A step change for Glasgow

GLASGOW'S TEN-YEAR ECONOMIC DEVELOPMENT STRATEGY
Glasgow Economic Forum is the partnership body charged with overseeing economic regeneration and development in the city. Its membership is listed in Annex 1.

The ten abstract stepping stones represent the ten years of Glasgow’s Economic Development Strategy.
FOREWORD

On behalf of Glasgow Economic Forum, I am pleased to present the city’s new economic development strategy.

This new strategy is more ambitious for Glasgow than its predecessors: it looks ten years ahead and demands ‘step change’ in the city’s economic performance. Our ambition is fired by Glasgow’s strong performance over the past decade. The next ten years offer the best chance in a generation to drive success faster and further and to realise our vision of a world-class city.

We know what makes cities successful: a strong and growing business base, creative, educated and capable people and a high quality, well-connected place attractive to talent and investment. Glasgow has made progress in all of these but needs to improve still further. Looking to the future, we also know that reducing our ‘carbon footprint’ is something we can view as an opportunity - or wait for it to become a problem.

A new policy environment supports our ambition. Cities are once more recognised for the central role they play in driving Scotland’s economy. Our own collaboration with Edinburgh has the potential to generate significant benefits for both cities and for Scotland. Likewise, the relationship between Glasgow and the surrounding metropolitan area is now valued and recognised as a means to build a more dynamic economy.

The strategy sets out what we want to achieve and has been overwhelmingly endorsed by partners. Now that we have the strategy, it is vital that we move quickly, with partners, to develop and agree the actions that will deliver on its ambitions. Glasgow Economic Forum will work to oversee the development of Action Plans and monitor their progress and impact.

Glasgow Economic Forum is enthusiastic about working with our partners in the city, across the region, in Edinburgh and elsewhere to realise our vision of Glasgow as a city that generates greater wealth and well-being for its citizens and for Scotland.

John Gallacher MBE
Chair
Glasgow Economic Forum

November 2006
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Executive Summary

Our Vision of Glasgow

In ten years, our vision for Glasgow is...

...a world-class city achieving its potential to deliver sustainable wealth and well-being for all its citizens.

Our vision is of Glasgow as an economically strong, safe and healthy heart of the metropolitan region; the UK’s most dynamic, culturally vibrant and exciting city; economically active and admired internationally.

Our vision is of full and fulfilling employment where more creative people and dynamic businesses drive an enviable quality of city living. In this low-carbon Glasgow, individuals flourish and are notable for their enterprise, ambition, creativity and pride in their city.

Introduction

Glasgow Economic Forum’s new economic development strategy provides the framework for actions in pursuit of a ten-year vision of the city’s economy. It builds upon but is more ambitious than its predecessor strategies.

The new strategy seeks a step change in Glasgow’s performance.

Economic and Policy Context

Glasgow is Scotland’s largest city and a major contributor to the nation’s economy, generating over £13bn Gross Value Added each year and supporting over 400,000 jobs.

The city has seen significant economic and employment growth over recent years with over 60,000 additional jobs boosting the city’s own employment rate and increasing Glasgow’s importance in the wider region. The city’s economic transformation remains incomplete, however: significant challenges, such as low productivity, worklessness and derelict land remain and others will grow or emerge.

Regional and national policy recognises the importance of Scotland’s cities: Glasgow’s economic development strategy can play an important role in supporting national success.
Ten-year Priorities

The vision informs the development of three broad priorities for the strategy. These were identified by grouping ‘strategic imperatives’ identified as necessary to move Glasgow from its current to its envisioned position. The choice of priorities required a number of important questions to be discussed and resolved in the strategy development process.

The priorities, intended to communicate the strategy’s ambition as well as provide a framework for action, are:

- Move up the ‘value chain’ - because successful cities need to become more specialised, innovative and productive
- Shared prosperity - because growth should benefit all Glasgow’s citizens
- Excellent economic environment - modern cities’ economic success relies on aligning the business, physical (including infrastructural), cultural and social environment so that innovation and growth can be supported better.

Themes

The strategy identifies a range of themes, developed from the vision and priorities, which illustrate the scale and nature of changes required if step change is to be achieved. There are three types of theme:

- Step Change Themes which relate to Glasgow’s distinctiveness and some of the biggest opportunities for the city. These will require particular focus and leadership throughout the ten years of the strategy’s implementation.
- Supporting Themes are important areas related more specifically to individual priority headings. These support, and will be shaped by, the step change themes.
- Operational Themes, inform the design and delivery of activity.

Glasgow’s economic development strategy does not identify specific projects or programmes. These will be identified through a suite of three Action Plans over the ten years, which will interpret and respond to the strategy. This flexible approach will allow actions to reflect future changes in operational and economic circumstances while the vision and fundamental goals of the strategy are more constant.
The strategy’s vision, priorities and themes

**Vision**

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Step Change Themes</th>
<th>Supporting Themes</th>
<th>Operational Themes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Priority 1</strong>&lt;br&gt;Move up the ‘value chain’</td>
<td><strong>Priority 2</strong>&lt;br&gt;Shared Prosperity</td>
<td><strong>Priority 3</strong>&lt;br&gt;Excellent economic environment</td>
<td></td>
</tr>
<tr>
<td>• Build the Metropolitan core</td>
<td>• Best start for all our young people</td>
<td>• Top UK urban destination</td>
<td></td>
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<tr>
<td>• Education at the heart of the economy</td>
<td>• A culture of lifelong learning</td>
<td>• A place that nurtures people and talent</td>
<td></td>
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<tr>
<td>• A culture of entrepreneurship</td>
<td>• Creating sustainable neighbourhoods and local regeneration</td>
<td>• Green opportunities</td>
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<tr>
<td>• Leaders in strategic area regeneration</td>
<td>• International positioning</td>
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</table>

**Measuring Progress**

The measurement framework identifies important indicators on which Glasgow’s performance in achieving step change can be assessed. These indicators include GDP, productivity, employment rate and population.
INTRODUCTION
1. Introduction

Background

Glasgow’s Economic Development Strategy is the culmination of a rigorous process which has sought to understand the city’s economy, establish a shared vision of the kind of city economy we want to see in ten years’ time and set out the means by which it will be achieved.

The city’s previous economic development strategies, Glasgow’s Continuing Prosperity (2003-2005) and Glasgow’s Renewed Prosperity (1999), recognised the potential for economic renaissance in Glasgow and helped frame the public sector’s role in the considerable economic achievements of recent years.

Developing the Strategy

Encouraged by a favourable policy environment and by continuing strong economic growth, Glasgow Economic Forum has set out to produce a new, longer term and more ambitious strategy for the city.

A Strategy Steering Group, drawn in part from the Forum’s membership and supplemented with others from business, higher education and local economic development, has guided its development1. A Working Group, drawn from Scottish Enterprise Glasgow and Glasgow City Council’s Development and Regeneration Services, undertook the tasks of research and analysis, consultation and drafting.

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1 ANNEX 1
The membership of the Strategy Steering Group is contained in Annex 1
Development of the strategy has been greatly assisted by input from many organisations and individuals with an interest in Glasgow’s economy. This contribution from generalists and specialists in many fields will continue to be important as we move to implementation.

Readers of the strategy will see that, while Glasgow has performed well in the past decade, the Forum has a strong desire for the city to do significantly better in future - to secure the gains already made, to open up new opportunities and to firmly establish Glasgow’s global position as a great European city.

The Strategy Defined

The concept of step change is a central theme in the new strategy. While acknowledging that Glasgow’s economic progress over the past decade has represented something of a step change in itself, the Forum is anxious to see an acceleration of Glasgow’s transformation, leading to increased wealth and well-being. The current momentum and the favourable outlook for cities mean that Glasgow has perhaps a ‘once-in-a-generation’ opportunity to achieve this.

The following sections explain the strategy’s vision and identify the priorities and themes that will focus economic development efforts over the next decade.

From Strategy to Action

This strategy recognises the distinction between strategy and action. It seeks to identify the strategic direction, nature and scale of change required, and sets the stage for the Action Plans to follow.

Three Action Plans will be produced over the ten-year period, interpreting and responding to the content of the strategy. In this way future changes in operational and economic circumstances can be taken into account while remaining true to the strategy’s overall vision and goals.
2. Economic and Policy Context

Glasgow is a major UK city and makes a powerful contribution to the Scottish economy with annual output of some £13bn that supports over 400,000 jobs.

Glasgow is the growing economic, business and cultural heart of one of the UK’s major metropolitan regions, with a population of 1.7 million people. Around half the city’s jobs are filled by residents of surrounding areas and, for the first time in decades, Glasgow’s population is rising.

This section summarises the main features of Glasgow’s economy and the challenges it faces over the next ten years. A fuller socio-economic analysis is contained within Annex 2.

Glasgow’s Economy

Glasgow’s 13,000 employers include one-quarter of Scotland’s largest businesses, and over 400,000 people are employed in the private and public sectors. More than 60,000 additional jobs (net) were created between 1995 and 2004, and the city is increasingly important to the region as a source of employment. Jobs growth has also benefited city residents enormously: the number in work has risen by around 40,000 in the past ten years, halving the employment rate ‘gap’ with national averages. At 66% in 2005, Glasgow’s rate is now mid-range for UK post-industrial cities, although it is still the lowest in Scotland.

Glasgow is now overwhelmingly a services-based economy with fewer than one in ten jobs in manufacturing or utilities, although there are important global firms in these sectors. As in comparable cities, business services, public administration, health and retail have accounted for most new jobs.

Despite its remarkable progress, Glasgow faces significant economic, social, and physical challenges in the next decade if it is to consolidate its achievements and achieve a step change in performance. These challenges include achieving economic and employment growth across a broader base.
Three-quarters of Glasgow’s new jobs have been in large workplaces, demonstrating the city’s attractiveness to external investment. However, the number of businesses and employment in the smallest\(^2\) workplaces has declined. Not only this, the city needs to achieve higher levels of productivity: too much of Glasgow’s jobs growth has tended to be in lower-skilled jobs, compared to its most successful rival cities. In addition, Glasgow demonstrates relatively little specialisation in higher-value, innovative or exportable activities that are often identified as being vital to future competitiveness.

Glasgow needs to complete the regeneration of its social and physical fabric. There has been significant progress in tackling unemployment and economic inactivity. Demographic and deprivation indicators are moving in the right direction but much more remains to be done if step change is to be achieved, and the city’s full potential realised. More effective action is also needed to tackle Glasgow’s extensive physical dereliction and overburdened infrastructure.

Considerable research has been undertaken into the city’s economy: Figure 1 summarises its economic development strengths, weaknesses, opportunities and threats (SWOT).

\(^2\) Smallest Workplaces

Workplaces with 1-10 employees
Figure 1. Glasgow’s Strengths, Weaknesses, Opportunities and Threats (SWOT)

**Strengths**

**People**
- Large skilled multi-labour pool
- Workforce with higher degrees
- Scalable graduate output
- Rising population
- Rising economic participation
- Improving deprivation agenda

**Place**
- Strong momentum (visible, measurable)
- Culture, leisure, sporting assets

**Business/economy**
- Strong jobs growth
- Growing knowledge economy
- Increasing importance to national, regional economy
- Strong business tourism, cultural, retail sectors
- Economic transformation to service-based economy

**Weaknesses**

**People**
- Poor education performance
- Long tail of low qualifications
- Extensive health & deprivation
- Reduced culture of low aspiration & dependency

**Place**
- Legacy of economic restructuring
- Fragmented governance
- Over reliant on public sector provision & jobs
- Housing displacing industrial/commercial development

**Business/economy**
- Productivity levels
- Business investment & investment
- Under-representation in high value sectors
- Jobs growth focus in lower value add activities
- Low entrepreneurship levels, static business base
- Relatively low value, low export, unskilled economy

**Opportunities**

**People**
- Demand for higher skills & qualifications
- Demand for higher quality “human & soft” skills
- Rejuvenation of UK cities

**Place**
- Growing knowledge, sustainability & environmental economies
- Large-scale events
- Demand for sustainable strategic regeneration
- Continuing residential demand
- Innovative financing with private sector

**Business/economy**
- Continued globalisation
- Macro-economic stability
- Development of value sectors and brands
- Public procurement as an enterprise opportunity
- “Green” economy as a business driver
- Business innovation linked to HE research base

**Threats**

**People**
- Jobs substitution (offshoring / technological development)

**Place**
- Global warming & policy response
- Inability to meet energy, competitiveness, pollution & waste targets
- Inability to match global investment demand for cities of scale

**Business/economy**
- Increased global competition
- Decrease in small business sector
- Slower economic, public spending growth
- Increased competition in key markets (retail, leisure, tourism, HE & contact centres)
- Weak metro region (consumer, business demand)
The Policy Context

Numerous policy documents bear on Glasgow’s economic strategy. The most important documents and messages are listed in Figure 2.

Figure 2. Policy Context

The key messages from policy include:

- Cities/city regions as drivers of economic growth
- Need for Scotland to develop a more enterprising and productive economy
- Investment to be more focused on priority locations and industries
- Continued importance of regeneration and closing the opportunity gap, especially in Glasgow and west central Scotland
- Need to develop environmentally sustainable approaches to public policy

The main finding is that cities currently enjoy a more positive policy environment than they have experienced for many decades. The importance of our cities is recognised.
Looking to the Future

Although the review of today’s socio-economic and policy context suggests a supportive environment for growth in Glasgow, it is important to think ahead and assess the trends and changes that may have an impact on the city.

The future is, of course, uncertain. However, research on the future of cities anticipates a number of trends that Glasgow should take into account. These include:

- **Polarisation** - in business with firms tending to be large or small, and in the labour market (including earnings) with fewer mid-range jobs
- **New skills and aptitudes** - greater demand for people with the skills needed by a services-based, knowledge economy (e.g. creativity, inter-personal and communication skills, team working skills, etc)
- **Better service quality** - UK spending on services is overtaking that on goods. Consumers are expected to demand a higher quality of service and be more willing and able to pay for this
- **Ever-greater role of new technology**. Lower costs and increasing capabilities and applications of technological and scientific innovations will create many opportunities, as well as challenges (e.g. the substitution of routine work)
- **Competition across the whole economy**, at all geographic scales, often facilitated by greater application of technology
- **Demographic and social change**, making for a more diverse, possibly more fragmented, society
- **Importance of climate change** and the behavioural and economic changes required to mitigate its effects.
3. Our Vision of Glasgow

Developing a Vision

The purpose of the vision is to describe the desired future for Glasgow. It aims to inspire, align, and direct the identification of priorities and action themes.

The vision provides a statement of values, identifies economic drivers and includes elements that address unique or distinctive attributes of Glasgow. It should be meaningful to a wider readership, including the city’s business community.

The values underpinning our vision include recognition of the importance of:

- Creativity and innovation
- Growth from within (creating and meeting internal as well as external demands)
- High productivity underpinning long-term success
- Maximising the city’s productive capacity (people, place)
- Rewarding enterprise
- The pursuit of full and fulfilling employment
- Economic growth as a means to create wealth and well-being.

The drivers that must be harnessed in order to realise the vision include a productive and growing economy, capable and confident people and a place that enables, attracts and encourages businesses and people to flourish.

It is important that the vision speaks to the ‘reality of Glasgow’, and is not seen as equally applicable to any city, in Scotland, the UK or elsewhere. Glasgow is unique in Scotland, distinctive in a UK context, and distinguished by its recent success in transforming and adapting to new circumstances.

Our Ten-Year Vision

In ten years, our vision for Glasgow is...

...a world-class city achieving its potential to deliver sustainable wealth and well-being for all its citizens.

Our vision is of Glasgow as an economically strong, safe and healthy heart of the metropolitan region; the UK’s most dynamic, culturally vibrant and exciting city; economically active and admired internationally.

Our vision is of full and fulfilling employment where more creative people and dynamic businesses drive an enviable quality of city living. In this low-carbon Glasgow, individuals flourish and are notable for their enterprise, ambition, creativity and pride in their city.

This vision recognises Glasgow’s momentum and encompasses our ambition to achieve further step change. We believe the vision can be realised. The following sections illustrate the strategic priorities and themes we propose to help bring this about.
TEN-YEAR PRIORITIES

A step change for Glasgow
4. Ten-Year Priorities

Translating the Vision
The strategy’s ten-year priorities interpret and respond to the vision and analysis, identifying broad areas where action and change are imperative to bridge the gap between Glasgow’s current and envisioned positions.

Identification of ‘strategic imperatives’ also highlighted some important choices that required consideration and answers to allow further development of the strategy.

Strategic Choices We Have Made
Embracing the concept of step change as a central theme for the strategy posed big questions for Glasgow Economic Forum. Two choices were made that provide an overall context for the strategy:

- First, Glasgow’s current economic position and trajectory, while much improved, cannot be relied upon to deliver the vision of Glasgow we wish to see a decade from now.
- Second, accepting step change as an ambition involves a significant shift in thinking about economic development of the city. Doing the same, even doing it better, may not be sufficient; we may have to try new approaches and investigate new methods to reach our goals.

In order to develop strategy, Glasgow Economic Forum made a number of further strategic choices. These have endorsed by partners and stakeholders and are listed below:

- The new strategy is an economic development strategy for the city and all stakeholders, not just for the ‘economic development community’. Input to the vision process and research into the strategies of successful cities suggests that step-change requires action in a broad range of areas. To achieve this, it will be important to seek greater influence in functions vital to economic development but not primarily driven by it, such as physical planning, education, transport, etc.
- Glasgow’s strategy should be more closely linked to the wider region, Edinburgh. Glasgow is already active in collaboration with Edinburgh through an initiative which has been well-received and has highlighted areas for useful development. Collaboration with the wider metropolitan region is being promoted through Scottish Enterprise and the Clyde Valley Community Planning Partnership. Given that half of Glasgow’s workers live outwith the city’s municipal boundaries, this approach is a necessary part of the strategy.
• The focus of enterprise development requires much greater and more creative efforts to support indigenous enterprise, targeting potential rather than need and placing increased emphasis on externally tradable activities. Efforts made so far aimed at promoting the growth of Glasgow’s indigenous business base have not succeeded and the number of businesses in the city is low and static. This issue requires renewed attention and innovation.

• A greater degree of economic specialisation is desirable. Specialisation, with its accompanying productivity benefits, is a vital source of competitive advantage for cities. Although it is possible to be over-specialised, Glasgow does not fit this description, at least not in terms of its sectoral composition. If anything, Glasgow may be over-specialised in lower-productivity occupations, lower down the ‘value chain’.

• Greater engagement with the city’s education providers is vital. Skills are at the heart of the economy, and the education system is the primary formal mechanism by which people are equipped with the skills they need to be successful in the economy. More effective engagement is required across the education system. In addition, research on city competitiveness suggests that more wholehearted and strategic engagement with higher education providers is essential for success. Higher education provides the skills for specialist, highly productive and well-paid work, offers cities a competitive edge and international profile, and attracts export income and fresh talent. To date, engagement with higher education providers in Glasgow has been more sporadic than strategic.

• Over the early period of the new strategy, economic development organisations should maintain their focus on reducing economic inactivity but plan to move beyond this during the ten-year period. Much of Glasgow’s recent economic development focus has been on economic inclusion. This has been appropriate and successful, although more needs to be done. In the next ten years, the economic development partners should seek to refocus on the demand side of the labour market and on higher-value areas. This will help to maintain the flow of opportunities for employment and progression.

• The city centre requires to be managed strategically. Glasgow’s city centre is vital to the city and wider metropolitan area’s transformation and growth, both sectorally and in terms of employment. Over the past decade, it has generated 45,000 new jobs (three-quarters of the city’s total and half of all the new jobs in Western Scotland) and is Glasgow’s ‘face to the world’. However, its growth cannot be taken for granted. There is market pressure to densely and expand the city centre and its retail sector faces competitive pressure from non-city-centre locations as well as the internet. To continue to thrive, the wider city centre will require higher and better levels

*Employment Rate Gap*

The employment rate gap has been halved in the past ten years and now compares favourably with major English cities
of accessibility and public services if it is to fulfil its potential to attract and retain the highest order economic functions across such sectors as financial and business services, higher education, culture, retail, tourism and public administration.

- **International positioning.**
  Glasgow needs to think more deeply and systematically about its economic role in the international economy and how it positions itself in different product and consumer markets. If Glasgow is to flourish in a world of increasing flows of people and investment, it needs to make itself more attractive and competitive.

**Identifying Priorities for the Strategy**

Following identification and discussion of the strategic imperatives, work was undertaken to cluster these according to their complementary relationships. This suggested a set of three overlapping priorities, built upon a base that identified ‘business’, ‘people’, and ‘place’ issues. These were developed further to better communicate the ambitions of the strategy. The three priorities identified to help realise the vision are:

- **Move up the ‘value chain’** - reflecting the need for successful cities to become more specialised, innovative and productive
- **Shared prosperity** - remembering that we want economic growth to benefit all our citizens, and that the immediate inclusion challenge remains
- **Excellent economic environment** - recognising that modern cities’ economic success relies on aligning the business, physical (including infrastructural), cultural and social environment to better support innovation and growth.

**Figure 3. Priorities**

Section 5 describes the areas for action in more detail. The improvements these themes deliver will help move Glasgow’s economy from its current position to that envisioned for ten years from now.
5. Themes

More detailed themes were identified and developed from the vision and priorities to provide clear direction for action planning. These are in three categories:

- **Step Change Themes** - the ‘big ticket’ items within the strategy
- **Supporting Themes** that support the three priorities (Move up the ‘value chain’, Shared prosperity, Excellent economic environment)
- **Operational Themes** - design principles for action plans and delivery.

**Step Change Themes**

When mapping strategic imperatives to identify the three priority areas, a number of imperatives stood out. They either offered the opportunity to serve all three priorities, or were seen as particularly important in helping to bring about step change. The step change themes also reflect Glasgow’s distinctive strengths and some of the most important opportunities for the city.

The seven step change themes will require special focus and leadership over the ten-year life of the strategy.

**Figure 4: Vision, Priorities and Step Change Themes**

<table>
<thead>
<tr>
<th>Vision</th>
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<tbody>
<tr>
<td>• Build the Metropolitan core</td>
<td>• Move up the ‘value chain’</td>
<td>• Build the Metropolitan core</td>
</tr>
<tr>
<td>• Education at the heart of the economy</td>
<td>• Shared Prosperity</td>
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<tr>
<td>• International positioning</td>
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What might success look like?

A thriving, expanded city centre, with higher levels of density, economically and environmentally sustainable and better connected to the wider region and Edinburgh. An expanded further and higher education and research sector, with internationally competitive retail, conference/event and cultural/leisure offers.

Step Change Theme: Build the Metropolitan core

The Metropolitan core includes Glasgow city centre, Clyde Waterfront and the West End. It is the heart of the wider metropolitan area, key to its economic success and the location of the area’s highest value services, including businesses and higher education and research institutions. Glasgow city centre is Scotland’s largest centre of employment and the main transport hub for the West of Scotland. The wider metropolitan core is a vital location for priority industries including financial services, tourism, creative industries, digital media, life sciences, marine, energy and the food and drink sector. The city centre ranks as one of the UK’s most important business, retail, culture and entertainment centres. To residents and visitors alike, it embodies Glasgow as a place and, increasingly, as an economy.

Around 45,000 new jobs have been created in Glasgow’s city centre* over the past ten years. This represents three-quarters of the city’s total and over half of those across the metropolitan region. By any measure, the metropolitan core has been central to the economic development of the city and region, and its successful transition towards a more knowledge-based economy. It is anticipated that the trend will continue. In order to manage a step change in the core’s performance and exploit the environmental sustainability of the city centre, a more strategic approach is needed. This should engage the city’s most senior people, including the private sector, and build on existing plans and policies.

Step Change Theme: Education at the heart of the economy

Productivity is key to wealth and well-being, and - particularly in a knowledge-based economy - skills are key to raising productivity. Education is the most important formal route to acquiring the skills for success.

Consultation responses to the draft strategy repeatedly highlighted the need to ensure that Glasgow’s education is at the heart of the city’s economy. Glasgow will not flourish without better-educated and skilled people and more innovative and successful companies. It is vital to accelerate the raising of school-age attainment and capitalise on higher-level skills generated by the city’s further and higher education/research institutions.

In school education, attainment and achievement needs to improve and, in particular, the NEET group of young people (not in education, employment or training) needs to be cut dramatically. The further education sector will have a vital role to play across the strategy, from reducing worklessness, promoting entrepreneurialism and meeting the skill requirements of employers.

* Postcode Areas

Defined, in this case, as postcode areas G1 and G2
Glasgow’s higher education and research institutions are one of the city’s strongest and most distinctive economic development assets. There are around 85,000 enrolments on higher education courses, a fifth in further education colleges, while collectively both sectors support very significant employment and income generation and are some of the city’s largest institutions, land-users and developers.

In particular, the higher education sector is vital to the city’s international competitiveness and positioning, directly supporting the development of more innovative and dynamic businesses. It generates significant ‘export’ earnings by attracting non-Scottish domiciled students and UK research income and is a vital attractor of mobile talent on an international scale. Despite increasing global competition, there is significant potential for further growth. The sector contributes significantly to Glasgow’s place appeal, underpinning the city’s cultural and social cosmopolitanism. To fully realise its economic development potential will require leadership and a more co-ordinated, strategic and concerted action across the city and the lifetime of the strategy.

**Step Change Theme: A Culture of Entrepreneurship**

Glasgow’s entrepreneurial deficit is a fundamental weakness in the city’s economy. The number of businesses in the city is static, as is employment in the smallest workplaces. The survival rate of Glasgow companies is among the lowest of any of Britain’s 400+ local authority areas, while employment has grown disproportionately in large-scale workplaces, in both private and public sectors. The result is an economy with a ‘gap’ of up to 5,000 businesses, relatively low levels of innovation and productivity and an over-reliance on too few, uncertain, and exogenous sources of employment growth.

The problem is easily quantified. However, a more complex set of responses across a wide range of partners and activities is needed to rectify it. The role of public sector partners must be to think imaginatively about how they can develop business opportunities and remove barriers to allow people to better exploit their creativity and entrepreneurialism. More people in Glasgow need the skills and aptitudes to successfully create businesses. Achieving this will require better engagement with individuals, business organisations, education and public sectors. Although only private organisations and individuals can solve this problem, the public sector has a vital enabling role.

Success in this step change theme needs better, more efficient public sector-supported projects and programmes, and calls for a cultural step change in Glasgow’s approach to entrepreneurialism. Nothing less is required if Glasgow is to succeed in turning around its poor entrepreneurship record.

**What might success look like?**

A city with a thriving business base, with people who are orientated to think of and set up in business. Where businesses seek to serve not only local and regional markets but national and international ones, using skills, education and innovation as a basis for their success. Entrepreneurs are actively involved in supporting the city’s new entrepreneurs and entrepreneurialism is supported by the school, further and higher education system who value it as an important life choice.
Step Change Theme: Glasgow and Edinburgh – collaborating to compete
Glasgow and Edinburgh are the twin engines of the Scottish economy.

Home to just one-fifth of Scotland’s people, Glasgow and Edinburgh provide one-third of Scotland’s GDP and jobs, including a quarter of a million jobs for residents of surrounding areas. The cities’ importance is growing too: over the past decade, they have generated almost half the country’s additional jobs and GDP. Together, Glasgow and Edinburgh offer a complementary and potentially world-class resource for Scotland - an ‘ace in the pack’ in an increasingly competitive international arena.

Collaboration can deliver a wealth of benefits to both cities. A significant start has been made with the Collaborating to Compete initiative, drawn up by Glasgow and Edinburgh city councils and Scottish Enterprise. This focuses on the most important areas of common interest, such as connectivity, shared key sectors, and international profile. For maximum progress in these areas, there needs to be a step change in collaboration activity. There must be greater ambition in shared goals and still more commitment and creativity in their pursuit.

Step Change Theme: Leaders in strategic area regeneration
The next ten years will see the delivery of strategic area regeneration initiatives across the city. These include Clyde Waterfront and Clyde Gateway, identified as national priorities by the Scottish Executive. This, allied to a massive investment in the city’s social housing stock and neighbourhoods, will see Glasgow physically transformed in a way not seen for decades.

The success of this scale of regeneration activity will be measured by its economic, social and environmental contribution to the city as a whole. Regeneration must allow areas and their residents to make a greater contribution to improving the economic, business and environmental performance of Glasgow. To be successful will require new approaches to the delivery of regeneration: the use of innovative funding solutions to improve the scale, quality and sustainability of regeneration activity.

Glasgow must re-establish its position as a leader in strategic area regeneration and be able to demonstrate to itself and others that it has delivered the greatest possible step change in opportunity and contribution to the city and to Scotland.
Step Change Theme: Work for those without
As with many of the UK’s larger restructuring cities and metropolitan areas, Glasgow faces real challenges of worklessness: unemployment and economic inactivity. Worklessness, especially dependence on welfare benefits, restricts Glasgow’s productive capacity. It is also a debilitating situation for individuals, families and their communities, restricting their opportunities to learn, progress and contribute.

‘Work for those without’ is a major focus for UK, Scottish and city policy makers in Glasgow. While recent efforts and successes have been impressive, the challenge is to maintain and accelerate progress, especially if suitable labour demand slackens, competition from migrant labour continues and remaining client groups are less well-equipped for the labour market.

Step Change Theme: International positioning
Glasgow is increasingly subject to global competition. To be successful, Glasgow has to compete for international flows of investment and talent.

Glasgow has a strong tradition of internationalism that dates from the city’s transformation to a major trading and then industrial centre. The industries which made it globally famous however, are no longer the driving forces of its economy. Today, there is less evidence of international presence in most of Glasgow’s business and institutions.

Glasgow must compete - and learn from - other major UK and international cities. Competition is fierce in the conference tourism market where Glasgow has shown it can compete on an international basis. Elsewhere, this awareness is less obvious: Glasgow’s profile is generally low, and where it is known, it is all-too-often for outdated or negative reasons. It is important that Glasgow thinks harder about its economic role and positive profile in the world.

Like ambitious and far-sighted organisations, Glasgow needs to devise a comprehensive internationalisation strategy that considers its place in a wider world and how others see it; it needs to address weaknesses and make better use of its strengths. It is much more than simply a strategy for marketing existing products and services, although marketing is a fundamental element of internationalisation. The city has a strong asset in its successful brand, Glasgow: Scotland with Style, and a platform on which it can build.
To achieve the vision of a world-class city, Glasgow will need to develop its own strategy for international positioning. This will help raise ambitions and provide a sense of purpose. It will identify the messages that to be communicated to agreed audiences around the world and will shape how the city will develop. Elements of an internationalisation strategy exist and Glasgow: Scotland with Style provides a platform on which to build but more requires to be done to fill the gaps and achieve a cohesive city approach.

Glasgow’s public authorities and agencies can enable the process of international positioning, and deliver some parts, but success will require the commitment of a wider range of city actors including businesses, higher education institutions and others. It will be important to achieve agreement on values, principles and objectives that will underpin the city’s international positioning.

Supporting Themes

In addition to the step change themes, there are important supporting themes more easily allocated to specific priority headings. There are also cross-cutting operational themes that have been identified to help guide the design and delivery of Action Plans. Figure 5 shows the overall structure of Glasgow’s economic development strategy from vision through to operational themes.
## Vision

<table>
<thead>
<tr>
<th>Priority 1</th>
<th>Priority 2</th>
<th>Priority 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Move up the “value chain”</td>
<td>Shared Prosperity</td>
<td>Excellent economic environment</td>
</tr>
</tbody>
</table>

- Build the Metropolitan core
- Education at the heart of the economy
- A culture of entrepreneurship
- Glasgow-Edinburgh: collaborating to compete
- Leaders in strategic area regeneration
  - Work for those without
  - International positioning

### Priorities

### Step Change Themes

### Supporting Themes

### Operational Themes

The supporting themes are identified below, with brief description of their scope. The detail of each supporting theme will be expanded in the guidance developed for action planning groups.
Priority 1 (Move up the ‘value chain’) has three supporting themes:

P1. Supporting Theme: Success through specialisation

Strong city economies are built on the success of a range of specialist activities that trade externally, earn valuable extra regional ‘export income’, support high-value jobs and drive innovation and higher productivity. On a broad industry level, Glasgow exhibits limited specialisation. Its productivity levels, while respectable in a UK context, are poor by European metropolitan standards. More detailed examination of Glasgow’s economy reveals a number of ‘spikes’ of concentrated, often very specialist, high-value economic activities. Examples include:

- Life Sciences (oncology, clinical research, translational medicine, etc.)
- Financial Services (general insurance, shared services)
- Tourism (Mackintosh, discretionary business tourism, city breaks, large-scale events)
- Creative Industries (digital media, TV & film production, music and design)
- Enabling technologies (optoelectronics)
- Food and Drink (whisky and drinks sector)
- Energy (power companies plus range of engineering/energy consultancies)
- Shipbuilding and Marine (naval shipbuilding, commercial ship management and training).

The strategy will support the development of greater economic specialisation in Glasgow’s economy, based on existing and new strengths. It will be important to better engage the influential organisations in each of these ‘spikes’, to understand how best to support their development and their contribution to the city’s step change.

Scottish Enterprise has identified a list of national and regional priority industries. These encompass many of Glasgow’s ‘spikes’ and the city will help to promote these, offering leadership in those where it plays a significant role. Collaboration with Edinburgh has also identified specific ‘urban’ sectors that offer potential for benefit through joint action by Scotland’s leading cities.

It is important to establish criteria for identifying specialist activities and principles for supporting these, since their contribution to the strategy will vary. Moreover, economic development partners will not always be able to add value at a sector-specific level. Interventions should be focused where there is opportunity for growth on a significant scale, and where there is a chance of achieving significant additionality.

P1. Supporting Theme: Create better business connections

Modern cities require competitive physical and electronic connectivity if they are to compete effectively. For Glasgow to improve its relative competitive position, it has to ensure that its connectivity for business is first class, enabling fast, efficient and cost-competitive movement of people, information and goods. Commuting connections from the surrounding region and inter-city connections by rail and air are of particular importance. Routes in the Glasgow-Edinburgh corridor fit both these descriptions.

In line with our ambitions for a successful low-carbon city, there will be a focus on actions that facilitate economic growth through positive modal shift, particularly away from the private car, towards more sustainable solutions.
P1. Supporting Theme: Higher productivity through innovation, skills and creativity
Innovation is one of the most important sources of competitive advantage in advanced economies. Whilst measurement is difficult, Glasgow’s record in business innovation and creativity appears, at best, mixed. Too much of the Glasgow economy is in relatively low productivity activities. This limits wages and workforce development and makes the economy vulnerable to competition. Glasgow’s higher education research assets have an important role to play in helping to support the development of a stronger, more innovation-led business base in the city and city region.

Priority 2 (Shared Prosperity) has three supporting themes:

P2. Supporting Theme: Best start for all our young people
The city’s young people represent a huge potential resource for the city and its economy. Too many leave the education system ill-equipped for today’s world of work and too many neither work nor pursue training after compulsory education. Glasgow posts the highest proportion of people who are not in education, employment or training (NEET) of any comparable UK city. Glasgow’s public and private institutions must work more effectively to prepare young people for the needs of a service-based, knowledge economy. This means boosting higher level skills, increasing exposure to business and entrepreneurship from an early age and developing opportunities to pursue vocational as well as academic training and education.

P2. Supporting Theme: A culture of lifelong learning
An important pillar of any successful economy is a skilled and adaptable workforce that is open to learning and deploying new skills. Glasgow’s skills profile is one of extremes. It has a higher share of people educated to degree level than the British average, yet almost as many have no formal qualifications at all, leaving them at much greater risk of unemployment and exclusion. To raise economic performance and individual and family living standards, Glasgow needs to create a widespread culture of learning where people are motivated to learn and are able to do so through a network of formal, informal, business and community-based learning routes. This calls on existing learning suppliers and employers to come together to create a truly open learning system and culture that meets the skills requirements of an innovative and highly productive city economy.

P2. Supporting Theme: Creating sustainable neighbourhoods and local regeneration
Cities are increasingly people-driven and consumption-driven economies. If Glasgow is to be truly successful, it must not only generate more and better employment for its residents and metropolitan-based workers, but increasingly become a residence of choice. It must be able to provide attractive, sustainable neighbourhoods where people want to live, where they can access employment as well as high quality public and private services. This will mean widening tenure choice, driving up the quality of physical development and providing locally-based services. Over the next ten years, Glasgow has the opportunity to use private and public investment to create a more attractive and sustainable city. This will be based on high density neighbourhoods, supported by sustainable public transport and attractive open spaces. These will contribute to reducing CO2 emissions and create a better quality of life across the city.
Priority 3 (Excellent economic environment) has four supporting themes:

P3. Supporting Theme: Top UK urban destination
Glasgow is a leading UK city tourism destination. In particular, Glasgow competes in the discretionary business conference and short break markets. The city’s attractiveness relies on its lively cultural, leisure and retail scene as well as key assets such as the SECC and its accommodation sector. The aim of this theme is to develop Glasgow as the leading UK destination outwith London and help contribute effectively to the Scottish Executive’s goal of doubling the real value of Scottish tourism. This will involve further investment in primary and supporting tourism infrastructure, including investing in the city’s culture and heritage, as well as marketing and promotion. The ambition is to attain Top UK destination status in terms of domestic and foreign visitor expenditure.

P3. Supporting Theme: A place that nurtures people and talent
Cities are increasingly driven by their ability to develop, retain and attract people and talent. Glasgow has successfully reversed its population decline and now needs to focus on retaining, developing and attracting talent across its economy. This will mean building on Glasgow’s distinctive diversity and city ‘buzz’, increasing its place attractiveness and developing the city’s cultural and leisure offer. It will also mean opening up the city’s business and work cultures to better support and nurture talent - from whatever source. It may mean developing particular incentives to attract and retain talent, particularly in support of the city’s priority industries and business specialisms.

P3. Supporting Theme: Green opportunities
In developing a strategy, it is important to anticipate opportunities and threats. Among these, the impact of human activity on the environment looks more certain than most to grow in economic importance over the next decade, especially with regard to climate change.

Until recently, environmental policy was often seen as an ‘add-on’ to economic policy, or concerned mainly with regulation and restrictions. But as the UK Government-commissioned Stern Report (2006) notes, the far-reaching changes required to tackle carbon emissions and climate change will also present opportunities for those who can provide solutions to the problems. Glasgow has a choice. It can allow opportunities to mutate into threats which then become problems, hoping perhaps to be able to pay others more far-sighted for solutions to these. Alternatively, it can look harder at its own resources and the opportunities open to it to take advantage of the changing global situation.

The UK aims to reduce emissions of carbon dioxide by 20% below 1990 levels by 2010, exceeding its Kyoto target, and to achieve a 60% reduction by 2050°. Glasgow is already a low carbon location relative to the rest of the UK but can achieve much more through development of marketable ‘green’ solutions. These would attract investment from government and business
keen to support innovation, generate ‘post-production’ income from individuals and businesses attracted by the advantages of these solutions and benefit from the ‘green glow’ image benefits that progressive cities are likely to experience in future.

The strategy commits Glasgow’s economic development partners to identify green opportunities, not simply through specific technologies and industries but through improved processes in all sectors. These include city-wide energy efficiency and sustainable solutions, which can also offer opportunities in strategic area regeneration, plus improvements in physical planning and the role of transport. Success in these initiatives will mean that Glasgow in the 21st century will be truly a Dear Green Place.

P3, Supporting Theme: Place basics
A recurring feature of consultation on the new strategy was to ‘get the basics right’ and create an infrastructure that is fit for purpose in the 21st century. This means delivery of sustainable solutions for water and sewerage and significant, strategic and innovative solutions to the city’s almost uniquely high stock of vacant and derelict land. In ten years time, if these are delivered, Glasgow will be able to reap the benefits of an effective resource base for its economy.

Operational Themes
Cross-cutting operational themes have been identified to help guide the design and delivery of actions to be contained with Action Plans. They comply with good practice and Scottish Executive guidance to public bodies and provide important guidance to those who will design and deliver the projects and programmes to make the strategy a reality.

The operational themes of the strategy are:

- ‘Metropolitan-minded’ - design and delivery of activity must take into account Glasgow’s role in the wider city region/metropolitan area; delivery may be most appropriate at a metropolitan scale and in partnership
- Sustainable solutions - to seek a step change in the delivery of sustainable solutions, particularly in transport, water and sewerage, housing, vacant and derelict land and residential density, etc.
- An economy for all - ensure that the development of Glasgow’s economy draws on, and provides opportunities for, all of Glasgow’s citizens, regardless of gender, ethnicity, age, nationality or religious faith
- Innovative financing - to deliver the scale of actions required to meet the strategy’s vision, we will have to exploit new and innovative ways of financing investment. This will mean closer partnership with private sector funders and better design to ensure deal flow and returns. It will be vital to lever more funding to support Glasgow’s future economic development.
8. Measuring Progress

Indicators and Measurement

An effective framework for measuring the progress and impact of the strategy must be aligned to its vision and priorities. The indicators and aspirations reflect Glasgow’s ambition to see a step change in performance to rank it among the best performing cities internationally. In addition, the framework clearly articulates a balance between the strategy’s focus on wealth creation and well-being.

Using Treasury methodology and extensive benchmarking resources, it is possible to identify the production or GDP gap between the current size of Glasgow’s economy and its expected size, comparing the city’s economic and wealth creation performance with the best performing international cities. To be ranked with such top city performers as Basel, Frankfurt and Dublin, Glasgow currently needs to close a production gap of around £5.5bn. Such a step change represents over 40% growth of the Glasgow economy. Depending on the progress of the top city performers over the next ten years, the growth rate required could be significantly higher.

Closing the production gap will require a dramatic improvement in productivity and a significant increase in employment. Achieving significant employment growth alone, however, will not raise Glasgow’s performance sufficiently for it to meet the aspirations set out in the vision. To close the current production gap, a 43% increase in labour productivity along with a 50,000 increase in total employment would be necessary to rank Glasgow among the best performing international cities.

These aspirations identify the scale and scope of step change required in the performance of the Glasgow economy. They represent a significant challenge to accelerate performance from a solid base and increase not only the number of jobs but their quality and value. The aspirations of the strategy are challenging but can be realised. It will, however, require real commitment across a range of partners, to ensure that actions focus on the strategy priorities.
Macro Indicators

The key macro indicators, baselines and aspirations for the strategy are as follows:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline</th>
<th>Aspiration</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita (Wealth Creation)</td>
<td>2nd Quartile 18 of 25</td>
<td>1st Quartile average</td>
<td>Production gap - £5.5bn (GDP)</td>
</tr>
<tr>
<td>Labour Productivity</td>
<td>4th Quartile 34 of 35</td>
<td>2nd Quartile</td>
<td>Productivity gap - 43%</td>
</tr>
<tr>
<td>Employment Rate</td>
<td>9% below Scottish average</td>
<td>Scottish average</td>
<td>Employment gap - 50,000 jobs</td>
</tr>
<tr>
<td>Population</td>
<td>11% of Scottish population</td>
<td>12% of Scottish population</td>
<td></td>
</tr>
<tr>
<td>Average Earnings (Living Standards proxy)</td>
<td>5.3% below UK average</td>
<td>UK average</td>
<td></td>
</tr>
<tr>
<td>Quality of Living (Well-being proxy)</td>
<td>55 of 215</td>
<td>Top 40</td>
<td></td>
</tr>
</tbody>
</table>

Using an extensive benchmarking database, 35 European cities including Glasgow have been ranked and positioned into quartiles by GDP per capita and labour productivity performance. Glasgow’s position in these rankings helps identify the required future growth trajectory to place Glasgow amongst the best performing international cities.

GDP per capita - First and Second Quartiles

<table>
<thead>
<tr>
<th>City</th>
<th>GDP per Capita (£ before 2014)</th>
<th>Rank</th>
<th>City</th>
<th>GDP per Capita (£ before 2014)</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basel</td>
<td>70,926</td>
<td>1</td>
<td>Birmingham</td>
<td>40,711</td>
<td>10</td>
</tr>
<tr>
<td>Brussels</td>
<td>54,724</td>
<td>2</td>
<td>Cologne</td>
<td>40,084</td>
<td>11</td>
</tr>
<tr>
<td>Frankfurt</td>
<td>51,131</td>
<td>3</td>
<td>Zurich</td>
<td>38,009</td>
<td>12</td>
</tr>
<tr>
<td>Dublin</td>
<td>48,121</td>
<td>4</td>
<td>Geneva</td>
<td>37,929</td>
<td>13</td>
</tr>
<tr>
<td>Munich</td>
<td>46,939</td>
<td>5</td>
<td>Vienna</td>
<td>37,416</td>
<td>14</td>
</tr>
<tr>
<td>Oslo</td>
<td>45,112</td>
<td>6</td>
<td>Helsinki</td>
<td>35,405</td>
<td>15</td>
</tr>
<tr>
<td>Stuttgart</td>
<td>44,565</td>
<td>7</td>
<td>Copenhagen</td>
<td>34,637</td>
<td>16</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>42,614</td>
<td>8</td>
<td>Milan</td>
<td>34,302</td>
<td>17</td>
</tr>
<tr>
<td>Hamburg</td>
<td>41,298</td>
<td>9</td>
<td>Glasgow</td>
<td>32,995</td>
<td>18</td>
</tr>
</tbody>
</table>
International rankings of quality of living in cities are produced annually by a number of bodies. One quality of living index ranks cities based on an evaluation of 39 criteria that include the political and social environment, health, education, recreation and housing. To move from 55th place into the top 40, Glasgow would have to overtake cities such as Milan, Seattle and Barcelona.

Review and Monitoring

A measurement framework will be developed to enable Glasgow Economic Forum to undertake an ongoing review of progress of strategy implementation. Reviews will focus on progress against the macro indicators, but not exclusively, to ensure that a comprehensive and tailored analysis can be undertaken as required. A Review Panel will consider the outputs and impacts achieved, discuss and interpret the results and implications and provide a reporting mechanism to the Glasgow Economic Forum.

The use of survey data aligned to priorities will be used as appropriate to measure changes in attitudes and confidence amongst businesses and the general population. The assessment of the attitudes and aspirations provides a useful insight into changes of perceived well-being in the city.

The review process will be supported by a comprehensive annual economic analysis of the city economy and its labour market. A detailed progress review will be undertaken every three years.
ANNEX 1. Glasgow Economic Forum and Strategy Steering Group

Glasgow Economic Forum

- John Gallacher (Chair)  Cruden Estates Ltd
- Richard Brown  Glasgow Community Planning Ltd
- Cllr Jim Coleman  Glasgow City Council
- Ron Culley  Strathclyde Partnership for Transport
- Martin Gaughan  Scottish Trades Union Council
- Steve Inch  Glasgow City Council
- Prof Andrew Hamnett  Glasgow Higher Education Institutions
- Brian McAleenan  Glasgow Local Development Companies
- Jim McPhie  Federation of Small Businesses
- Linda McTavish  Glasgow Further Education Colleges
- Stuart Patrick  Scottish Enterprise Glasgow
- Dr Lesley Sawers  Glasgow Chamber of Commerce
- Shona Stephen  Communities Scotland
- Ian Taylor  Jobcentre Plus
- Scott Taylor  Glasgow City Marketing Bureau

Strategy Steering Group

- John Gallacher (Chair)  Chief Executive, Cruden Estates Ltd
- Stephen Baxter  Managing Director, BAA Scotland
- Ewan Cameron  Regional Managing Partner, Ryden
- Prof Andrew Hamnett  Principal, University of Strathclyde
- Steve Inch  Director, DRS, Glasgow City Council
- Ian Manson  Senior Depute Director, Glasgow City Council
- Stuart Patrick  Operations Director, Scottish Enterprise Glasgow
- Prof Seona Reid  Director, Glasgow School of Art
- Ronnie Saez  Chief Executive, Greater Easterhouse Development Co. Ltd
- Dr Lesley Sawers  Chief Executive, Glasgow Chamber of Commerce
- Prof Ivan Turok  Department of Urban Studies, University of Glasgow
ANNEX 2. Glasgow’s Socio-economic Context

In economic terms, Glasgow makes a powerful contribution to the Scottish economy. It is Scotland’s largest urban economy, with annual output of £12.8bn per annum, supporting the country’s largest centre of employment with total employment of 419,000, a 25-year high. Glasgow is the economic, business and cultural centre of a wider metropolitan area of 1.7 million people and provides employment for 160,000 people who commute into the city to work. The city has the largest population of any local authority in Scotland, at around 580,000, and for the first time in decades its population is forecast to rise.

Glasgow’s Economy

The city is home to 13,000 firms, including one-quarter of Scotland’s largest businesses. With over 419,000 working in the city, Glasgow is increasingly important to the region as a source of employment. It now accounts for over two-fifths of total employment in the Clyde Valley area and is the most important location for high-value, cultural, leisure, retail, transport, higher education and research services.

Glasgow’s economic and jobs growth in recent years has been strong. Over 60,000 additional jobs have been created since 1995 and Gross Value Added (GVA) growth has averaged 3%-4% per annum, well above the Scottish average.

Jobs growth has benefited the city’s residents enormously. The number in work has risen by around 40,000 (19%) in the past ten years, halving the employment rate ‘gap’ with national averages. At 66% in 2005, Glasgow’s rate is now mid-range for UK post-industrial cities, although it is still the lowest in Scotland.

“Glasgow’s recent success appears largely a function of having a high share of UK job growth sectors”
Glasgow’s Employee Jobs by Sector (%)

Source: Annual Business Inquiry, Dec 2004 (Office for National Statistics)

Glasgow is now overwhelmingly a service sector economy. Fewer than one in ten jobs are in manufacturing or utilities (though there are important global firms in these sectors). Business services, public administration, health, and retail have accounted for most of Glasgow’s new jobs since 1995. The city has seen most growth in those sectors which have been expanding in other larger British cities.

Three-quarters of Glasgow’s jobs growth has been in large workplaces employing 200+ and these now account for over 40% of all jobs. Conversely, the total number of firms in Glasgow has declined slightly since 2000, and is barely more than it was 10 years ago. The city’s new business record is unremarkable and its business survival rate is exceptionally poor. While business ‘churn’ is associated with dynamic economies where high closure rates are outstripped by new starts, Glasgow is exceptional amongst UK cities in that, over the past decade:

- It is the only city where the number of employees in micro-scale workplaces (1-10 employees) has actually declined
- Jobs in large workplaces (200+ employees) increased by a number and rate almost double that of any other city (46,000 or 38%)
- It has the lowest proportion of residents in self-employment.
These facts pose important questions about the depth and sustainability of Glasgow’s improvement. Despite marked success in attracting and retaining large service-based inward investments, and the scale of employment in business services, Glasgow is relatively under-represented in the number of business services firms in its economy. These firms are often knowledge-intensive, highly productive and able to compete outside their local area.

Glasgow’s jobs tend to be slightly lower on the occupational scale than those of comparable cities and of the British average. The low share of manual occupations reflects the city’s move from a manufacturing to a service economy. On the other hand, growth in service-sector jobs has been disproportionately large in personal service and sales occupations, rather than in managerial and professional posts. Nevertheless, more of Scotland’s 2003/04 graduates found work in Glasgow (22%) than anywhere else. Most of these were in the private sector. There has also been progress on development of the ‘knowledge economy’ in Glasgow, although this relies heavily on public sector employment.

Glasgow’s productivity (per employee) levels are similar to the average for UK cities but are less impressive compared with the surrounding region, national averages, and much less impressive than successful European cities. Productivity is a UK-wide concern, and relates to a number of important issues (illustrated below).
PRODUCTIVITY

Productivity is a measure relating a quantity or quality of output to the inputs required to produce it (often measured as £ per hour).

Relatively few Glasgow firms appear to participate significantly in non-local or non-Scottish markets. Tourism and higher education sectors have achieved successes, as has the city’s renowned retail sector, but the city economy appears to have few important specialisations in innovative, highly-productive activities that are competitive on a national or international level. Conversely, Glasgow is relatively over-represented in lower-value sectors and functions, including much of its manufacturing base, retail, tourism/catering and ‘lower-end’ financial and business service operations. Some of these activities may be vulnerable to technological substitution or relocation to lower-cost locations - although ‘off-shoring’ appears to have had little impact on Glasgow’s call and contact market to date.

People and Skills

The population of Glasgow (City Council’s area) is around 580,000. Municipal boundaries obscure the fact that 1.2m live in the ‘Glasgow settlement area’, over one-fifth of Scotland’s population. Glasgow is at the heart - physically and economically - of the Clyde Valley, a region of some 1.7 million people.

Glasgow has one-fifth fewer residents than in 1980, a decline faster than in other cities, but the population post-2000 has been stable. Projections for the next ten years also point to relative stability, although most post-industrial cities have already seen an upswing.

A focus inside Glasgow’s tight municipal boundaries also masks the influence of a general trend towards smaller household sizes: despite there being fewer people, there are more households in Glasgow today than in 1981.

Glasgow’s demographic profile gives cause for optimism. The city is relatively young with around one-third of its residents aged 15-34 (compared with British and Scottish averages of around one-quarter). Faster ageing in other areas is projected to make Glasgow relatively more youthful in the future.

Almost 250,000 Glasgow residents are in work, around 45,000 more than a decade ago. However, there remain over 20,000 unemployed residents (8% of the city’s working age population) and many more outside the labour market entirely (‘the inactive’) that are reliant on State benefits, many of whom are able and wish to work.

A consequence of the city’s major social and economic change is the polarisation of resident skill levels: Glasgow’s share (28%) of residents with higher-level (VQ4+) qualifications is similar to national averages but it also has a much higher share of residents (almost one-quarter) who lack any formal qualification and many more with only low-level qualifications. These residents are already disproportionately represented among the low-paid, unemployed and the inactive, and it is forecast that 90% of future job vacancies will require people with qualifications.
Higher-than-average worklessness and a tendency towards lower-skilled, lower-paid jobs means poverty remains a serious issue in Glasgow. The city has around half of Scotland’s most deprived areas. Deprivation is linked with associated (and widely-impact) problems of low educational attainment, ill-health, community safety and a culture of low aspiration. Recent economic and educational improvements have seen reductions in the level of deprivation in the city, but much remains to be done.

In-commuting plays a major part in any picture of Glasgow’s labour supply. In-commuters filled one-third of the city’s jobs in 1981, rising to almost a half in 2001 (and probably still rising as full time jobs became scarcer in other parts of the region). There are many more ‘economic Glaswegians’ than ones who live within the city’s boundaries. In recent years, increasing numbers of people have come from even further afield to fill city jobs: EU enlargement and resettlement of asylum-seekers in Glasgow has created a fresh labour pool, often young and/or well-skilled, and reportedly popular with employers. The ease with which employers can now secure migrant labour poses challenges for Glasgow’s existing jobless and lower-skilled residents.

‘Place’ Issues (Including Connectivity)

Cities are different. What makes Glasgow distinctive in a Scottish and UK context includes both ‘hard’ physical attributes as well ‘softer’, more people-based/culture-related factors:

- **Scale** - Glasgow is one of the UK’s few, truly metropolitan cities, lying at the heart of a wider metropolitan area (including Ayrshire) that contains over two-fifths of Scotland’s population, around 2.1m people. Within this, Glasgow’s ‘settlement area’ has over eight times the population of the next largest built-up area (Motherwell/Hamilton).
- **Density** - Not only is Glasgow Scotland’s largest city, its population density is twice that of Edinburgh’s and three times Aberdeen’s. It is more akin to that of the UK’s largest urban areas such as Birmingham and Manchester. Its job density means that Glasgow is the only net importer of labour in the Clyde Valley.
- **Central and connected** - Glasgow is a major UK transport hub with Scotland’s busiest airport, the largest suburban rail network outside London with frequent, direct rail services to all Scotland’s cities and key English ones (including London).
- **Urban and cosmopolitan** - Glasgow’s scale and diversity makes it Scotland’s liveliest city. It has Scotland’s largest ethnic and student populations and is renowned for its ‘buzz’, creative, cultural and entertainment scene.
These attributes give Glasgow a distinctive role in the city region, and, with Edinburgh, in Scotland. It can boast:

- A quarter (70,000) of Scotland’s students studying in Glasgow’s five higher education institutions (possibly the largest concentration outside London) with another 90,000 in the city’s further education colleges
- One of the UK’s best retail and entertainment ‘offers,’ with Buchanan Street renowned as one of the world’s best shopping streets
- Scotland’s biggest business conference destination and, with Edinburgh, one of the UK’s biggest short-break markets
- One of the UK’s liveliest arts and music scenes.

The city’s scale and centrality is an increasingly important feature of Glasgow’s success: Some 72% of the city’s new jobs and the majority of the extra jobs across the metropolitan region since 1995 have been created in postcode areas G1 and G2 alone*. Jobs here increased by around 50% (45,000), but only by 5% outside G1-G4, even though over half the city’s jobs are still found there.

Glasgow’s transport connections are relatively good by UK standards, with high metro levels of public transport use, especially via peak flows to and from the city centre. By European standards, its transport system is much less impressive, with much of its infrastructure ageing and approaching or beyond capacity. Recent years have seen improvements in air, rail and road transport but there have also been new and/or continuing challenges, notably continued increase in car use and limitation on rail capacity. There remain limited flights to international business destinations, and existing inter-city rail links are often slow and expensive. Electronic connectivity is competitive on a UK level though, in global terms, far from leading-edge.

Reductions in transport-related pollutants (principally ‘greenhouse’ CO₂) and environmental sustainability are increasingly serious policy concerns. Potentially, Glasgow is well-placed to respond to this agenda given its good public transport system and high patronage, low levels of car ownership, brownfield sites available for development and the city’s tradition of high-density development.

Glasgow’s Victorian water and sewerage infrastructure is a development constraint, though Scottish Water will prioritise strategic sites. Nevertheless, full remedial investment is estimated to be in the order of £1bn-£1.25bn and will continue to be a challenge over the lifetime of the strategy.

Despite the significant scale of recent development, Glasgow remains blighted by vacant and derelict land with over 1,300 hectares, spread across over 850 sites that occupy over 8% of the city’s land area (the highest figure by far of any city in Scotland)*. At current rates of progress it will take many decades to rid the city’s stock of derelict land. Its impact is baleful, with almost 60% of Glasgow residents living within 500m of a derelict site, with the main concentrations in the East and North of the city and in areas affected by deprivation and constraints on water/sewerage capacity.

Aside from the city’s physical attributes, of increasing importance is the city’s cultural and social life, as experienced by residents and visitors alike. Though generally less quantifiable and difficult to measure objectively, there is evidence that issues such as openness, diversity and the ‘experiential’ quality of places are becoming more important in people’s decisions on where to live and work. Glasgow boasts a cosmopolitan mix of people, with a lively cultural
and entertainment scene. This cosmopolitanism reflects the city’s exciting mix of ethnic, lifestyle, social, gender and demographic groups and is particularly evident in a number of areas (city centre, West End, South Side, etc.), institutions (schools, colleges and universities) and workplaces. Glasgow’s cosmopolitanism is major element of what Glasgow is and will become in the future.

Many independent and external observers are vocal in their praise of what Glasgow offers. The latest Lonely Planet guide describes the city as: a ‘shopaholic’s paradise’; with ‘first-rate museums’; a ‘pulsating live music scene’; with an ‘astounding diversity of pubs, clubs and eateries’; and the city overall as ‘a highlight of any trip to Scotland.’ Other recent guidebooks have been equally complimentary, with Condé Nast Traveller voting Glasgow the best UK city outside London in 2005.

From almost nothing, Glasgow has built a global, competitive position in business/conference tourism with the city leaping from the 34th to the 18th most popular city in the world, according to the International Congress and Convention Association. The city’s continuing success in this and in short-break, event and sports-based visitor markets is closely linked to its ‘place’ infrastructure and attributes: its venues (SEC, international stadia), urban attractions (universities, museums and galleries, shops, bars and restaurants) as well as the city’s lively and attractive arts and entertainment scene.

Many of the attributes which appeal to tourists also appeal to residents and potential residents, especially skilled, mobile younger professionals, and Glasgow disproportionately attracts younger people. Nevertheless, there are aspects of Glasgow which make it less appealing. Main factors include crime, especially violence and anti-social behaviour, ill-health, litter and schools’ performance.

In quality of life surveys, Glasgow tends to perform respectably, if not exceptionally. A recent⁹⁸ survey placed it alongside Birmingham and Los Angeles but behind many other, European non-capital cities.

The city’s relationship with the surrounding region is an important aspect of Glasgow’s current and future success. The wider city region provides a number of high quality business, residential and recreational options that help to both attract and retain talent and investment. In particular, Glasgow benefits from its proximity to some world class amenities: from the Clyde estuary and coast to the southern Highlands and Islands, including Loch Lomond National Park. Very recently, Glasgow has also begun to see its proximity to Edinburgh, Scotland’s rejuvenated capital, as a source of opportunity.

⁹⁸ City Survey
‘Glasgow 55th in global city survey’ http://thescotsman.scotsman.com/scotland.cfm?hd=548822006

A step change for Glasgow