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SCOTLAND'S URBAN

AGE 2022

Shocks to the System

EXECUTIVE SUMMARY



**Aberdeen &
Grampian
Chamber of
Commerce**



GLASGOW
CHAMBER OF COMMERCE

Edinburgh
CHAMBER OF COMMERCE



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Glasgow Chamber of Commerce is at the heart of one of the largest and most successful city regions in the UK. It is a membership organisation that champions all businesses across all sectors in the city and the region through an active support network. The Chamber champions the city and acts as the business voice of Glasgow.



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Aberdeen

EXECUTIVE SUMMARY

Shaping the century of the city in Scotland

A lot has happened, but not a lot has changed.

It may sound like a contradiction, but for Scotland's AGE cities – Aberdeen, Glasgow and Edinburgh – it succinctly summarises how a profound cycle of change has altered the path, but not the destination.

We continue to live in the century of the city, a remarkable era which will see urban inhabitants outnumber rural dwellers for the first time in human history. North America and Europe are already there, and the ratio is predicted to reach 70:30 by 2050.

But what does this mean, in practical terms, for Scotland's three largest cities and their regions? These cities are the collective powerhouse of the Scottish economy. Their concentrations of populations, wealth and knowledge remain of pre-eminent importance to Scotland's wellbeing; a litmus test of Scotland's future.

Despite accounting for just 22% of Scotland's land mass, these city regions house 68% of the population and account for 73% of the country's GVA.

However, a consequence of this centripetal position is that these cities have been hit hardest by the Covid-19 pandemic, which hollowed out our shared spaces, devastated high streets and accelerated societal change. Together they lost 124 weeks of sales, more than any city in neighbouring England, due to our stricter pandemic measures. However, the pandemic is only one ingredient in what is a cocktail of change redefining our city regions.

Therefore, now is the right time to ask ourselves whether our cities are ready for the changes coming their way? If not, then what interventions are required to equip these critical drivers of our economy with the tools they need to thrive and be globally competitive cities in their own right.

These are the questions at the heart of Scotland's Urban AGE 2022.

WHAT IS SCOTLAND'S URBAN AGE?

The first incarnation of this report, *Scotland's Urban AGE (SUA-1)*, was published in 2018 as a review of Scotland's three principal cities and their regions.

That document considered the international context to these cities, reviewed their performance against a range of measures, drew some strategic conclusions and made a series of recommendations about the future (SUA-1). A lot has happened since then.

One of the rewarding legacies of SUA-1 was closer working between the Chambers of Commerce for the three cities.

These organisations, working in partnership with Brodies LLP and Anderson Anderson & Brown Consulting, and Scottish Funding Council have commissioned this update to consider how the cities are faring in the troubled waters at the start of the 2020s by posing the questions nagging at everyone – what has changed, what has stayed the same, and what's new?

Scotland's Urban AGE 2: Shocks to the System (SUA-2), updates SUA-1 in the light of the Covid-19 pandemic and the challenges of the climate emergency, brought into sharp focus in Scotland by COP26, and reflects on the legacy of the global financial crash and Brexit.

These have caused, and continue to cause, shocks to the system – and they interact. Together they stoke uncertainty and make already difficult challenges even harder to surmount.

The cumulative effects, without understanding, judgement and leadership, could be toxic for our cities and their peoples.

WHAT IS CHANGING OUR CITIES?

Covid-19 has had a terrible impact on those in the front line and it has had a collective and frequently negative effect on communities and individuals.

For those of us whose work afforded the opportunity for reflection away from the immediate fog of the emergency, it was clear from the outset that the imperative of combatting the effects of the pandemic would inevitably be conjoined with tackling the climate emergency and would lie within the long shadows of the financial crisis and Brexit.

These forces have combined to create five key challenges for our cities:

City centres facing enormous transition:

The pandemic struck at the very heart of what cities excel at doing; bringing people together. It had the effect of hitting the most successful city centres hardest. These cities cater for regional office, retail and leisure markets and, in many cases, national and international businesses and tourists. All these activities were profoundly disrupted and have left our city centres in a state of flux. With millions of people working from home and adjusting to a local life, some out-of-town locations and suburban centres experienced a boost in trade. We do not yet know to what extent, and for how long, this shift to the local will be sustained. However, there is consensus around the fact that office requirements could fall by around 30% as requirement shifts from scale to smaller, but better commercial real estate. No one is seriously suggesting that we are facing the death of the office, but if 3-4 day in-office working weeks become the norm, the impact on footfall, the viability of businesses serving office workers, the office property market and the public transport system could be profound, especially if it



is accompanied by long-term changes in shopping, entertainment and leisure. Our cities need to carve out a new purpose as central hubs which offer things that people cannot access locally in their neighbourhoods.

A built environment that requires retrofitting on an industrial scale:

Our current economic and taxation systems have been designed to maintain and deliver a carbon-based economy. We need a step-change in fiscal policy to incentivise the private sector to deliver the changes needed to help Scotland achieve its net zero targets. That should start with a focus on the built environment, which is believed to contribute around 40% of the UK's carbon footprint. The existential challenge is the pace at which this might be achieved.

An ageing population which will lead to workforce and tax revenue pressures:

By 2030, a fifth of our population will be of retirement age. By 2050, that figure will surpass a quarter. This presents significant challenge around how our citizens interact with their cities, but also around the human capital required for them to function. Ageing has a direct impact on cities as it changes the demands made on the infrastructure, notably the transportation system and social services. Simultaneously, it leads to shrinking revenues from local and national taxation as older people live on less and pay less tax once they retire. In turn, demographic ageing is paralleled by a relative decrease in the active labour force, further lessening the tax take and putting pressure on housing accessibility and affordability. This poses potential problems and Scotland's growth in human capital may be further suppressed by the immigration policy of the UK Government, currently a reserved matter.

Deteriorating domestic and international connectivity:

Globally competitive cities need to be connected to their customers and markets. A step-change in inter-urban connectivity and infrastructure is required to undo the damage done to our air connectivity by Covid-19 and improve the speed of rail connections between our AGE cities. Rail connections between Edinburgh or Glasgow and Aberdeen are slow and time-consuming. Looking to the skies, in Scotland,

Glasgow



Edinburgh

where we are located on the North of an island on the periphery of Europe, the role of aviation is profound. Travelling by air is not a luxury, it is an essential element of business and social life. A report commissioned by Airlines UK found that without Government support, UK airports will lose around 600 routes as a result of the pandemic.

Planning and taxation systems straining with pace of change: The pace of change in all market sectors – housing, offices, manufacturing, logistics, retail, leisure, hospitality and education – presents a significant challenge to our planning service, which at present is a hollowed-out version of its former self after years of cutbacks. These are ALL changing in terms of societal need, location, use and design. And they are all changing at the same time. This is going to bring greater than ever demands on the capacities and skills of our cities, towns and their planners to cope. Scotland's non-domestic rate scheme also lacks flexibility, which may leave it ill-equipped to deal with the rapid change being thrust upon our cities.

Internationally, there is a new localism infusing a new hybrid way of life and going “back to normal” is now unlikely.

As we make sense of the new normal, we need to have one eye on the ‘next normal’. And nobody yet knows what the next normal will be. Scotland's Urban AGE 2022 seeks to explore what this might look like.

FROM CHANGE COMES OPPORTUNITY

Cities need to be dynamic, or they decline. Therefore, a failure of leadership now would be toxic for our AGE cities.

Scotland needs its AGE cities at the top of their game if it is to remain globally competitive in the race for investment, human capital and prosperity.

We hope that this report and its findings will provide a launchpad to propel Scotland forward in the century of the city.

The pages which follow set-out the policy interventions and behavioural change which Aberdeen & Grampian Chamber of Commerce, Glasgow Chamber of Commerce, Edinburgh Chamber of Commerce, Brodies LLP and Anderson Anderson & Brown believe can overcome the obstacles which lie before us.

These partners have shown themselves to be agents of change and would urge Scotland's policy makers and business communities to come together as we shape the next chapter for our AGE cities.

If we act collegiately - with pace and a renewed spirit of delivery – then we can grasp the opportunity which the ‘next normal’ presents.

**SCAN HERE
TO VIEW THE
FULL REPORT**





Let's stop complicating things and devolve meaningful powers to our AGE cities.

PART ONE

Place AGE cities in control of their own destinies

Perhaps the biggest challenge for politicians and policymakers is to trust Aberdeen, Glasgow and Edinburgh to take control of their own destiny.

This report has again demonstrated the complexity and level of over governance that exists in Scotland.

Local communities need to be given the powers, and the funding, to ensure that investment is put to good use where it is most required and at pace. This needs further devolution of meaningful fiscal and other levers to Scotland's cities, empowering them in a way akin to their European and North American counterparts.

For example, a city like Eindhoven – like others in the Netherlands – enjoys a far greater degree of autonomy than any in Scotland. It can establish its own distinctive vision, develop an ambitious agenda for action and use tax raising and other fiscal powers to fund investment and deliver programmes.

Here in Scotland, too much funding passes through too many hands – via UK Government, Scottish Government and then intergovernmental agencies – before reaching the ground. Too many bodies are doing the same thing. What we have ended up with is a collection *of* agencies, but none *with* agency.

The UK Government has made clear that in England, the Levelling-Up agenda will seek to devolve responsibility to local authorities and to metro mayors in particular, although the Government will not force local authorities to adopt metro mayors.

It is not yet clear how this is to be resolved with the devolved administrations in Scotland, Wales and Northern Ireland. What is clear, however, is that we must see real leadership in Scotland's cities in the

same way that these metro mayors are influencing positive change south of the border.

Putting aside for the moment the issue of whether pursuit of Levelling-Up is intended to circumvent or set up confrontation with the devolved administrations, it does highlight the potential challenges that might arise from complexities in local geography and threatens to leave our AGE cities behind.

Scotland needs the AGE cities all at the top of their games. It is one of the principal duties of Government (in Westminster, Holyrood and town halls) to do everything within their power to ensure that they succeed, not least in trusting them with more devolved responsibility to address the tasks at hand.

The AGE cities, and Dundee, are unique in Scotland – they all have a dedicated city government authority whose principal purpose is the good governance and delivery of services for the people who elect them. They are compact, high density and they elect authorities to deliver.

So, let's stop complicating things. Let's stop complicating geographies. Let's devolve meaningful powers, enabling these city government authorities to deliver.

RECOMMENDATION:

Devolve meaningful tax raising and other fiscal powers to our cities to allow them to fund investment and deliver programmes that reflects local needs and opportunities.

**The things which
once necessitated
a visit to the city
centre are changing
through technology.**



PART TWO

Reimagining our city centres

Nowhere is the cocktail of change impacting AGE regions more apparent than in our city centres.

For a number of years, the relentless rise of online shopping has been changing the retail landscape. The Covid-19 pandemic has turbo-charged that change - and thrust additional challenges into the mix.

Between March 2020 and December 2021, Edinburgh city centre lost an estimated 43 weeks' worth of sales to the pandemic (3rd highest in the UK), Glasgow lost 42 weeks (4th) and Aberdeen 39 (13th).

With millions of people working from home and adjusting to a local life, some out-of-town locations and suburban centres experienced a boost in trade. We do not yet know to what extent, and for how long, this shift to the local will be sustained. However, it is clear that the Scottish Government is backing a 20-minute neighbourhood model.

This concept is all about 'living locally' - giving people the ability to meet most of their daily needs within a 20-minute return walk from home, with access to safe cycling and local transport options. It aligns with climate goals and has been facilitated by technology.

We therefore must stop thinking of our towns and cities as singular entities, but as one eco-system where residents can have their everyday needs served within 20 minutes of their home, with hub city centres offering experiences and cultural facilities which cannot be delivered in neighbourhoods.

This shift will have three outcomes:

- **Fewer shops.** The relentless rise of online shopping has transformed the retail landscape. The pandemic increased online shopping, although that short term effect has abated. Nevertheless, 40% of comparison shopping is now predicted to move online. The likely outcome for the AGE cities and their regions is one of few stores in the destination city centres and malls, that may have a distinct, smaller experiential and/or flagship character with, in all probability, a significant click-and-collect and return space.
- **Fewer offices.** By 2018 Scotland's AGE cities had amassed 61% of Scotland's office floorspace, with a further 24% in their regions. There is a growing consensus that there will be around a 30% reduction in office space requirements in Scotland.
- **Fewer people.** No one is seriously suggesting that we are looking towards the death of the office, but if 3-4 day in-office working weeks become the norm, the impact on footfall, the viability of businesses serving office workers, the office property market and the public transport system could be profound, especially if it is accompanied by long-term changes in shopping, entertainment and leisure.

The common thread here is necessity. The things which once necessitated a visit to the city centre, be that access to goods or the office, are changing through technology.

Visits to city centre will be increasingly down to **choice**; therefore they must offer experiences and facilities that people cannot access in their local neighbourhoods.

Between March 2020 and December 2021

Edinburgh

lost an estimated

43 weeks

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Glasgow

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42 weeks

worth of sales to the pandemic

Aberdeen

lost an estimated

39 weeks

worth of sales to the pandemic

Edinburgh

(3rd highest in the UK)

Glasgow

(4th highest in the UK)

Aberdeen

(13th highest in the UK)



For our cities and regions to survive, city centres need to survive. This means striking a balance between localism and centrality. This requires critical mass, which will need to be delivered in new ways:

- **More city centre homes:** Increasing the city centre population is a priority in both Aberdeen and Glasgow while Edinburgh already has extensive city centre living and now proposes densification across its wider urban area to accommodate housing-led (re)development. The rising stock of vacant buildings triggered by the changes in retail and office markets offer opportunities for residential-property led regeneration.
- **Fewer, but better offices.** The 2020 pandemic low point in the office market is now past and the shift to smaller, better offices and release of older, obsolete buildings is already well underway. Surveys by Fraser of Allander, PwC, British Chambers of Commerce and many others suggest that occupiers will need less but better office space. All three AGE cities are already achieving record office rents for the newest buildings, reflecting their top prime locations, top quality specification and costs.
- **Walkable spaces.** The issue of an ageing population also needs to be factored into our future city planning. The need to ensure the accessibility of public space for all becomes obvious in this context. Therefore, it is important that local governments and the private sector are prepared for the ageing of the population and adjust to it. Increased walkability of cities allows for greater mobility of older and vulnerable people, and for all age groups in the city.

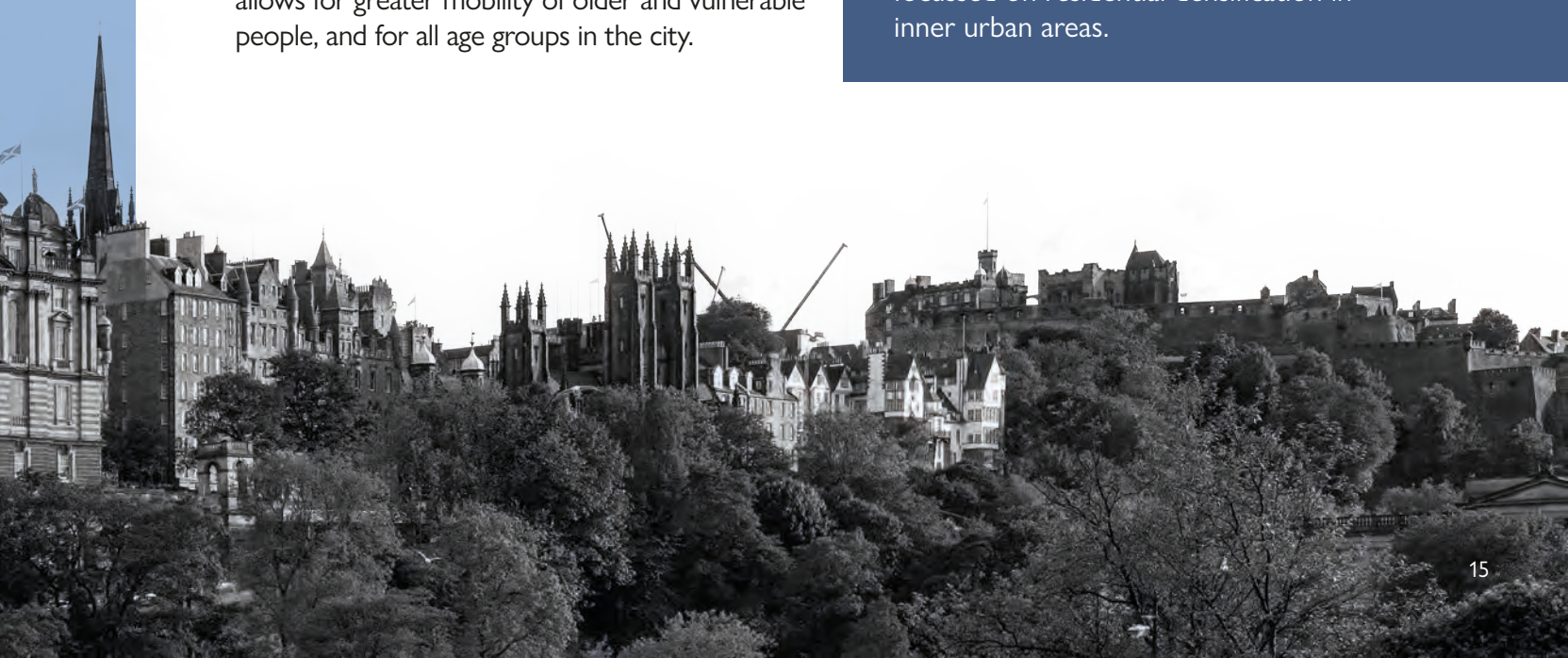
The list of current and proposed alternative uses for town and city centre retail space is long, and rather eclectic. Some towns seem to have moved from retail-only to anything-goes in their core.

The spectrum of new uses coming to an existing or former store or site near you includes – housing of all tenures, Grade A or flexible/multi-let ESG-compliant offices, indoor markets and food halls, hotels, leisure and urban logistics.

We need a planning service that is resourced adequately and agile enough to facilitate and enable this change.

RECOMMENDATION:

A new focus on increasing the residential population of our city centres to replace the critical mass lost due to technological advances. We need city centre diversification in the post-pandemic era, focussed on residential densification in inner urban areas.





**Cities are where the
climate battle will be
won or lost, which
makes action in our
AGE cities crucial.**

PART THREE

Climate leadership

Cities are where the climate battle will be won or lost – so this places the AGE cities at the heart of Scotland's decarbonisation plans.

The challenges our cities need to address include:

- The de-carbonisation and deep retrofit of entire building stocks – residential, office, retail, and every other land use;
- The de-carbonisation and deep retrofit of entire movement systems;
- Climate adaptation of the entire drainage network; and
- Balancing climate adaptation with social justice, health and economic development.

Political rhetoric is supportive, but governments do not yet seem able to take the action called for by societies and business.

This is due in no small part to the magnitude of the challenge facing governments in order to properly gear-up to address the issues.

Our current economic system and the taxation system has been designed to maintain and deliver a carbon-based economy.

We need a step-change to incentivise the private sector to deliver the changes needed to help Scotland achieve its net zero targets.

That should start with a focus on the built environment, which is believed to contribute around 40% of the UK's carbon footprint.

There is clear and emerging potential to decarbonise the built environment as funders, occupiers, policy and design align.

The existential challenge, however, is the pace at which this might be achieved and a focus on new buildings misses the point given that we only develop or replace less than 1% of built property annually.

Retrofitting on an unprecedented scale is required. This will require new ways of thinking, inspiration for which can be found internationally.

The C40 cities alliance is a global network of mayors taking urgent action to confront the climate crisis and create a future where everyone can thrive.

They are deploying a science-based and collaborative approach to help the world limit global heating to 1.5°C and build healthy, equitable and resilient communities.

Currently, the UK's only participant is London.

Scotland's AGE cities could form a similar alliance, borrowing scale from each other to tackle the climate emergency, and to potentially procure together, incubate supply chains and speed up the retrofitting of our built environment.

RECOMMENDATION:

That the AGE cities form an alliance to work collectively to accelerate their journey to becoming net zero cities, mirroring the principles of the C40 alliance. Aligned to this, retrofitting on industrial scale will require taxation incentives to be delivered at pace.

A black and white photograph of a busy pedestrian street in Glasgow. The street is filled with people walking in both directions. On the left, there are several vertical signs that read "PEOPLE MAKE GLASGOW" and "City Centre Free WiFi". A traffic light is visible on the left side of the street. In the foreground, a person is walking away from the camera, carrying a backpack. On the right, there is a "Subway" sign and a "LITTER" bin. The overall scene depicts a vibrant, urban environment.

**Scotland's growth
in human capital
may be suppressed
by UK Government
immigration policy.**

PART FOUR

Developing our human capital

If Scotland's AGE cities are to prosper in the decades ahead, then they will need to overcome the significant challenge posed by their ageing population base.

By 2030, a fifth of our population will be of retirement age. By 2050, that figure will surpass a quarter. This presents a significant challenge around how our citizens interact with their cities, but also around the human capital required for them, and our wider economy, to function.

Ageing is more prominent in Europe than in most other continents of the world. Since the 1960s, Europe has experienced lower birth rates, coupled with increased life expectancy, both of which lead to older populations. Both trends are here to stay.

Ageing has a direct impact on cities as it changes the demands made on the infrastructure (notably the transportation system) and social services (healthcare, risk of social isolation).

Simultaneously, it leads to shrinking tax revenues from local and national taxation as older people live on less and pay less tax once they retire.

In turn, demographic ageing is paralleled by a relative decrease in the active labour force, further lessening the tax take and putting pressure on affordable housing provision and health & social care services.

The ageing population issue is not unique to Scotland – in fact it is a pattern developing across the western world. However, it poses a particular threat to the Scottish economy due to historic lack of inward migration.

World Bank figures show that Scotland's population grew by 5% between 1970 and 2020. This lags well behind Denmark (17%), Finland (20%), Norway (38%) and Ireland (67%).

It highlights that Scotland's growth in human capital may be further suppressed by UK Government immigration policy, currently a reserved matter. In a perverse way, Brexit was designed to slow immigration, which will exacerbate the effects of falling domestic birth rates and ageing demographic even further in the years ahead.

These problems are known to and recognised by the Scottish Government as being critical to issues including the growth potential of the Scottish economy and the provision of services.

Human mobility and migration is often misunderstood or misrepresented in the debate on urbanisation and city development. What might be the right policy for one part of the UK could be the wrong policy for another part.

A one size fits all approach may no longer be fit for purpose. A flexible, devolved approach to immigration which allows our AGE cities to meet their human capital needs as they emerge is required.

The net zero agenda also feeds into this, as, on current trends, Scotland's climate ambition could be hamstrung by a lack of people to deliver it. A Net Zero Jobs Strategy should be developed at pace to allow for advance planning and skills gaps to be identified.

RECOMMENDATION:

That immigration policy is devolved to ensure our cities and regions have access to the workforce they need to prosper. Aligned to that, Scotland needs a Net Zero Jobs Strategy to ensure that we have the requisite skills and labour force to deliver on our climate pledges.



PART FIVE

Planning frameworks with flexibility

A planning system fit for the future in Scotland's AGE cities will require three Ps at its heart - pace, place and partnership.

The **pace** of change in all market sectors – housing, offices, manufacturing, logistics, retail, leisure, hospitality and education – presents a significant challenge to our planning service, which at present is a hollowed-out version of its former self after years of cutbacks.

These are ALL changing in terms of societal need, location, use and design. And they are all changing at the same time. This is going to impose greater than ever demands on the capacities and skills of our cities and towns and the ability of their planners to cope.

If brought together with some design awareness and with some degree of coordinating hand, the effect may be to create a new vibrancy in town and city centres. There will certainly be a requirement for a more flexible, agile, skilled and responsive **strategic planning** function to support greater, faster, coordinated change.

Scotland's emerging National Planning Framework (NPF4) stresses the importance of a design-led **place** approach. This is very important and a strong basis for moving forward with the practice of good urbanism. Frameworks are needed but flexibility more so.

Nonetheless, concerns remain for several reasons. Firstly, this is to be led and delivered through the planning system but there is, as yet, no programme of investment proposed to develop the capacity of the planning system, particularly with the design skills, to take forward the challenge of designing better places within this raft of policy advice and, secondly, there is no legal mandate to require that a design-led approach is adopted.

The investment and skills will be very necessary given that decarbonisation and the pursuit of net-zero carbon emissions that will, by definition, touch every

neighbourhood and community across the country and across the AGE cities and their regions.

This will require huge up-skilling of the public sector capacity and/or a significant embrace of the Scotland's talented design community in a dedicated programme together with the resources needed in research, in process and in design practice.

We also need to see greater **partnership** working between our planners and developers seeking to deliver the transformative projects that will enable our city centres to survive and evolve. More collaborative. Less confrontational.

This societal shift in how we work, shop and play is creating a need to repurpose surplus buildings in central places. Some areas will of course re-attract bricks and mortar retail but in a new format, for example Edinburgh's Jenners building is currently being redesigned to host shops, bars, restaurants and a hotel.

This mix of uses, and potential for future changes given that this is only the first wave, implies the need for a responsive planning system with greater flexibility and more entrepreneurial urban design than has been seen in the past. This will require a focus on delivering outcomes, such as better quality of place, rather than outputs, like the number of planning applications processed within statutory deadlines.

RECOMMENDATION:

We need significant investment in growing and upskilling our strategic planning service to embed pace, place and partnership in all it does. It needs to respond quickly to the changing environment in our AGE cities, have the capacity to design better places, and seek to work in a collegiate rather than combative fashion with those wishing to invest in our cities.



PART SIX

Radical reshaping of business rates

Scotland's non-domestic rate scheme lacks flexibility and is ill-equipped to deal with the rapid change being thrust upon our cities.

Scotland's Urban Age 2 highlights just how much has changed in this regard in a relatively short period of time.

The Scottish Government is acting and revaluations will be carried out more frequently - every three years (instead of five) from the delayed next revaluation in 2023.

This should help ensure that rateable values of properties will be much more closely aligned to current market values, thereby reducing volatility in rateable values and making the system more flexible to changing economic circumstances.

However, if you think that is enough, take look at how much has changed in the past two years due to the pandemic.

And if you are looking for proof that this current system is detached from reality, it lies in the Scottish Government's projections for revenue from non-domestic rates over the next five years.

Figures from the Scottish Fiscal commission show that Scotland's businesses will pay over £700million more in business rates (£2.8billion) in 2022-23 than they did last year. That figure stretches out to £3.5billion over the subsequent four years.

Based on recent figures (May 2022), 37% of Scotland's Non-Domestic Properties are in the AGE cities. However, they account for 46% of the country's rateable value, which means the lion's share of this additional tax will be drawn from companies in Aberdeen, Edinburgh and Glasgow.

But it also comes at a time when many companies are fighting to repay the huge debt burden taken on to survive the pandemic.

There are some staggering statistics from the Bank of England to illustrate this.

Scotland's non-domestic rate scheme is ill-equipped to deal with the rapid change being thrust upon our cities.

**We need to set out
plans for an ambitious,
in-depth independent
review of the non-
domestic rates system.**



UK corporate debt rose to £79billion during the pandemic, and 33% of SMEs have debt levels more than 10 times their cash balance, or their cash balance is negative (i.e. they are using an overdraft). This has increased from 14% before Covid-19.

18% of SMEs have monthly debt repayments that are more than 15% of their income. This has increased from 3% before Covid-19.

A responsive tax system would recognise and react to that additional burden.

A failure to address this imbalance will have severe consequences for our AGE cities, and Aberdeen's recent past offers an example of how inflexibility can drag on a region.

Between 2016 and 2020, the Aberdeen region endured a downturn in its biggest industry – oil and gas – but affecting all sectors, while businesses were paying rates based on outdated 2015 values, assessed at a time when the economy was strong and real estate values were high.

The Scottish Government's decision to delay the 2022 rates revaluation until 2023 has had serious and disproportionate implications for many businesses in the Aberdeen city region.

These pressures have caused employment to drop and skills to drift out of the region. Many companies have relocated to areas where it is cheaper to do business. And it has also seen vacant buildings – some less than a decade old – being demolished to extinguish rates liabilities. This, quite simply, is madness and these bulldozers are a symbol of policy failure.

We need to set out plans for an ambitious, in-depth independent review of the non-domestic rates system to succeed the Barclay Review.

Unconstrained this time by the principles of revenue neutrality, it should seek to define how the system should adapt to reflect changing property needs and usage and consider incentives for new businesses to set up and grow in the heart of our towns and cities.

AGE city regions account for



22%
of Scotland's
land mass

68%
of the
population



73%
of the
country's
GVA.

RECOMMENDATION:

We need a fit for purpose new rates system for the century of the city. A new system should reflect changing property needs locally and incentivise new businesses to emerge and grow in our towns and cities. A new system must also recognise and account for the impact of technology on retail and the changing use of our city centre buildings.



PART SEVEN

Connecting the AGE cities to each other and the world

Globally competitive small cities need to be connected to their customers and markets.

A step-change in inter-urban connectivity and infrastructure is required to undo the damage done to our air connectivity by Covid-19 and improve the speed of rail connections between our AGE cities.

Rail infrastructure from Edinburgh and Glasgow to Aberdeen is antiquated making journey times much slower than on comparative inter city services elsewhere in the UK.

Rail journeys from Aberdeen to Edinburgh and Glasgow are effectively a series of suburban services joined end to end. Passengers travelling from city to city endure numerous stops and periods of overcrowding particularly during commuter times.

Journey times of two and a half to three hours mean that Aberdeen is relatively isolated from its peer cities in the central belt limiting the opportunities for business and commerce.

This connectivity gap between our three major cities must be tackled as a matter of priority and not pushed down the priority list as we seek to decarbonise our railway. Other countries, notably France, have done a great deal to shrink distance and time by investing in advanced infrastructures to speed up communications and enhance mobility in their transport systems.

Looking to the skies, in Scotland, where we are located on the North of an island on the periphery of Europe, the role of aviation is profound. Travelling by air is not a luxury. It is an essential element of business and social life.

A report commissioned by Airlines UK found that without Government support, airports across the country will lose around 600 routes as a result of the pandemic. The same report said around 80%

of these lost routes will be to/from UK regional airports.

The first priority must be to restore Scotland's pre-pandemic route levels. But this in itself underplays the fact that before 2020, we already performed poorly against peer nations. Ireland and Norway are smaller in terms of population but have measurably greater connectivity than we do.

Re-establishing Scotland's lost air connectivity will require direct government support and we need to see, urgently, a defined package of support for the aviation/airports sector to enable this. Part of this must be the reintroduction of a route development fund, its predecessor scheme having been withdrawn in 2007 due to state aid concerns.

The UK's withdrawal from the EU should provide Scotland with the ability to re-introduce such funding, no longer citing state aid restrictions.

Ireland remains in the EU, yet last year the Irish Government sought and received approval to provide its airports with €160million in funding. So, our competitors are already out of the starting blocks ahead of us.

RECOMMENDATION:

Significant and transformational investment in rail infrastructure and improvement in journey times between all three AGE cities and their extended regions. AGE city airports also urgently require route development funding to address lost connectivity.

CONCLUSION

Our recommendations in full

To ensure our AGE cities can bounce back from recent shocks to the system and thrive in the century of the city, we make the following seven recommendations:

Devolve meaningful tax raising and other fiscal powers to our cities to allow them to fund investment and deliver programmes that reflects local needs and opportunities.



A major focus on increasing the residential population of our city centres to replace the critical mass lost due to technological advances and other social changes. We need city centre diversification in the post-pandemic era, promoting residential densification in inner urban areas.



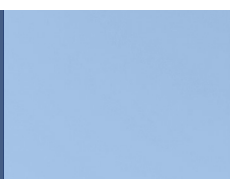
That the AGE cities form an alliance to work collectively to accelerate their journey to becoming net zero cities, mirroring the principles of the C40 cities. Aligned to this retrofitting on industrial scale will require taxation incentives to be delivered at pace.



That immigration policy is devolved to ensure our cities and regions have access to the workforce they need to prosper. Aligned to that, Scotland needs a Net Zero Jobs Strategy to ensure that we have the requisite skills and labour force to deliver on our climate pledges.



We need significant investment in growing and upskilling our planning service to embed pace, place and partnership in all it does. It needs to respond quickly to the changing environment in our AGE cities, contain the strategic planning capacity to design better places, and also seek to work in a collegiate rather than combative fashion with those wishing to invest in our cities.



We need a fit for purpose new rates system for the century of the city. A new system should reflect changing property needs locally and incentivise new businesses to emerge and grow in our towns and cities. A new system must also recognise and account for the impact of technology on retail and the changing use of our city centre buildings.



Significant and transformational investment in rail infrastructure and improving journey times between all three AGE cities and their extended regions. AGE city airports also urgently require route development funding to address lost connectivity.





ACKNOWLEDGEMENTS

This research was commissioned to provide decision makers, stakeholders, businesses and practitioners with new insights into Scotland's principal cities and to encourage further discussion on their future roles and prospects.

This document is interested in the nature, character and performance of Aberdeen, Glasgow and Edinburgh individually and as a group of cities in Scotland, their fitness to participate within their immediate city systems (in Scotland, the UK and Europe) and the challenges and opportunities they face. Although some degree of comparison is inevitable, it is not the purpose to rank the individual cities but rather to consider the collective performance of urban Scotland in the knowledge age.

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The Glasgow Urban Laboratory is a research group within the Mackintosh School of Architecture at The Glasgow School of Art, working in partnership with the City of Glasgow, the Academy of Urbanism and the United Nations Economic Commission for Europe in Geneva through the UN Charter Centre of Excellence based at the Urban Lab.



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2022
Shocks to the System