

**Stuart Patrick, Chief Executive. Scottish Enterprise Glasgow**  
**State Of The City Conference 2007**

Thank you Steven.

My job today is to give you a brief description of the content of the strategy. I won't have time to go through everything so I'm going to concentrate on what the document sets out as the topmost priorities and the essential themes on which we'll be concentrating our resources.

Steven emphasised just how successful Glasgow has been over the past ten years. It's worth remembering that the last strategy we launched back in 1998 called for 30,000 new jobs for Glasgow. To draw on an American phrase we comprehensively exceeded that target. Together the city's business and public sector communities delivered 50,000 new jobs since then.

Well now is the time to build success from success.

Laying to rest once and for all the ghosts of the neglect and decline that have haunted us for the majority of the post war period.

Let's briefly remember where we've come from.

In 1983, McKinsey issued their report for Glasgow Action arguing in essence that the city centre was the last remaining card Glasgow could play to attempt

to reverse all the depressing economic trends. For McKinsey the future lay in services, in attracting headquarters, tourists and investment and in releasing the potential of the city centre with its cultural, leisure and retail assets. Some may yet remember Gordon Cullen's excellent string of pearls that was part of that strategy.

Ten years later, in 1994 the Fraser of Allander issued a comprehensive economic audit of the city's performance. Despite the Garden Festival, Glasgow's Miles Better and the 1990 celebrations, despite the investment in conference, retail and office facilities, there was still no sign of improvement in the economic statistics. Not one.

It was only three years later that we finally saw some of those signs. And so the old strategy that we are replacing today, the Joint Economic Strategy, remained essentially a strategy of recovery, a strategy focused firmly on securing new jobs for the city.

Now we can say that some of the building blocks have been laid for a different kind of strategy. As Steven said investment in the city has increased over the past year to an all time high.

The city's growth performance is now better than the average of our comparator cities across the EU and is better than the average of our UK competitors.

Our economic output is increasing and accounts year on year for a growing share of the Scottish economy.

Our jobs tally is now up to 420,000. Every week that goes by we celebrate new job announcements. Two weeks ago, Halcrow with 100 new jobs, last week First Data with 430, and yesterday Barclays with another 500 for the International Financial Services District. And our sponsor today Resolution is also expanding their workforce here to. All fantastic news.

And now we can begin to work on a new strategy. One that challenges Team Glasgow to focus on the international league tables of wealth and wellbeing.

Not just a strategy that concentrates on fixing the damage from years of decline. Even though, yes, much of that damage does still need to be fixed.

But also a strategy that genuinely sets its standards against its best international competitors, achieves again the integration Glasgow once enjoyed with overseas markets and continues to increase its contribution to Scotland's growth success.

To do that we are arguing that we need to see a step change in the performance of the city. By that we mean a real leap in our performance. Not just steady growth.

We have already graduated from being a 'problem city' to a 'city of opportunities'. In ten years we want Glasgow to be seen as a leader whose performance and standard of living others aspire to emulate. Not a city going through a process of regeneration, but one whose transformation from post industrial to modern 21<sup>st</sup> century metropolis is all but complete.

This will be no mean feat.....

There do still remain some formidable weaknesses to be overcome:

- A weak business base
- High levels of economic inactivity across so many parts of the city
- A continuing need to improve the city's infrastructure and bring derelict land back into use.
- And partly due to these , a low level of productivity

We are setting ourselves new targets for jobs, for the size of the city's economy and for quality of life.

And we are determined to move Glasgow up the international league tables.

If we are to get anywhere near matching the best in Europe – the Munichs, Stuttgarts and the Oslos - we need to see an increase of something like 40% in Glasgow's GDP per head.

Put bluntly that would mean £5 billion added to the size of the city's economy. Or £7000 for every single person living here.

The rewards are huge but we should not underestimate the scale of the task facing us.

If this is the destination, how do we get there?

The strategy is built around three high level priorities :

- moving up the value chain because we need to earn our living through highly effective competitive businesses;
- excellent economic environment so that more businesses and people want to live and work here;
- and shared prosperity because we fundamentally believe that we have to make special efforts to make sure all Glaswegians benefit from a more successful economy.

Glasgow has developed a close relationship over the past five years with the OECD asking it to be a critical friend as we evolve our plans for the future.

Our priorities emphasise balance. A balance between striving for greater wealth and making sure that wealth reaches every household in the city. That commitment to balance is one thing the OECD has consistently endorsed since our relationship began and in our new strategy we renew our commitment to it.

If I can be allowed just one specific reference to Scottish Enterprise strategy it is that we must understand what industry needs when we choose to make economic development investments. But we can also do more to design those investments to have the maximum impact on the communities yet to see the full benefits of growth.

Let me say up front that today we are launching a strategy. It is not a detailed action plan. How each of the themes will be delivered will be decided over the coming months.

So this morning I'm simply describing those essential, 'big ticket' themes that we believe matter most and why. There are seven of those. I'll very quickly go through each in turn.

### **A culture of entrepreneurship**

For a city of our size in the UK we should have up to 5,000 more businesses than we do. And it's the smallest businesses – those employing up to 10

people – that we lack. And those small businesses that do start don't survive at all well. Frankly we are doing well in attracting investments into the city from the big players but we need to see more home-grown businesses coming through. We need more early stage Jim McColls, Willie Haugheys, Charan Gills or Eddie Youngs.

That was easy to say and its not for want of effort at both national and city levels that the problem remains to be tackled. The strategy argues for a cultural step change in the support Glasgow gives to entrepreneurialism. We need to be radical in our approach , understanding every barrier and every incentive that could contribute to our failure or success in building the business base. We should go out of our way to encourage new business across the city.

### **Work for those without.**

Progress in reducing the phenomenon of worklessness has been impressive. Since the beginning of the decade 25,000 more Glaswegians who were on benefits are now working. That's on top of the radical reductions in registered unemployment. The Welfare to Work Forum led by Jim McColl has put worklessness centre stage. And the importance placed on it at all levels of government most recently through the DWP's cities initiative makes this an essential theme for the new strategy.

We are on course but we need to finish the job.

## **Leaders in strategic area regeneration.**

It's a mark of Glasgow's progress that we've been able to move on from McKinsey's agenda for the city centre. If the city centre was stage 1, then the Clyde Waterfront is stage 2 and is well on the way to delivery. Steven announced a month ago that the jobs outcomes from the myriad projects along the river have increased to over 50,000 from the original projection of 33,000. And we are already planning stage 3 – the Clyde Gateway and the East End.

Over the next ten years it should be a firm aim to spread the growth of the city centre east and finish what the GEAR project started 30 years ago.

And the Commonwealth Games presents us with a fantastic opportunity to accelerate the rebirth of the east end. There are significant and tangible economic returns to be had from a successful bid. Not least having a powerful incentive to get things done by 2014 – in infrastructure, in transport and the other aspects of regeneration required to make the Games a success.

But the strategy is more than just the delivery of planned projects. It argues that Glasgow should be leaders in regeneration, innovating in the design, financing and delivery of its regeneration programmes. The Scottish Executive's Regeneration Statement makes it clear that we have some

competition to match ; in Manchester, in Birmingham and in London itself. We must meet that competition.

### **Education at the heart of the economy**

If there was one theme that captured the most attention during the consultation for this strategy, it was the role of education. And the message was perfectly clear. Education matters more than anything else. And education at all levels.

If we are to compete in an increasingly integrated and inter-dependent world economy, education is fundamental, both as a marketable resource in its own right and as a way of equipping our workforce and our businesses with the skills they need to compete.

Increasing productivity is a fundamental factor in creating wealth and wellbeing and in a knowledge based economy the equation is simple.

Education = skills = increased productivity.

In short we have to put education at the heart of our economy

Education from nursery to bursary, all levels have an essential role to play in building our city vision.

And lets acknowledge the assets we have to begin with.

Let's remember that Scotland has an excellent schools system. In the most recent OECD achievement survey Scotland was well-placed within the top third of developed countries for all areas tested. Glasgow's performance has been improving and the Council has made a prodigious effort to invest in physical fabric, teaching and leadership across the schools community. And we have to pay yet more attention to the NEET group, those young people not in education, employment and training.

We have an excellent collection of Further Education colleges and the strategy recognises the vital role they can play in achieving the city's economic vision.

Glasgow's colleges provide easy local access to learning opportunities and are strongly rooted in the local communities

The colleges work well with a wide range of local partners to deliver innovative learning, meeting the needs of individuals, communities and employers. Previous strategies have not always done the FE colleges justice and we must not repeat that error.

And Glasgow is the largest centre of Higher Education in Scotland with five institutions and 70,000 students. The higher education institutions are an important source of graduate labour.

But they should not just be seen as a source of graduate labour. We need to be doing more to help our universities succeed as businesses in their own right. Not least because they offer enormous reserves of the research and development we will rely on for future innovation in so many fields.

But also because there is more scope to help the universities to attract export earnings. Growing the fees from overseas students is a valid goal in its own right but it is also one route to a steady increase in the city's population from amongst the most talented young people in the world.

In short the higher education sector has the scope to help Glasgow become a growing, more productive more innovative and a more entrepreneurial economy.

### **Build the Metropolitan Core**

Education is one of those basic activities where the city acts as a hub for the whole of the west of Scotland. Drawing in people from beyond the city limits to use our learning resources.

If back in 1983 McKinsey stressed the importance the core city centre had to the reversal of the city's decline, the centre is arguably even more important now to the growth of the whole Greater Glasgow region. It is Scotland's largest centre of employment, the main transport interchange for the West of

Scotland and one of the UK's most important centres of retail, culture and entertainment. Half of the new jobs created in the Greater Glasgow area over the last ten years were created here in the city centre. To use the jargon, it's the agglomeration effect of a knowledge intensive economy at work.

Our strategy argues that we need to continue to appreciate how important our city centre will remain. And we should be planning for its growth. If we plan to support 50,000 new jobs we need to know where business will want to put them and make that possible. It looks as if we'll be expanding our city centre over the next ten years.

### **Glasgow-Edinburgh**

In policy debates across the UK, city regions are described as the building blocks of economic growth and are becoming more strategically important for Scotland and for the UK as a whole.

Having the ability to combine assets and collaborate across boundaries and across institutions to improve the performance of our economy is a must.

The competitors we are looking to match on the economic league table are already doing this, we need to catch up.

But is not just about creating better linkages in the west of Scotland

In terms of size and scale, only Glasgow and Edinburgh are comparable to the English core cities. And size and scale matter if you are trying to retain and attract talent to your economy. It's the width and depth of your labour market - bluntly the chances that you'll get another job if you want or need to move from your current one - that is the crucial factor in the decisions highly skilled people make when they choose where to go.

If we are to offer a market of a similar range and depth to Greater Manchester or Birmingham never mind London we need to work more closely together both as cities and as metro regions.

Other major UK, European and world cities are the real competition for our big two cities. We should be more thoughtful in deciding when we should compete with each other.

Cities throughout the world have already begun to collaborate to build capacity and increase their influence. Copenhagen and Malmo, Turin and Milan, Minneapolis –St Paul. We need to ensure Glasgow and Edinburgh learn some of their clever moves.

We need to do the same if we are to enhance not just our own competitiveness but Scotland's as well. To succeed will take closer working across all agencies on a level not yet realised.

### **International positioning**

But however much closer collaboration is desirable we should not lose sight of the fact that Glasgow is the country's biggest conurbation. Positioning it internationally in its own right is crucial.

Perceptions are important and over the next ten years we will have a lot to do to market Glasgow both within the UK and further afield.

The days when Glasgow was synonymous with heavy industry and saw manufactured goods from the city exported all over the world are all but gone. Days when Clyde built was a byword for quality and dependability. And rightly so. Steam engines produced in Springburn are to this day working some the highest railways in the world, puffing their way over the Andes.

Shaping Glasgow 's image in the minds of those outside of the UK is a challenge. How do we want people to see the city and what it stands for?

Glasgow has a strong asset in its successful brand 'Scotland with style' and a first class platform on which to build. Only last month it won the Best

Marketing Award from the International Congress and Convention Association and since 2003 Glasgow has moved from 34<sup>th</sup> to 22<sup>nd</sup> in the world by conference delegate numbers.

We can all do more to support the city's brand and spread our message to the world. We can do more to shape and communicate those messages. For the biggest asset we have is that the reality of Glasgow almost always exceeds expectations.

And so those are the seven essential themes that our strategy will be based on.

You will see from the document that there are a number of supporting themes and I'd like to highlight just one.

### **Specialisation.**

A year ago at this conference one of the questions raised was the choice we would make between building Glasgow's economy as a diverse one relying on a broad spread of business sectors. Or concentrating instead on a select few industries.

I don't believe the two aims are mutually exclusive. We need both. We need a bigger more diverse economy but we also need to understand better and

support more closely those sectors where we are or could be genuinely world class.

Concentration on industries where we think we have the potential to build a competitive advantage over our rivals. Industries that differentiate Glasgow on the international stage. Industries producing goods and services that again will become renowned across the globe as Glasgow built, Glasgow discovered or Glasgow created. A city renowned for its creativity, innovation and expertise.

The level of knowledge and expertise we need to do this exists in a number of sectors, but let me just illustrate three.

Life sciences, including medicine and health. We need to take advantage of the resources in oncology that we have in Glasgow whether in the Beatson or in the Vet School or elsewhere in the city. We have an opportunity to develop one of the world's leading centres for cancer research with the commercial rewards that could bring. And we have one of Scotland's largest and most exciting health investment programmes on the blocks at the Southern General. Where Dundee and Edinburgh's role in life sciences is increasingly well understood, Glasgow's is bigger but less well understood.

The foundations are already there. By public and private sectors pulling more closely together we have the potential to build a research, clinical and commercial resource not just of national but of international importance.

I was maybe doing a little disservice earlier when I referred to the term Clyde built in the past tense

For ship building and ship management are still very much alive in the city.

This year saw the launch of HMS Daring from the BAE Systems Naval Ships yard at Scotstoun. The first of six Type 45 air defence destroyers for the Royal Navy.

BAE is one of the country's biggest manufacturing employers and although the days of commercial shipbuilding are all but gone, with the right support, there is strong and healthy future for niche military construction that uses home designed technology of world class quality.

But it is not just building ships where we have world renowned expertise but in managing them as well.

Perhaps it's a little known fact that Glasgow remains one of the world's leading cities for ship management. It may be a small niche but it has world class reputation and the potential for growth.

In business tourism, the facilities at the SECC with support from the Convention Bureau have helped turn Glasgow into one of the fastest growing performers in Europe in securing business conferences especially in medical and scientific fields.

The conference business has grown from £15million of business won in 1999 to £75million in 2005. One hotel room in 5 in the City is now sold to a conference delegate.

These are all areas that can be developed and that will stand us apart from the crowd.

In an age where our competitors will continue to emerge from the four corners of the globe this will be a crucial quality in staying ahead of the pack.

So that is where we are, where we want to get to and what we need to concentrate on to get there.

Ambitious for sure, but I think as a city we have been underselling ourselves for too long, it's time to aim high.

Let me now hand back to Steven to outline some of the steps on the ground we'll be looking at to deliver for Glasgow.

Steven