles in the processes of area change and regeneration. And concerns remain about the extent to which many public-led partnerships and bodies are committed to engaging effectively with the 'private sector' in creative visioning for our cities and their regeneration.
9.2.1 Shared Vision

In this enabling, partnering approach the Executive will be called upon to resource and allocate fairly. But it will also have to help develop a shared view of where and how Scotland will develop in the future.

Our history, and that of all other nations, has always involved geographically uneven growth and the future is not likely to be different. It must be recognised that some patterns of employment or population change are difficult but reversible whilst others are not only difficult but are unlikely to be resolved within the realms of budgets and economic constraints. This is a difficult task, but it is the city-regions and regions that are adaptable and flexible which are likely to do best in the long term. The Executive has given explicit recognition of this fact for example in its Framework for Economic Development in Scotland. This is not an argument for abandoning less prosperous places and less prosperous people to the vicissitudes of market choices. Rather it requires a clearer understanding of the longer-term roles and capacities of places and to identify what requires to be done to help people and places to adjust.

This Review lends support to the Executive’s proposals for rethinking structure planning in Scotland and developing a national context statement for plans. These developments match with emerging evidence and ideas about the importance of city-regions and connections between them. There is also much in this review that supports Community Planning. However there are perhaps three gaps in the frameworks for thinking about communities and land uses in Scotland, all of key importance for the cities.

- Firstly, there is a need to clarify how the current patchwork of regional partnerships and places fit together and connect to community planning, including connecting community and land use planning processes and outcomes;
- Secondly, many of the officials and firms involved in the Review process took the view that there needed to be a much wider use of masterplans or action plans for projects and area revitalisation efforts. Authorities, agencies and developers were beginning to use such approaches more widely; and
- Thirdly, the practice of city planning has changed greatly over the last two decades. Public authorities have become more familiar with market issues and roles and the private sector has begun to understand more of the accountability and governance requirements of city regeneration. However, those involved in planning and urban design have a sense that their contribution has not been sufficiently recognised and the education and training of planners has not paid sufficient attention to ensuring that they have the skills required to create places of enduring quality. There is a sense that a strong Scottish tradition is being left to wither on the vine just as the Executive recognises the importance of place making and place management. The publication of Designing Places in November 2001, the first Executive policy on urban design is an important landmark in improving the quality of development in Scotland. It is now being taken forward in a number of ways;
9.2.2 Removing Limits to Balanced City Growth

This Review lays to rest the notion that the modern city is inevitably a locus for demographic decline, economic disadvantage and physical decay. Rather, it stresses that the cities are all different, though they have commonalities. They all have sectors and signs of growth and at the same time all manifest the scars of decay. Variety is the nature of city change, but the overall direction is now positive.

In relation to demographics, the populations of Edinburgh and Aberdeen have been increasing over recent decades and Glasgow and Dundee declining. However the number of households within the cities have been increasing, so that overall housing demand numbers have not been declining.

There has been a substantial increase in the number of home owners living in new homes on brownfield site developments. This process has been extensive in Glasgow and has been led by the City Council since the early 1980’s, so that ‘urban renaissance’ is a well established feature of Scottish urban change. But where population has been declining, with less rapid rates of net new households, there are still stocks of unused brownfield land and high vacancy rates in public housing indicating a switch away from low quality public housing to other options as employment rates and incomes have risen for city residents in recent years.

This raises the question of whether, allied to appropriate economic measures, these cities have the capacity to help address Scotland’s overall population decline. In contrast to the period 1950 to 1990 city problems are no longer the principal causes of Scottish population decline. This is a new question for policy, how can we use city assets to raise migration to Scotland?

The politics and economics of migration will be major challenges for national and regional governments throughout the EU in the decades ahead. Western Europe is set to experience a labour shortfall as population grows more slowly, all in a context of faster growth in less prosperous countries. This issue has been widely ignored, until recently, in Scotland because there is an inheritance of thinking of the key economic issue for Scotland as mass unemployment. This Review has stressed the imperative of further reducing worklessness in our cities, especially Glasgow and Dundee, but the evidence of the last decade is of a major set of shifts in employment in Scotland’s cities.

9.3 LIMITING SHORTAGES

Well-managed macroeconomic policies allied to structural economic shifts favouring cities have meant that in all our cities job numbers and incomes are growing and that a major shift in perspective is required. Scotland’s cities, in very broad terms, are moving from labour surplus to labour shortage. Mass unemployment is no longer the key challenge, but improving skills and attracting new workers have become the critical issues. Whilst reducing worklessness and removing poverty traps have to remain as priorities it is important to recognise that we are likely to enjoy another decade when economic change favours the cities.

To sustain the changes evident over the last five years in cities such as Glasgow and Edinburgh, a programme enhancing skills and human capital will be essential and it is likely not just to involve training but migration. Growing employment, moderate housing prices by UK standards and a high quality of life in Scotland’s cities should be city assets in attracting and retaining labour, whether executives, students or successful asylum seekers. The attributes of quality places and quality educational institutions are not only migration attractors but especially through the largely city-based university sectors likely to foster invention and innovation.
Training, migration and innovation will all be essential to raising productivity and growth in the cities. But city productivity is not simply attributable to human capital and it is essential that the overall supply and detailed structure of property provision expands to match new city-based demands.

In Glasgow, and to a lesser extent Dundee, there is a coexistence of rising land and property prices with extensive tracts of unused, brownfield land. Market failures in assessing the risks in upgrading, and in the market for the new locations often involved have hampered development. But it can be argued that policy and delivery failures have also been involved with, for much of the last decade, no coherent strategy for brownfield land renewal nor the commitment to fund change.

To a large extent city renewal is about recycling land from old to new uses with some rapidity but this Review suggests that the cultures, competences and vehicles to deliver required change have been absent and there has been a protracted failure to achieve consistent delivery. The Review argues a case for increased public resources to make these changes but leaves open to debate the vehicles for change.

In other cities, notably Edinburgh and Aberdeen, growth pressures will often have to be accommodated on green-field sites although the redevelopment of large areas of Edinburgh’s waterfront is a notable exception. Whilst planning often has to confront economic development with an awareness of its social and environmental consequences, it is imperative that there is better local understanding of the economic costs of unduly restrictive land availability.

Scottish Enterprise plays a crucial role in shaping patterns of change in the Scottish economy. It is used to working on thematic, sectoral and area based projects. Its predecessor had strong city renewal roles (in the GEAR and Leith projects, for example) and more recently Scottish Enterprise has been involved in the Edinburgh Waterfront and the Clyde corridor.

Scottish Enterprise has given attention to the issues of ‘Competitive Place’ and the Review Team learned much from that work. There is also a case for Scottish Enterprise to set out more explicitly the spatial aspects of strategies, for the Enterprise Networks and their spatial impacts.

### 9.3.1 Limited Vision, Limited Movement

The Review process revealed that often, in the past, the local and national approach to infrastructure was to provide too little and too late. Action tended to follow signs, often acute signs of shortage or congestion. The Executive, through strengthening land use planning, housing planning and transport strategy, are anxious that clearer, coherent forward visions shape investment. And in the accompanying policy statement there are specific measures to help cities to cope with growth pressures. This new emphasis is best reflected in the expanding commitment to transport investment.

Not only has transport infrastructure, between and within our cities, been neglected and under-funded for decades but there has been too little emphasis in economic development strategy of how transport impacts on the Scottish economy and indeed the well being of particular places. In recent years both the Executive and the UK Government have moved beyond a ‘jobs/training’ emphasis in urban and regional policies to give attention to a range of factors which foster local growth and productivity. For example, science, land and planning and transport all now receive their due consideration.
Action for transport has started. Forward estimates suggest that, without policy action, traffic demands will grow sharply in Scotland over the next two decades and that growth will be fastest in the cities and city-regions. This review has indicated the new emphasis given to a strategic approach, the possibilities for new investment and the likelihood of new organisational and pricing systems for city access and transport. It can be expected that in the decade or two ahead there will be continuing expansion of travel to work areas, increasing the overlaps between city spheres of influence and the need for co-operation, and that there is likely to be a growing demand for accessibility (not least because of the rising value of travel time) to city cores.

Links within Scotland and between Scotland and the rest of the UK, Europe and the world also require attention. The Review has made clear how the economic prospects for the cities have improved over the last decade with new opportunities increasingly outweighing the shrinking, older economic base. A great deal of policy is fighting the consequences of the inheritance of history. But we also have to deal with our geography, and this is evident in the development of Dundee, Aberdeen and Inverness. A more peripheral location within the nation damages the prospects of all of these places and better, faster integration of these places into the regional and national economy should be a major long term objective for Scotland. Similar remarks can be made about all of Scotland’s cities in relation to road and rail links to much of the rest of the UK and to air links to Europe.

The emerging strategy for, and commitment to, improving transport within our city-regions now has to be matched with hard, forward strategic thinking about inter-regional and international transport links. And this has to be driven by a vision of future Scotland. The new approach to planning will inform this vision but this is the kind of issue where Executive and local authorities should perhaps seek to evolve towards an agreed view of how to proceed if a tyranny of small decisions is to be escaped.

9.4 LIMITING PLACES AND LIMITED VARIETY

In our cities we have the worst of places, we have the best of places. The Executive has recently set out its core ideas for neighbourhood renewal in Scotland and the Cities Review has contributed to that approach. It is clear that in the wider UK and European context that Scotland’s cities, and particularly the poorer areas where policy action has been relatively intense, the community sector and the not for profit sector are quite extensively developed. This Review has highlighted how Glasgow is now reinforcing that process by creating community ownership in housing and how that approach could potentially make financial and renewal sense for Edinburgh and Dundee, in particular.

The great cities of the world are increasingly led by those who concentrate on the strategic, future issues facing their places and generating the visions and means to address them. Enabling, and trusting, communities to do what they can do best, and much of housing management falls into that category, and concentrating on the big, external change issues may be the best strategy for city governments in the future.

Of course it is not just less affluent Scots that live in neighbourhoods or indeed communities. Although the quality of life in our cities, and city-regions, is regarded as high, improvement and neighbourhood quality across the income spectrum or age spectrum, is an issue requiring more thought. Whilst many analysts have been predicting for the last fifty years that geographic neighbourhoods would become less and less important all the evidence is that the vast majority of Scots place value on good neighbours and good neighbourhoods; places and localities matter to us in our homes and social lives. There is a widespread view that developers should give more attention to quality and design in suburban and city private housing, to foster a sense of place.
The Review identified two areas where public policy needs to deliver the diverse product mix of neighbourhoods that a modern city requires.

- Firstly, especially in Glasgow, but also in Dundee (both with extensive vacant land) there has been a failure to deliver new family neighbourhoods within the city, despite well established latent demands for such neighbourhoods (although this has been recognised by the Council and Scottish Enterprise Glasgow). Of course security and schools have to be high quality in such localities. In consequence ‘renaissance’ has had to be driven by demands from single persons and households without children. We have already noted above the importance of more effective recycling of brownfield land, and the Executive has committed to increase resources for this task, and we have argued for better monitoring of progress. It is also important that new developments contain, as a whole, a mix of income groups and that development models are designed with benefit for communities in mind.

- Secondly, there is a view that planning for some city centre neighbourhoods is too ‘conservative’ in that it neither recognises the 24/7 characteristics of elements of the modern labour force and their preferred leisure and lifestyle arrangements. Households’ housing and neighbourhood preferences are much more diverse that three decades ago and if our cities are to compete effectively for residents then the product mix has to be varied.

### 9.4.1 Limiting Prices

It also has to be affordable. Just over a third of Scots still find their housing, in our cities, in the non-market or social rental sector. And this proportion, which has changed much over the last two decades with Right To Buy, is likely to change slowly in future. Much of this housing is being modernised and improved but much still needs to be done. However there has to be a growing policy concern as to why, despite the relatively gentle demographics of household formation in Scotland, house prices have risen so rapidly not just in Edinburgh but parts of Glasgow and the other cities. On balance, rising house prices are not good for regional competitiveness and growth and we need a clearer view of trends, impacts and policy implications.

### 9.5 REMOVING CREATIVITY LIMITS

Quality neighbourhoods, housing and public services will all be attractors to our cities. But the vitality of our cities is also critical in shaping renaissance. Our cities have to be good places to shop, visit, eat, play, watch, listen, learn; good places to live. A number of policy areas can contribute more to city vitality.

The Review concluded that whilst there were significant improvements in city centre quality in some of our cities over the last decade this progress was uneven, for instance Glasgow had made more progress than Edinburgh, and that each city should now systematically track their own city centre competitiveness. There is a case for each city, working with Scottish Enterprise and other key agencies (such as VisitScotland and the Scottish Arts Council) to construct a city centre strategy within the framework of the community plan and land use plans. A key concern of that strategy would be improving the public realm. The Review has continued the case for a wider use of Business Improvement Districts to achieve such aims, but the public sector will need to continue to contribute. The centre has to be a fit stage for the modern city.
On that stage, Executive planning guidance will continue to emphasise that thriving city centre retailing is a priority. Scotland’s cities, have in the main, been successful as retailing centres, but there is a continuing need to ensure that there is coherence of city centre and city-region approaches to retailing.

Glasgow and Edinburgh have also performed well in attracting events and visitors seeking arts and culture. The Review Team concluded that more cooperation between places and a cross-sectoral strategy are needed and that should be given attention to both the level and distribution of funding support if all of the Scottish cities are to participate effectively in this competitive area of activity. The recent attention of the arts and culture providers to issues of social justice and inclusion is to be lauded and the arts can play a significant role in community regeneration. However, perhaps a new clarity is also needed about the extent to which arts and culture activities in our cities impact not just visitor numbers but the employment and creative potentials of our cities.

A safe but stimulating public realm, good services and shopping and a changing variety of events and culture/arts opportunities are all key factors in attracting visitors to our cities. City tourism has grown significantly over the last decade. For this growth to continue the Review argues that faster, cheaper access to the Scottish cities will be required. And to help visitors from outside of Scotland to make best use of the opportunities spread around this small country co-operative strategies for distributing visitors should be developed further. VisitScotland’s commitment to develop city tourism is one step forward; another would be more obvious signs of co-operation between Glasgow and Edinburgh.

9.6 SUSTAINABLE LIMITS

As home to the majority of Scots, the city environment is important for two main reasons. Firstly, Scotland’s sustainability, in large part, depends on the sustainability of the city-regions. Cities produce the majority of waste, consume the lion’s share of energy and are the locus of the majority of journeys, either within or between cities and their regions. The Review concluded that tackling the cities’ appalling track record on waste management, increasing the proportion of trips undertaken by ‘sustainable’ forms of transport and tackling energy inefficiency are all priorities. If Scotland aspires to meeting UK targets, we must deliver on these aspirations in the cities. Secondly, Scotland’s cities provide the daily backdrop for most Scots. Yet this review has found that disadvantaged communities too frequently are subjected to a less healthy, less pleasant environment than their better-off counterparts. Tackling Scotland’s legacy of poor quality environments is a challenge that the Executive, together with the cities, has to meet.
9.7 TIME AND RESOURCE LIMITS

City policies confront a complex and challenging agenda. They can reduce the tensions between the global pressures of competitiveness and the local consequences of inequalities by facilitating the re-training of labour and the recycling of land. That perspective on policy sees the purposive use of resources 'today' as part of the solution of the likely 'problems' of tomorrow. By being 'city smarter' we can be more successful in reducing the inevitable tensions between fairness, growth and the quality of the environment.

Policy has to address and resolve a series of policy dilemmas including:

- The need to make a difference for the poorest of present Scots but yet recognise that we need more, and more skilled, people if our economy is to expand;
- The coexistence of surpluses and shortages in labour markets but in a context that is shifting away from mass unemployment as the background to policy thinking;
- A similar coexistence of surplus and shortage within city housing markets in a context where city household numbers are rising and show the potential to rise further;
- The need to invest more in schools and children as demographic ageing begins to manifest its effects on service demands and tax revenues; and
- The importance of city vitality and 'buzz' but at the same time neighbourhoods of some tranquility, peace and quiet;

This context and evidence statement for the Cities Review has essentially been about identifying the policy challenges for the Executive, for local authorities and for citizens in our main settlements. In auditing existing challenges and trying to anticipate those that might confront policymakers over the next few Parliaments it is inevitable that a daunting set of issues emerges. However, there is a strong tradition of urban renewal in Scotland and these are some real achievements on which to build.

It also has to be recognised that Reviews identify issues that need further assessment, that change requires resources, including human resources. So it would be wrong to expect immediate action on all the issues identified. It must be recognised that in many areas of policy a great deal is already being done and that the Scottish Budget will allow further action.

Many of the issues and challenges identified in this report do not primarily revolve around a claim for more resources but rather of better design of policy and better delivery of services.

This Review, has sought to develop a better understanding of how Scotland’s cities are changing. Reviewing these changes, and the mix of growth and decline, problems and opportunities makes it all too clear that our city policies are not simply about redistributing resources from successful to less successful places. Rather, city, or place, policy is also essential in dealing with market and policy failures that limit productivity growth. City policies have to be creative as well as redistributive and they have national as well as local benefits. They support local change, creativity and adjustment which are all essential to wider national progress.