

# The Rise of Metropolitan Regions in Economic Development: A Scottish Perspective

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## **Paper 28**

# **The Rise of Metropolitan Regions in Economic Development: A Scottish Perspective**

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**October 2005**

## THE RISE OF METROPOLITAN REGIONS IN ECONOMIC DEVELOPMENT

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### Introduction

10 years ago my colleague Charlie Woods, Chief Executive of Scotland Europa at the time, presented the first Scotland Europa Paper. Its title was *Europe's Regions: Engines or Millstones?*<sup>1</sup> Charlie argued that European regional policy should move from a focus on ameliorating problems in Europe's underperforming regions, to viewing the regions outside of the continent's Golden Triangle as potential drivers of Europe's economic competitiveness. Regions and small countries as diverse as Catalonia, Ireland and the Oresund have subsequently demonstrated the very real potential of Europe's regions. 10 years on, I re-read Charlie's paper looking for insights on the role of cities in regional turnaround. Not surprisingly, I searched in vain. In 1995, regions had real potential but cities were still widely regarded as problems – concentrations of poverty, crime and pollution.

Yet, apart from their upward economic trajectory, the regions listed above have one thing in common. Their success has been built on the strengths of the major cities at their heart - Barcelona, Dublin and Copenhagen. In 2005, cities have re-established their position as drivers of economic development. Or to put it more simply, using the title of the recent report by the English Core Cities Working Group, *Our Cities are Back.*<sup>2</sup>

In this Scotland Europa Paper, I'll briefly explore why cities have re-emerged and why there's growing interest in metropolitan city regions as a key geographical unit for economic development. I'll then describe the Scottish policy discussion and emerging approach in Scottish Enterprise in more detail and finish by making clear our desire to learn from elsewhere.

### Our Cities are Back

The accepted narrative of economic development in the 21<sup>st</sup> century is around the importance of knowledge and the knowledge economy. To quote again from the English Core Cities Working Group<sup>2</sup> (which brings together the major English cities outside of London, their regional development agencies and the key departments of UK government):

"Over the past decade Britain has enjoyed an unprecedented period of growth and prosperity. However, Britain's international competitiveness over this period has been fundamentally influenced by seminal changes in the global economy which have had major implications for the relative competitiveness of many countries. Technological advances, removal of trade barriers, major shifts in consumer preferences and the migration of routine functions to developing countries which can offer more competitive cost structures, have all had major impacts on Britain.

As a result Britain's competitiveness is now increasingly dependent on being successful in the 'knowledge economy' - using high levels of knowledge input to create added value in both services and manufactured products."

This is re-iterated across Europe and is reflected by the Lisbon Agenda's goal for the European Union to become "the most dynamic and competitive knowledge-based economy in the world" by 2010.

While policies to drive productivity and competitiveness are set in the context of the knowledge economy, the changing spatial distribution of economic development is also being determined by the factors driving the knowledge economy. However, our understanding of the spatial implications of the knowledge economy has altered rapidly as more evidence and analysis has cast light on the actual patterns of change. As the internet-driven elements of the knowledge economy emerged in

the 1990s, the prominent view was that “The Death of Distance” or the “Weightless Economy” meant that knowledge-age economic activity could occur anywhere and would therefore disperse to avoid the costs of “congestion” associated with the major economic centres.

In fact, dispersal has happened for less knowledge-intensive manufacturing and service based activities (both globally, into developing economies, and locally in countries like Scotland, out to the greenbelts and new towns) where cost is the main driver. But for more knowledge intensive activities, there has been an increasing concentration in the major economic centres rather than dispersal. This has been attributed to two features of the knowledge economy:

- Knowledge intensive activities compete on innovation rather than cost reduction, increasing the importance of factors which create an environment for innovation.
- Generation and exploitation of knowledge is dependent on people, increasing the importance of people’s location decisions. A growing proportion of the world’s population are choosing to live in cities.
- Based on these attributes, economists and geographers, although addressing the issue from diverse perspectives – clusters, talent attraction, innovation, urban development, etc – coalesce around a set of factors which seem to determine the geographic concentration of knowledge-intensive activity:
- Proximity to major sources of new knowledge and innovation, eg universities, research institutes, firms with high levels of R&D.
- Concentrations or clusters of competing firms, suppliers and customers, allowing an intensity and diversity of interactions with others with a high level of knowledge of a particular sector, technology or market.
- Proximity to hubs of connectivity, allowing local interaction to be complemented by ready access to potential partners around the globe. As high levels of digital connectivity become more pervasive, access to major airports offering a wide range of international air connections becomes an increasingly important determinant.
- Access to pools of existing talent (and the ability to attract new, diverse talent to further refresh the innovation process), which in turn depends on having a rich enough base of employment and business opportunities and a high quality of place.

The work of Local Futures’ European Regions in the Knowledge Economy network<sup>3</sup> helps to define the factors determining the knowledge intensity of economies. However, they also move beyond describing conditions for current success to suggesting that a number of key factors mean that knowledge economy drivers are self-reinforcing, creating a virtuous circle (with the corresponding vicious circle elsewhere):

- Knowledge workers attracted to areas of greatest opportunity
- Knowledge intensive areas offer the conditions for highest levels of business start-up
- Knowledge intensive areas offer the demand that stimulates improvements in international connectivity

In the more developed continental economies, such as Europe, these factors are concentrated in the great global cities. The importance of London, Paris and Frankfurt, for example, has never been

in doubt, but how can Europe's smaller cities create the scale that equips them to drive regional competitiveness?

### **Creating Scale**

At the end of the 1990s, the European Commission published research that exemplifies the geography of the knowledge economy in Europe<sup>4</sup>. It found that research and technological development activity in Europe is concentrated in a small number of "islands of innovation". In fact, three-quarters of all public research contracts were found to be concentrated in 12 regions: London, Rotterdam, Amsterdam, Ile de France, Ruhr, Stuttgart, Frankfurt, Munich, Lyon, Grenoble, Turin and Milan.

Europe's world cities are well represented in this list, but so too are some more modestly sized cities, on an international scale. For many of the cities on the list, their inclusion reflects a high degree of specialisation in R&D, but it also reflects innovation in the way they think about their geography and an ability to create a critical mass of assets beyond their administrative city boundaries. A number of German cities bring together the assets of the Ruhr. Rotterdam and Amsterdam have grown as part of the polycentric Randstad. Lyon and Grenoble also share a proximity, while Lyon has led the French approach to building *Communitaire Urbaine* to bring together the assets of the city and its surrounding area. Similarly, Stuttgart is at the forefront of the development of a German approach to city regions, creating a regional development vehicle that encompasses 179 towns and municipalities!

If scale is increasingly important to economic success, the key lesson for cities outside of the European core, is that it is possible to create scale. Cities all over Europe remain the locations where key concentrations of universities, business clusters, connectivity and talent interact. But they are dependent on their surrounding regions for other key competitiveness factors – greater housing and leisure choice, complementary business locations, wider labour supply and consumer markets and key infrastructure such as airports. The capacity of cities to combine the full range of assets into a co-ordinated, competitive proposition will determine whether they can begin to create the scale or critical mass required. Where proximity allows, and co-ordinated action can be achieved, collaboration between cities can also become a real source of constructed scale and advantage.

It is this search for critical mass that is driving the increasing interest in city or metropolitan regions as perhaps the key geographical construct for internationally competitive economic development.

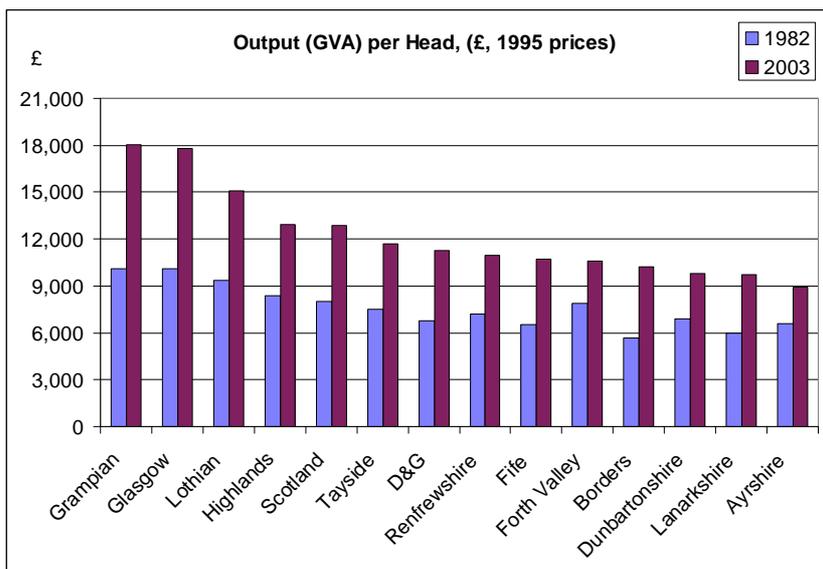
## Scotland's Story

Scotland's economy as a whole is increasingly focussed on knowledge intensive activity. Indeed on some measures, it is uniquely knowledge intensive in the UK, outside of the South East, with more than 30% of employment in sectors where over 40% of the workforce has at least a degree.

The largest concentrations of the factors driving knowledge intensive economic activity in Scotland are, not surprisingly, Scotland's cities, and in particular Glasgow and Edinburgh. The major story of Scotland's changing economic geography has been the re-emergence of Scotland's cities as the recognised drivers of Scotland's economy.

The reality is that, in modern times, this has always been the case. The four larger cities of Aberdeen, Dundee, Edinburgh and Glasgow have long been the only local authority areas in Scotland where the number of jobs located there significantly exceeds the number of residents in employment. ie they are daily net importers of labour. 40% of employee jobs are in Scotland's cities, while Edinburgh and Glasgow alone account for a third of Scottish GDP and have accounted for 40% of all new jobs in Scotland since 1995<sup>5</sup>. For each of the localities of Scotland, the growth of output per head over the last 20 years demonstrates the growing importance of Scotland's cities, with Grampian (including Aberdeen), Glasgow and Lothian (including Edinburgh) showing the fastest growth.

Figure 1: Output per Head, 1982 and 2003



Source: Experian Business Strategies

However for a significant part of the post-war period, policy has favoured a dispersal of economic activity away from the cities, whether through the creation of New Towns or encouragement of greenfield investment.

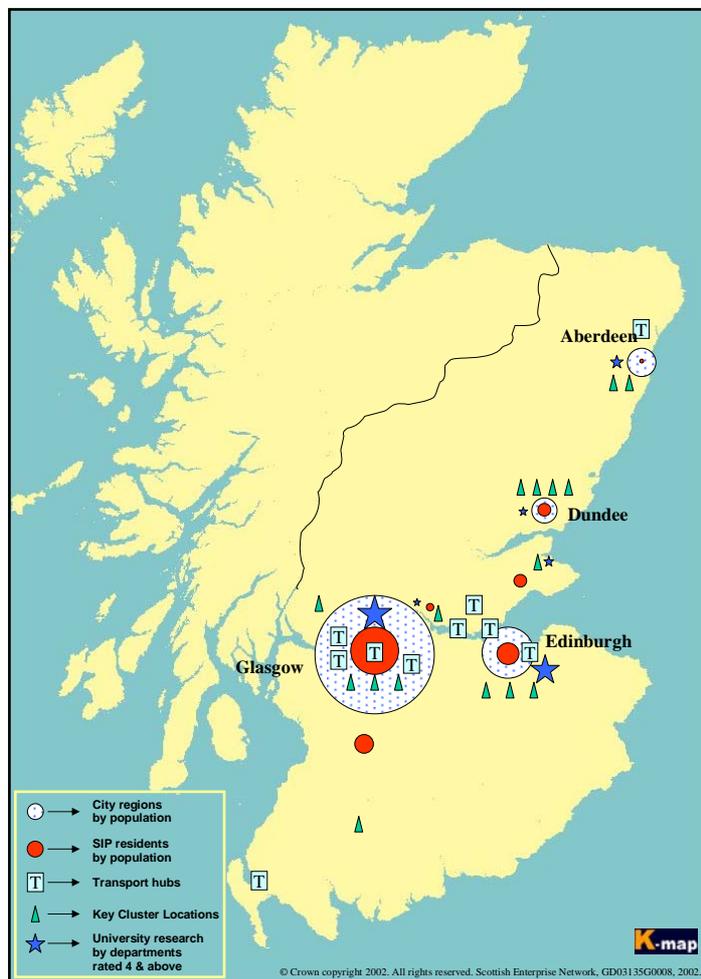
The focus of economic development policy on transforming Scotland into a knowledge intensive economy has reversed this policy direction and reflects the statistical trends around the intensification of Scotland's dependence on its cities.

As the schematic map (below) demonstrates, Scotland's cities are the focus of the key conditions for the development of a knowledge intensive economy:

- The major concentrations of leading university research departments
- The concentrations of Scottish Enterprise's priority industries, highlighting the potential of the cities to offer intensity and diversity of interactions and the critical mass of skilled labour that support potential clusters
- The key transport hubs that allow connectivity

But also the major concentrations of need and untapped potential (as represented below by residents within Social Inclusion Partnership (SIP) areas)

*Figure 2: Concentrations of Academic Research, Key Industries, Transport Hubs and Social Inclusion Partnerships*



Source: Scottish Enterprise K Map

The Scottish Executive completed its Review of Scotland's Cities<sup>5</sup> in 2002 and sent out a clear message about the importance of Scotland's cities to the national economy and the growing recognition of the interdependence between cities and their surrounding regions:

- “Our cities are at the centre of Scotland’s economic growth and dynamism”
- “Whilst each city is unique and individual, each is at the centre of the region which surrounds it and has a key strategic role to play in the growth and dynamism of that region”

The immediate policy response was to ask each of the city councils to work with their surrounding authorities and partners to develop a City Vision, which was to provide the strategic context for bids to a City Growth Fund (a fund of around £170 million over 5 years). While all funding is routed through the city councils, they are required to consult with partners and stakeholders across the wider region and ensure that additional funding is directed to the initiatives that will make the most difference to the city region. This has not been without its challenges. In Edinburgh, the development of a city region dynamic coincided with a rancorous debate over the introduction of road user pricing in central Edinburgh – a policy initiative on which the City Council and its neighbours were on opposite sides. However, in the context of a fast growing city economy facing land labour supply constraints, all partners see the value of more positive engagement.

Collaboration has been most active around Glasgow, where the city council and its neighbouring councils and partners have set up the Clyde Valley Community Planning Partnership to set the vision for Metropolitan Glasgow. The Community Planning Partnership builds on a track record of collaboration around strategic land-use planning. The Glasgow and Clyde Valley Structure Plan<sup>6</sup>, developed by a dedicated team under the direction of a joint committee of councillors from the 8 constituent authorities, is widely regarded as one of Europe’s leading examples of city region scale planning. The team has also been active in building the case for metropolitan approaches across Europe, playing a leading role in the development of METREX, the network of European metropolitan regions and areas.

Recent developments in land-use planning across Scotland have also reinforced the importance of metropolitan regions. Scotland’s first National Planning Framework<sup>7</sup> was published in 2004. In a small country with a young parliament, achieving balance between meeting the immediate aspirations of direct constituents and delivering on national strategic priorities is a key challenge. The Minister for Communities acknowledged the need for geographic prioritisation in the Framework’s foreword – “Everywhere in Scotland is important but the potential of places to promote or accommodate change varies”. The framework places supporting “the development of Scotland’s cities as the main drivers of the economy” at the head of the key elements within its development strategy and recognises their positions as “the hubs of wider regional economies”.

Below the level of the National Planning Framework, current legislation will establish City Region Strategic Plans<sup>8</sup> which will combine strategic land-use planning and action plans to deliver. Outside of the 4 main city regions, the strategic tier of development planning will disappear.

### **Scotland’s Unique Economic Geography?**

One of the longest running themes of Scotland urban development has been the competitive positions of the two major cities, Glasgow and Edinburgh. Their two city regions are home to approaching 3 million people, around two-thirds of Scotland’s population. As with many cities which are close geographically (about 75 kilometres from city centre to city centre in this case), there is a tradition of rivalry between the cities. This is intensified by the sense that the two cities are vying to be Scotland’s most important (Glasgow wins on scale, Edinburgh on prosperity and capital city status).

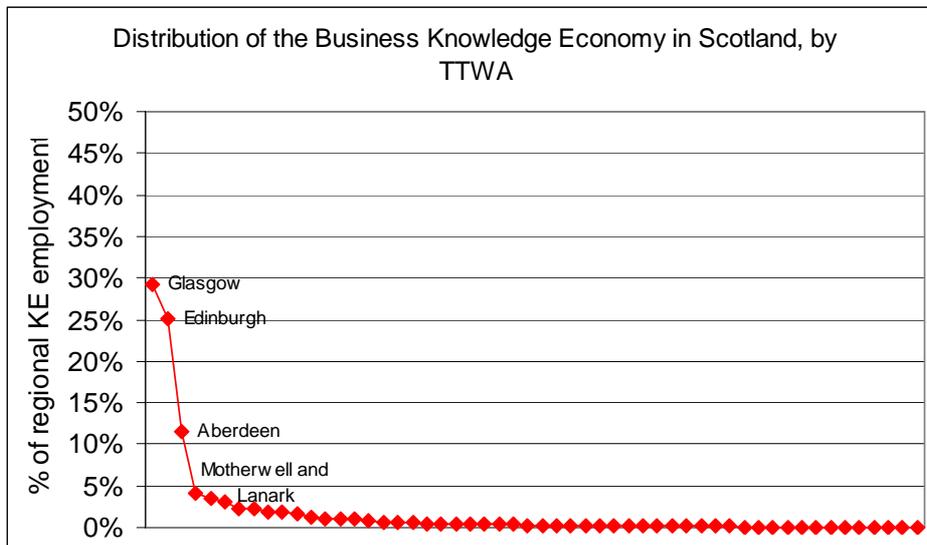
However, the increasing interest in city regions has also raised the question of whether Glasgow and Edinburgh together are the dual centres of Scotland’s single internationally competitive metropolitan region. If, as noted above, city collaboration can be a route to creating the scale that

seems so important to international competitiveness, what is the potential for Edinburgh and Glasgow? Bringing together the two city regions would certainly create a critical mass of people, assets and attributes that would place the joint city region among the 20 most significant city regions in Europe<sup>9</sup>. Proximity, even with current transport infrastructure, means a travel-time across the combined city region that would compare favourably with many single-centre regions. Despite this, the latest labour market data suggests relatively limited interaction between the two.

Evidence on collaboration elsewhere suggests real potential exists where the proposed marriage is one of equals. Only then can both cities see the benefit to them of hooking up with their partner city. Perhaps this is the factor that has changed most dramatically for the two Scottish cities. While Edinburgh has consistently been among the top performing UK cities over the last 20 years, thanks to an economy focussed on global growth sectors, Glasgow has an almost unequalled recent history of job and population loss, due to industrial decline. However, since the mid-1990s, Glasgow has enjoyed a remarkable economic transformation (perhaps best documented by the OECD's work on Glasgow's urban renaissance<sup>10</sup>), adding more than 50,000 jobs to the city's economy, while Edinburgh has gone from strength to strength with the re-establishment of the Scottish Parliament in the city.

The dominance of the two city regions and their equal weighting is reflected in research into the geography of the knowledge economy in Scotland<sup>11</sup>. Looking at the distribution of private sector employment in knowledge intensive sectors (in this case, sectors where more than 25% of employees are graduates) across Scotland's travel-to-work areas (TTWAs), Glasgow and Edinburgh account for more than half, with only Aberdeen standing out from a long tail of TTWAs with very small shares.

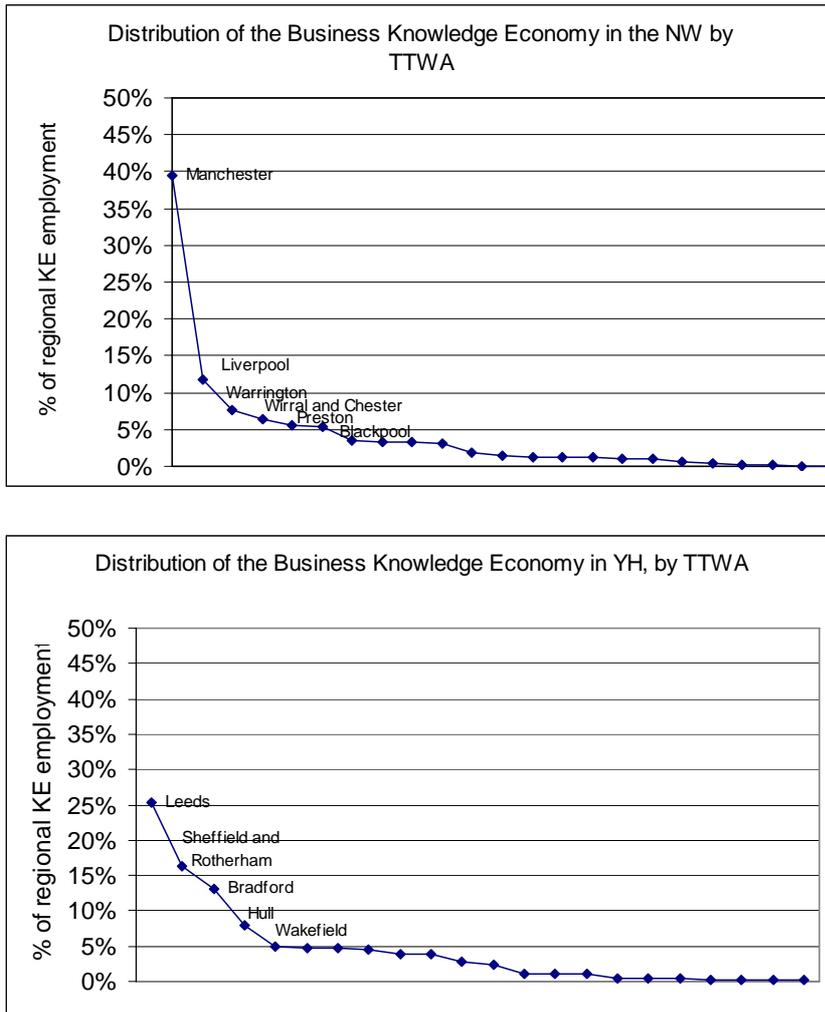
Figure 3: Distribution of the Knowledge Economy in Scotland



Source: The Geography of the Scottish Knowledge Economy, Local Futures

In other regions of the UK, where you might expect to see a similar pattern – for example around Manchester and Liverpool in the North West England or Leeds and Sheffield in Yorkshire – a different distribution was apparent, either a single dominant TTWA or a much more even spread.

Figure 4 : Distribution of Knowledge Economy in North West England and Yorkshire & Humberside



Source: The Geography of the Scottish Knowledge Economy, Local Futures

Looking further afield, it's striking that those European small countries heralded as recent major economic success stories – Finland, Ireland and Norway – have a single dominant city region. There are undoubtedly European regions which share a similar dual city pattern, but Glasgow and Edinburgh's proximity and their very different characters as cities makes the prospects of their collaborative impact so potentially exciting.

### Scotland's Economic Strategy

The importance of city regions as drivers of the economy has been a strong theme in the Scottish public policy since the publication of the Cities Review<sup>5</sup> in 2002. It is reflected in our economic development strategy, A Smart, Successful Scotland<sup>12</sup>, which was revised in 2004 to incorporate a stronger spatial perspective. The strategy addresses Scotland's growth and productivity challenges, aiming to help focus Scotland's economy on higher value activity. This strategy has been in place since 2001, but one of the key themes of the 2004 review was the role of cities and their surrounding regions:

"Scotland's cities are vital to driving the overall economic health of Scotland. Cities represent the focal point for people, production of goods and services, technology development and retail as well

as leisure and recreation. If sufficiently attractive, successful and diverse, our cities can draw and retain creative, productive people. The growth of Scotland's economy therefore depends on creating and promoting vibrant, diverse and attractive places which offer a quality environment for living, studying, working and trading.

While cities provide a focal point, they must also interact with their surrounding areas. Cities need the supply of people which come into them to work and spend but they must also be able to export goods and services out to their wider regions. The effective operation of local economies, labour and housing markets depends on the interrelationship between the cities and their regions and the infrastructure which connects them. Sustainable cities need thriving regions and, in turn, the success of the national economy depends on the economic competitiveness of our city regions."

A Smart, Successful Scotland sets the strategic direction for the Scotland's two networked Economic Development Agencies – Scottish Enterprise (SEn) and Highland and Islands Enterprise (HIE). In Scottish Enterprise, developing an approach to harnessing and building the strengths of Scotland's major city or metropolitan regions has been a key focus for the organisation.

### **The Emerging Scottish Enterprise Approach**

The Scottish Enterprise approach to city or metropolitan regions has been guided by a number of principles:

- City region and city collaboration approaches are being used globally to raise ambitions and supplement incremental change by revealing the potential for step-change. Scottish Enterprise should aspire to this more visionary approach.
- In some cases collaboration between city regions may be more powerful than collaboration within city regions. However, in both instances, the objective is to build a greater critical mass to enhance Scotland's competitiveness. The aim is collaboration, not fragmentation.
- Scottish Enterprise's adoption of a city region approach reflects the need to focus on areas of greatest impact on the Scottish economy. This impact can be maximised by collaboration between the constituent parts of a city region or between city regions.
- Scottish Enterprise will work closely with partners on developing city region approaches, primarily around developing and delivering ambitious, tangible projects that demonstrate the potential of collaborative city region working.
- Not all components of economic development need to be delivered through a city region approach. For many issues a local or national focus remains appropriate. Issues where city region working can have greatest impact, within a co-ordinated national approach, include transport, place attractiveness, key industries and the labour market.
- It will be the combination of national, city regional and local approaches that will be most powerful.
- City region working is not about replacing one set of firm boundaries with another more widely drawn set. The reach of a city region will differ for different types of economic interaction (eg travel-to-work, retail catchment, business supply chain) and our approach must reflect this flexibility.

These guiding principles reflect the nature of Scottish Enterprise as an organisation.

We are a networked organisation, made up of 12 Local Enterprise Companies (LECs), each with their own board, along with a head office operation and national board. The sphere of influence of the major cities is far wider than the geography of LECs, so the initial task for the network is to ensure effective collaboration across LEC boundaries, ensuring the network's priorities, projects and programmes reflect the functional economic geography.

However, we (alongside Highland and Islands Enterprise) are also a national agency, with a national strategy and an overriding goal of helping to improve Scotland's economic performance. It is therefore easier for Scottish Enterprise to look beyond local economies than many other public bodies who are charged with looking after the interests of their own areas. Demonstrating the tangible, additional value of collaboration will therefore be vital in making the case for wider regional working to partners.

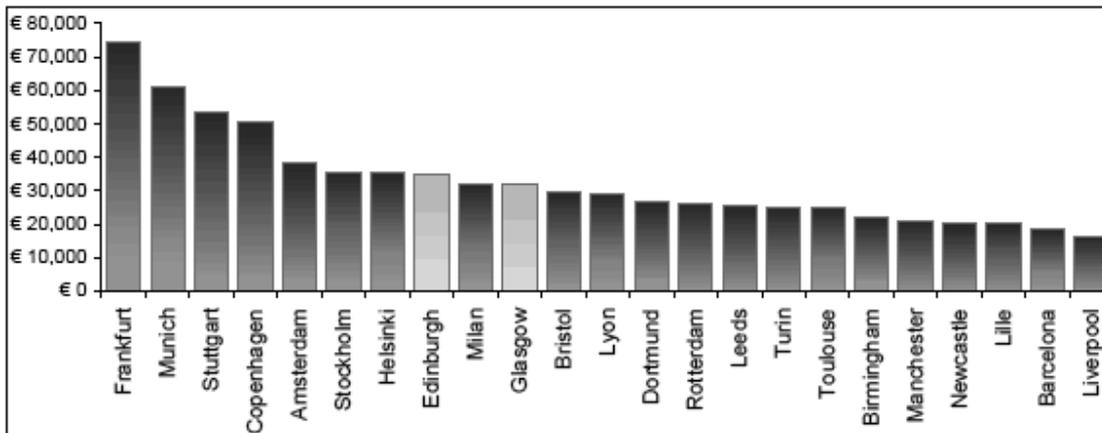
The economic development proposition that we are flexible enough to reflect diverse and variable economic flows looks at odds with the establishment of Regional Transport Partnerships and City Region Strategic Land-use Planning, within clear geographical boundaries. But it's much more difficult to reflect flexible geographies when you have to define responsibility for a section of transport infrastructure or a plot of land. Successful alignment of these approaches will require consensus around and agreed set of economic development priorities.

Within this context, to help deliver the step-change to Scotland's economic performance, the intention is that a collaborative approach around metropolitan regions will increase the impact of Scottish Enterprise's activities in 3 ways:

- greater focus on and capacity to develop and deliver ambitious projects that will have a significant impact on Scotland's economy.
- greater operational effectiveness within the Scottish Enterprise network through shared and collaborative approaches to the way we deliver.
- better equipped to influence areas which impact on economic development (e.g. transport, housing), in order to align partner priorities around the growth of the economy.

The scale of the challenge for Scotland's main metro regions is demonstrated by the gap in GDP per head between them and Europe's top performing metro regions. Scottish Executive's benchmarking report, "Competitive Scottish Cities?"<sup>13</sup> tracked Glasgow and Edinburgh's performance against European competitors. This chart below captures a sub-set of 56 leading European cities (excluding 5 major capital cities) included in the benchmarking report. For Scotland's two main cities to reach the average GDP per capita of the top quartile of these cities (49470 Euros), Edinburgh's GDP per capita would need to rise by 41% and Glasgow's by 55%.

Figure 5: GDP per capita (2001) in a selection of European Cities



Source: Competitive Scottish Cities? Scottish Executive 2005

The scale of the challenge for the wider metropolitan regions will be defined by work underway with the international benchmarking club run by BAK Basel Economics.

Because our approach is based on variable geography, a variety of collaborative opportunities are developing around the Scottish Enterprise network including:

- Vision led approaches to metropolitan region working around Edinburgh and Glasgow, involving extensive LEC collaboration.
- Approaches built on existing regional working around Aberdeen and the development of a partnership approach around Dundee which will mean a re-orientation of the local economic partnerships to a city region strategic focus, as well as work to identify collaborative approaches between the 2 regions.
- City collaboration between Edinburgh and Glasgow, led by the 2 LECs and City Councils, to develop a joint action plan to exploit the benefits of collaboration.
- Developing relationships between Scotland's largely rural southern areas, Dumfries & Galloway and Borders, and their counterparts across the border in northern England.

However, in all cases the objective is to identify actions that build a greater critical mass to enhance Scotland's competitiveness and initiatives have emerged that focus on the link between Scotland's metro regions. The measure of success will be impact on the Scottish economy.

Due to the scale of opportunity and potential impact on the Scottish economy, as well as the number of LECs involved, the most intensive activity has taken place around Metropolitan Edinburgh and Metropolitan Glasgow. A toolkit of approaches is being used to identify the key economic challenges and opportunities. These include jointly commissioned economic audits for the metro region areas, visioning exercises, scenario development and building agreement around a spatial perspective which outlines the distinctive economic roles of different places within the metro region. Together, this evidence and strategic insight, allows the identification of current projects and programmes which are key to metro success, areas of delivery which can operate more effectively at the metro scale and, importantly, new projects which have developed through increased collaborative working and can offer potential of a real step change in economic performance.

There is already a range of metro-scale projects in and between the two regions:

- **The regeneration of the Clyde Corridor** in Metro Glasgow includes 4 LEC and council areas. It encompasses two major regeneration initiatives, the Clyde Waterfront (stretching from the city centre to the western edge of the built-up area) and Clyde Gateway (focussed on the east end of Glasgow). The Clyde Waterfront alone will see an investment of around £126million from Scottish Enterprise alone in the next 7 years. This along with investment from a wide range of public and private partners will contribute to generating over £400m in additional GVA per annum to the Scottish economy by 2025.
- **Collaboration in Metro Glasgow on delivering Construction Skills Action plan**, which will help to capitalise on the massive programme of construction activity underway or planned in Glasgow, resulting from both economic growth and major refurbishment and rebuild in the education and public housing sectors. The programme will address the skills needs of the sector, while addressing the capacity of individuals around the metro region to upskill.
- **Re-opening of rail-link between the Borders and Edinburgh.** One of the greatest potential constraints on Edinburgh's sustained growth is labour supply. The city's labour catchment has extended significantly and while served by rail to the west, north and east, there is no rail-link to the Borders. The rail development will help secure the Borders' role in enhancing the range of high quality choice in the residential, leisure and niche business location markets in Metro Edinburgh.
- **Joint working between Metro Edinburgh and Metro Glasgow to drive growth of Scotland's Financial Services sector.** The financial services strategy demonstrates the combination of national, metro regional and local approaches. In the three themes of the new Financial Services strategy, building the sector's international profile operates at the national level, increasing innovation combines national policy and local approaches to working with businesses, while the remaining theme of strengthening world class workforce and business infrastructure will include city collaboration work around transport and metro region approaches around the labour market.

A range of new initiatives are under development as a result of the new metro region focus:

- **Metro Glasgow Science and Technology Diamond:** To boost the region's business base, provide a stronger support to knowledge based companies and more effectively exploit the growth potential of the region's science and technology base.
- **Clyde Coast Strategy:** To identify the strategic opportunities to build on the Clyde Waterfront initiative, by linking the urban offering of the waterfront to the unique assets of the Clyde estuary, coastline, islands and lochs, with a focus on the attraction and retention of talent as a driver of growth.
- **Urban Learning Space:** Exploring the expansion of the ethos behind Glasgow's Real Learning initiative to Metro Glasgow, using inspirational learning environments to boost knowledge, creativity and innovation, addressing constraints on the region's business birth rates and business growth.
- **Edinburgh Airport/A8 corridor:** Establishing a key location for high value, international mobile business, building on the attraction of the HQ for Royal Bank of Scotland, One of the world's top 5 banks, to this location.

- **Metro Edinburgh ICT Infrastructure:** Reviewing the current competitive position to ensure the region has a high level of virtual connectivity, through benchmarking against leading regions around the world to identify the next generation of infrastructure required.
- **Metro Edinburgh Science Triangle:** Opportunities to extend the Edinburgh Science Triangle initiative beyond Lothian, to include, for example the strengths of St. Andrews and Stirling to enable the metro region to fully exploit its strengths in R&D and innovation.

Although smaller in scale and with less complex inter-LEC working issues, the regions around Aberdeen and Dundee are of importance in boosting Scotland's future growth, principally because of their contribution to a number of Scotland's key industries. Key initiatives include:

- **Aberdeen City Vision:** addressing the vibrancy of the city centre as a key to retaining and attracting talent.
- **Aberdeen Science Parks:** developing the science and technology infrastructure of the region.
- **Energy Infrastructure:** including the innovative Peterhead Decarbonised Fuel Project.
- **Dundee Central Waterfront:** a metro-scale project which, over a period of 20 years, will significantly increase the scale of Dundee City Centre by reconnecting the centre to its waterfront, thereby increasing the region's attractiveness to mobile businesses and visitors.
- **Western Gateway**– Building on Digital Media Park, Dundee Technology Park Extension and the Scottish Crop Research Institute Science Park around the Western Gateway will help to grow the regional strengths in digital media and life sciences sectors at a Scottish level.

The emphasis on how the metro regions can work collaboratively to enhance Scotland's competitiveness has resulted in initiatives that will impact across the metro regions:

- **Faster Transport Links between Cities:** A research project is underway to explore the impact on the economic development of each of Scotland's major cities and their surrounding areas of significantly faster transport links between the cities.
- **National Freight Strategy:** Approaches to freight connectivity, identified as opportunities in both the west and east, will be brought together to help inform a network wide involvement in the development of the Scottish Executive led National Freight Strategy.

These initiatives alongside the transport priorities emerging within and between the metro regions will help provide a clear focus for the Scottish Enterprise's influence on the National Transport Strategy. This is just one example of how Scottish Enterprise's approach to metro regional working needs to be part of a wider partnership approach. The Scottish Executive' Partnership Agreement<sup>14</sup> (between the two ruling parties) for the current Parliament establishes economic growth as the number one priority. However, Scottish Enterprise are just one player in the range of public policy tools available to the Executive. Successful, competitive metro regions will depend on the quality of transport, education, housing, land-use planning and basic utilities along with the wider environmental and social conditions. All of these are beyond the delivery remit of Scottish Enterprise, but we believe we can play a key role in building an investment alliance around the economic growth imperative.

## Learning as we Move Forward

Scottish Enterprise is at an early stage of understanding the dynamics, opportunities, enablers and constraints on city or metro region working. One of the main motivations behind this paper is to signal our interest and intent in this area, with the aim of stimulating learning and collaboration with others who view city regions as a key geography for economic development.

Close to home, we've started to exchange learning with colleagues in the Northern Way, the exciting approach to boosting the economy of the north of England, which is built around the opportunities offered by a system of 8 city regions. Further afield, we've been building links in Europe with areas widely regarded as leading the way, including the Oresund, Randstad and Stuttgart.

The focus for this learning activity is currently around the following questions:

- How can using a metro region approach boost competitiveness through generating new initiatives and enhanced approaches to economic development?
- What are the key enablers and barriers to effective metro region working and how can these be harnessed or tackled?
- How can our approach ensure Scotland's metro regions work together to boost Scotland's overall competitiveness and at what scale would city regions work most effectively in Scotland?
- What roles do different places (eg cities, surrounding towns, rural areas) play in metro regions and how can we best enhance their ability to play these roles?

We also have specific interests around partnership approaches, how to maximize the synergy between priority industries and priority geographies and how to maintain a flexible approach to defining the geographies.

## Conclusions

Cities and their surrounding metropolitan regions are emerging as perhaps the key competitive geography in economic development. Scotland's approach to economic development needs to more effectively exploit the potential of its metropolitan regions. The two largest cities sit at the heart of overlapping metro regions and jointly offer the scale and contrast to be a major international player. However as a networked national agency, Scottish Enterprise needs to find the best combination of national, metro regional and local approaches. In a country where many of the most highly regarded assets are rural, the city region approach needs to build the profile, asset base and competitiveness of the metropolitan offering, but in the context of harnessing all of Scotland's attributes.

*If you'd like to share your insights and approaches to city or metropolitan region working, please contact:*

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