

Glasgow : Regeneration and Recession
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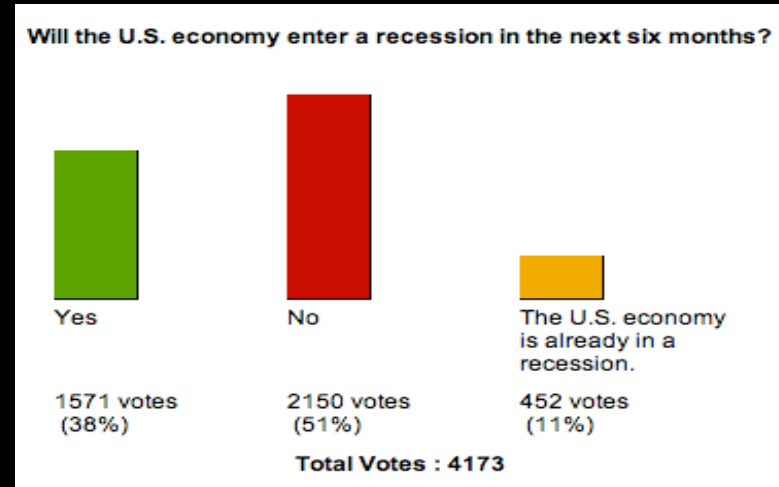
■ Contents

- Economic background
- The economy
- Implications for Glasgow
 - The City
 - The Council
- A Recovery Strategy



Forecasters got it wrong in 2008.....

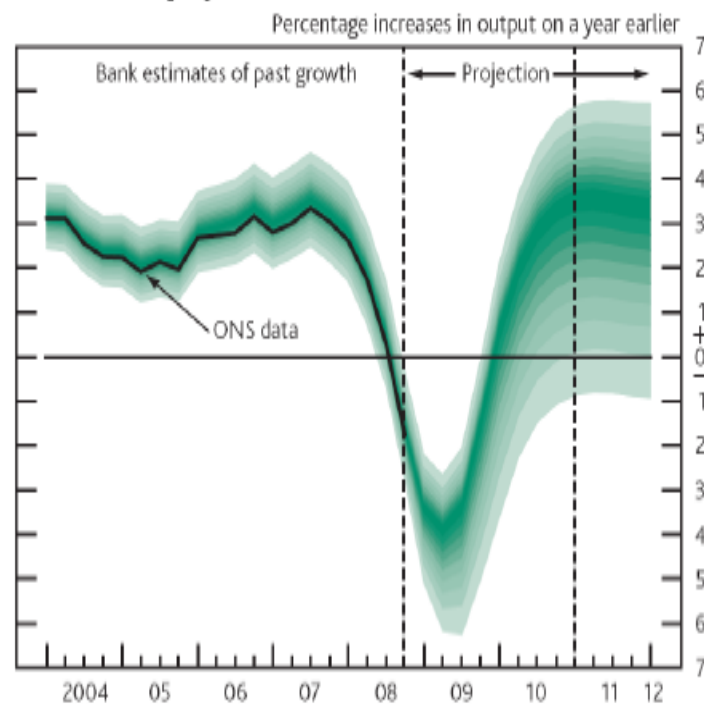
Forecaster	GDP	Inflation	Jobless	Bank Rate
HSBC	1.2	2.0	1.02	4.5
Experian	1.7	2.3	0.87	5.0
CBI	2.0	2.4	0.81	5.25
Cambridge	2.1	1.9	0.9	5.4
Treasury	2.25	2.0		
OUTTURN	0.8	4.1	1.07	2.0



■ And are uncertain about the future....

“...The UK is in severe recession with output to decline by 4.3% in 2009 and with unemployment to rise to nearer 10% by the year end”
(OECD Economic Outlook, June 2009)

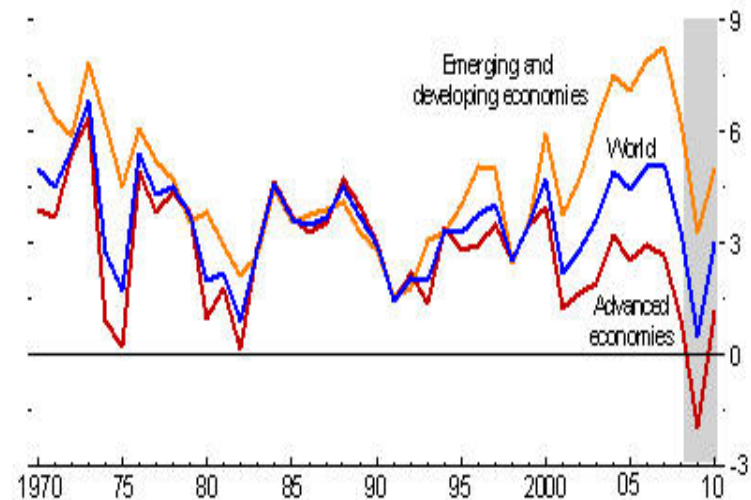
Chart 2: GDP projection at market interest rates



Source: BoE Inflation Report February 2009

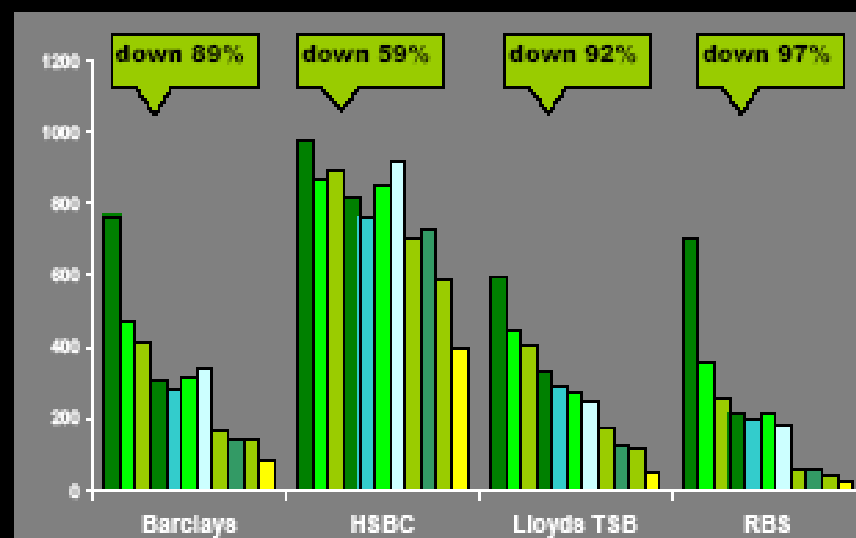
Figure 1. GDP Growth

(Percent change)



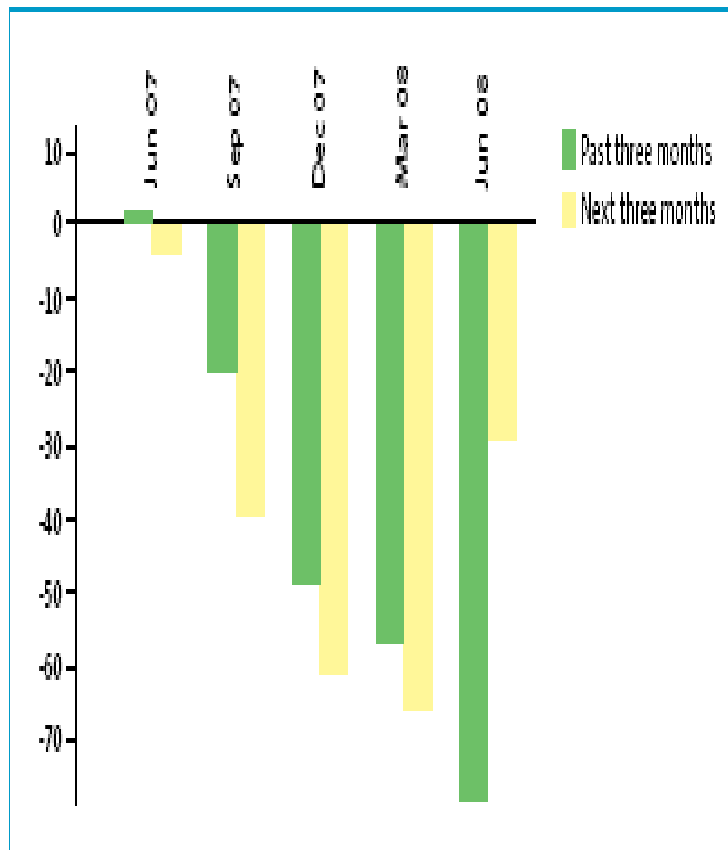
Source: IMF staff estimates.

Core Problem 1 : Loss of liquidity.....



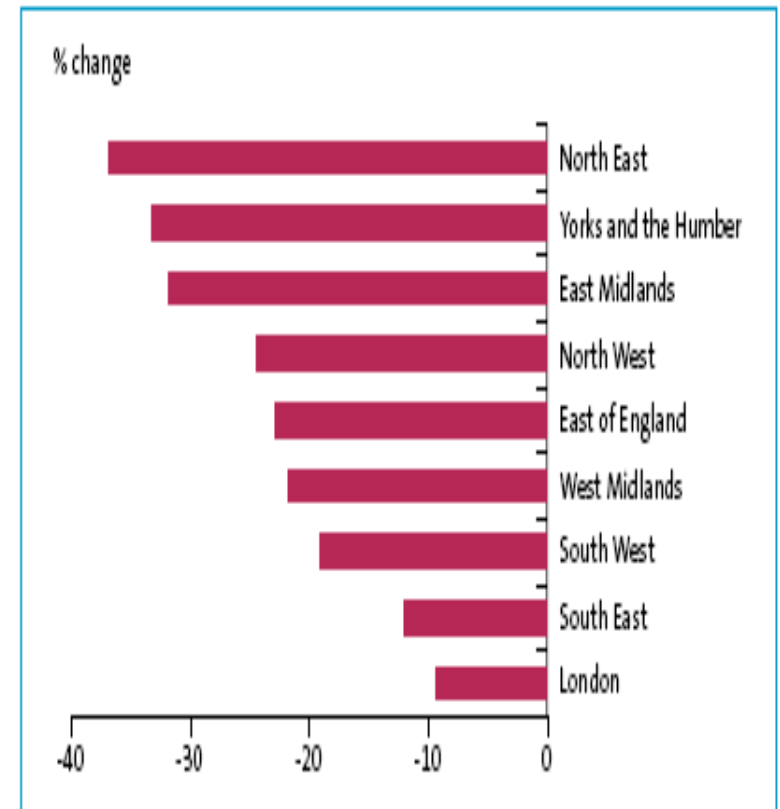
Banks wont provide debt funding ...

Percentage of lenders reporting tightening of commercial property lending



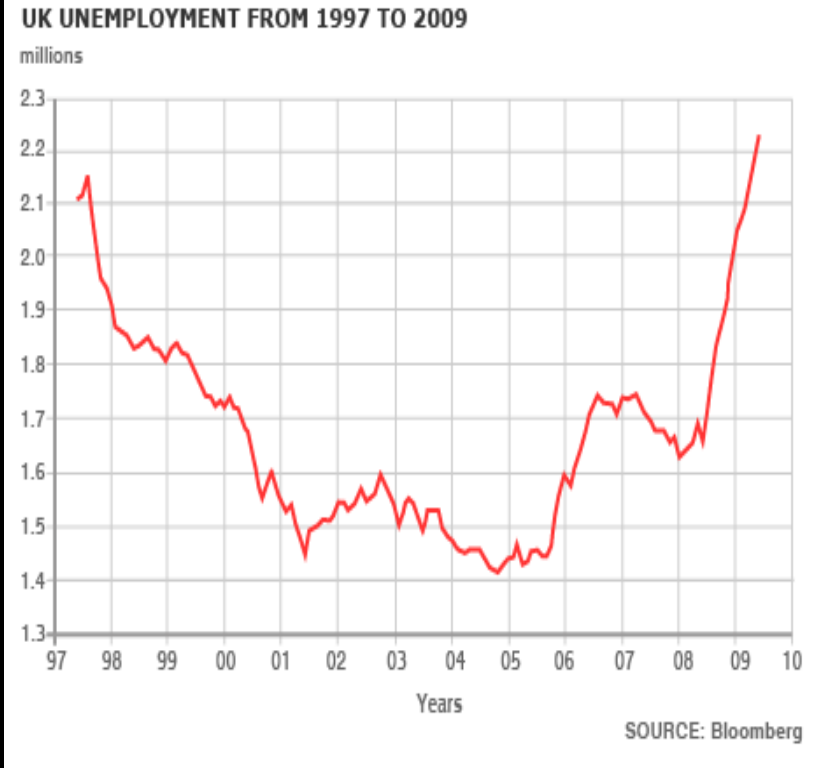
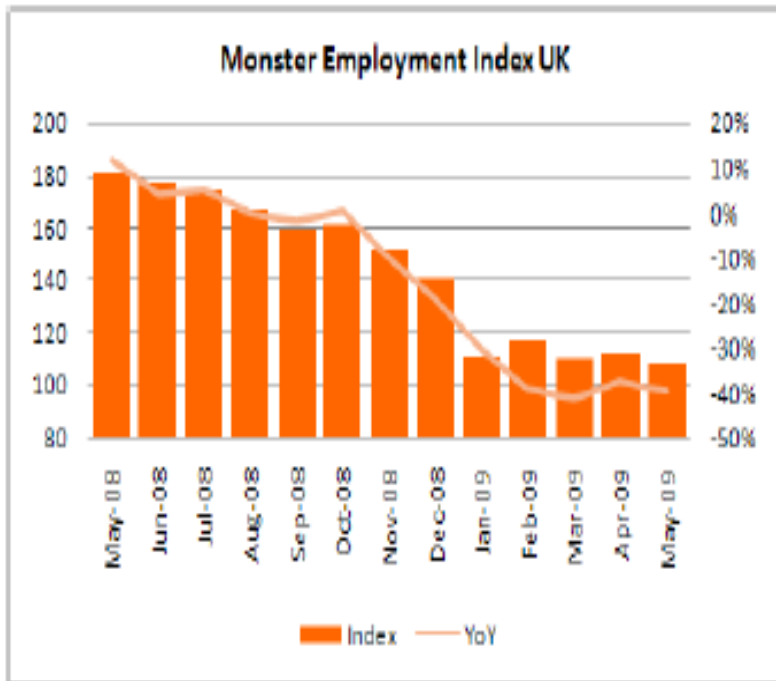
Source: Bank of England

Housing Completions in 2008



Source: Oxford Economics

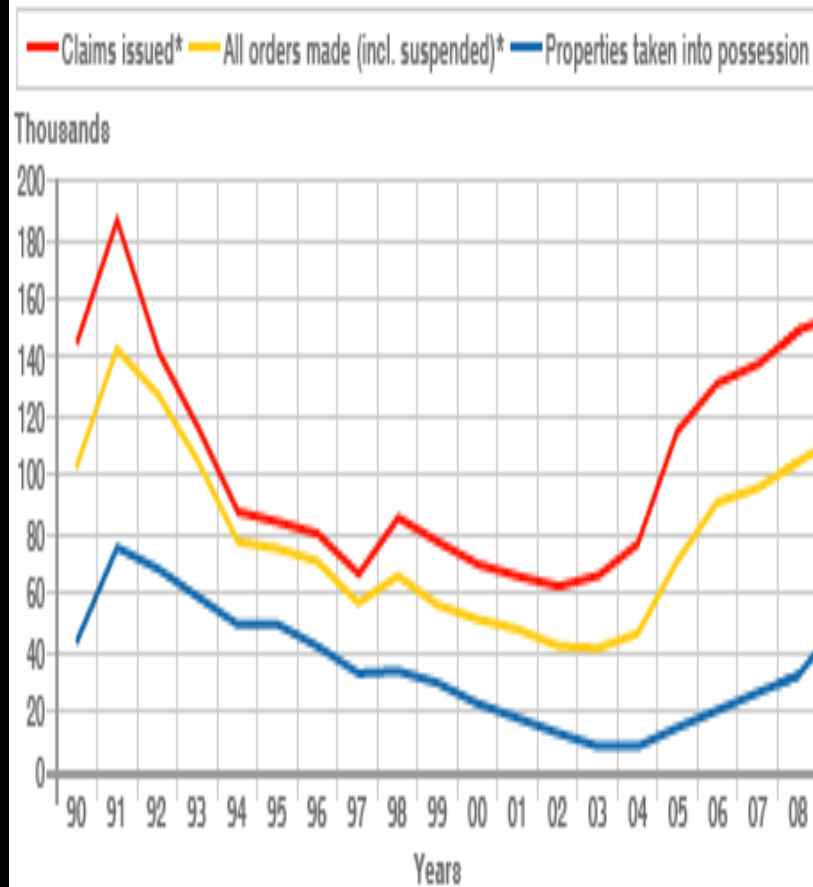
■ Weakening labour market.....



May 09	Apr 09	Mar 09	Feb 09	Jan 09	Dec 08	Nov 08	Oct 08	Sep 08	Aug 08	Jul 08	Jun 08	May 08
109	112	110	117	111	141	152	161	159	167	174	177	181

■ Squeeze on disposable income...

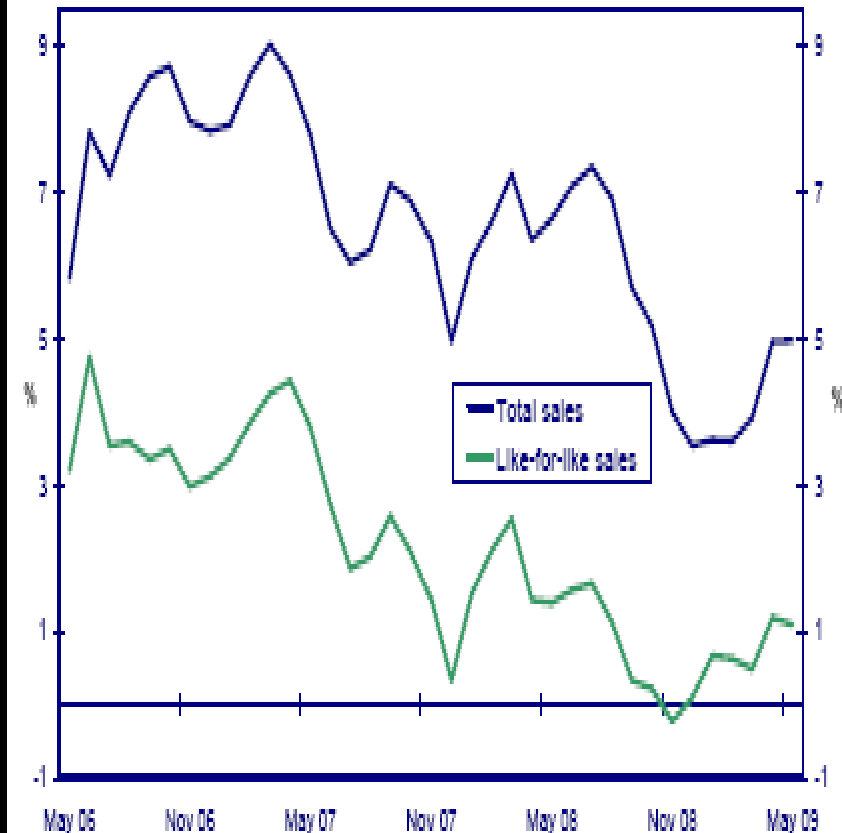
MORTGAGE POSSESSION ACTIONS, 1990-2008



*Figures for England and Wales only

SOURCE: MoJ/CML

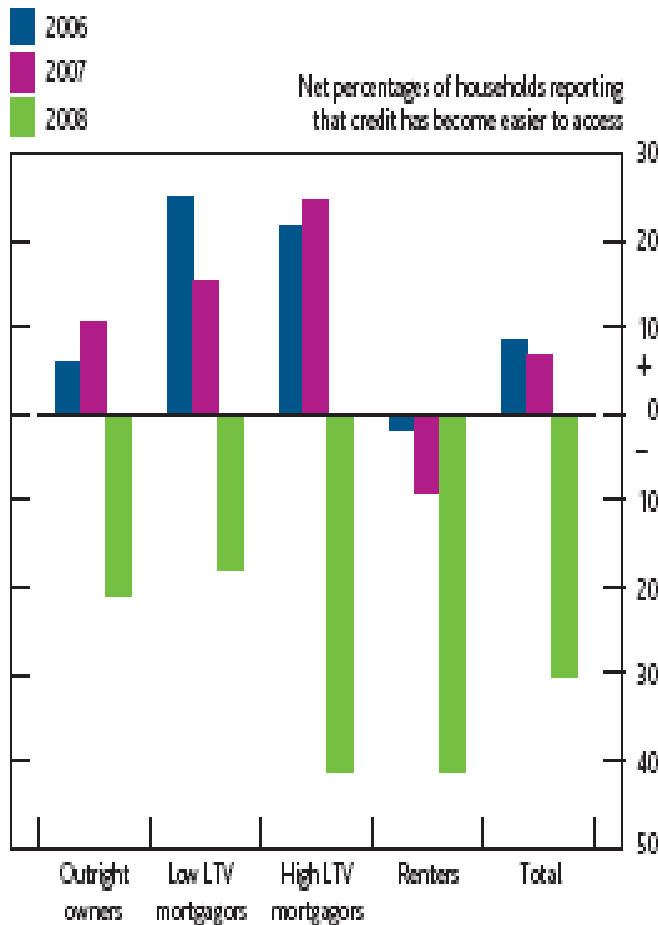
Three-month average compared with previous year



Like-for-like sales measure total sales adjusted for the effects of increases in floorspace

Differential impacts....

Chart 1 Change in credit conditions^(a)



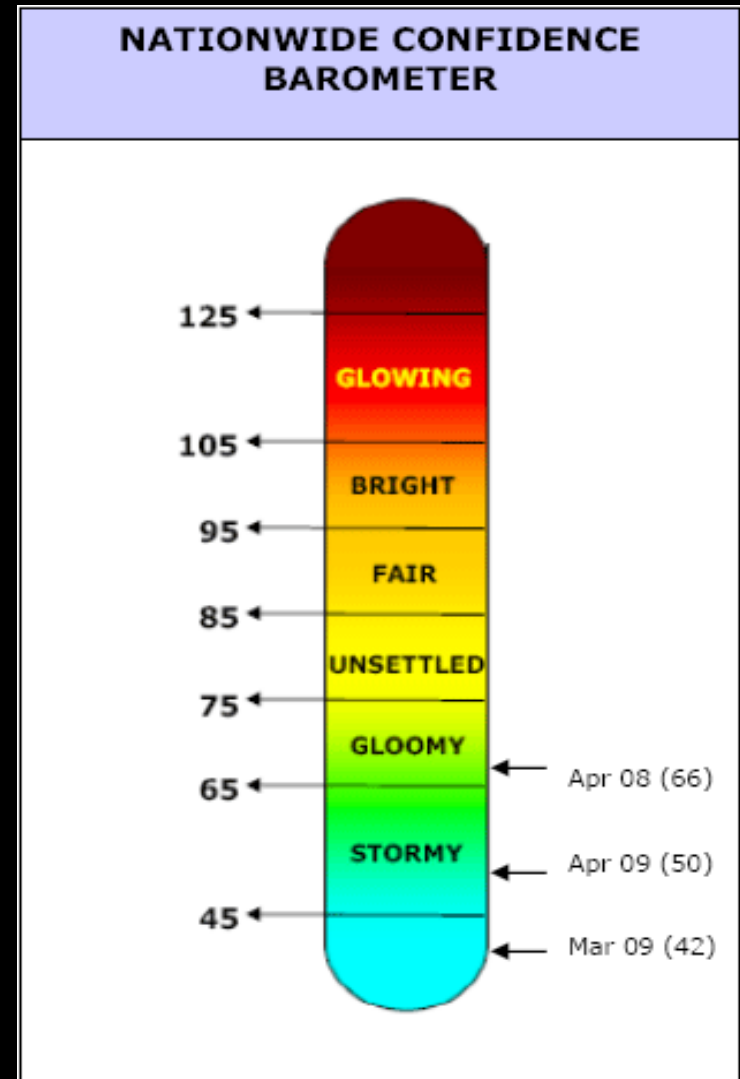
Sources: NMG Research survey and Bank calculations.

Table C Keeping up with bills and credit commitments^(a)

	Outright owners	Low LTV mortgagors	High LTV mortgagors	Renters	Total
Percentage that mentioned:					
Keeping up without much difficulty	71	56	49	46	58
Keeping up, but struggle from time to time	22	32	37	33	29
Keeping up, but a constant struggle	6	10	10	14	10
Have fallen behind on some or many payments	0	2	4	8	3

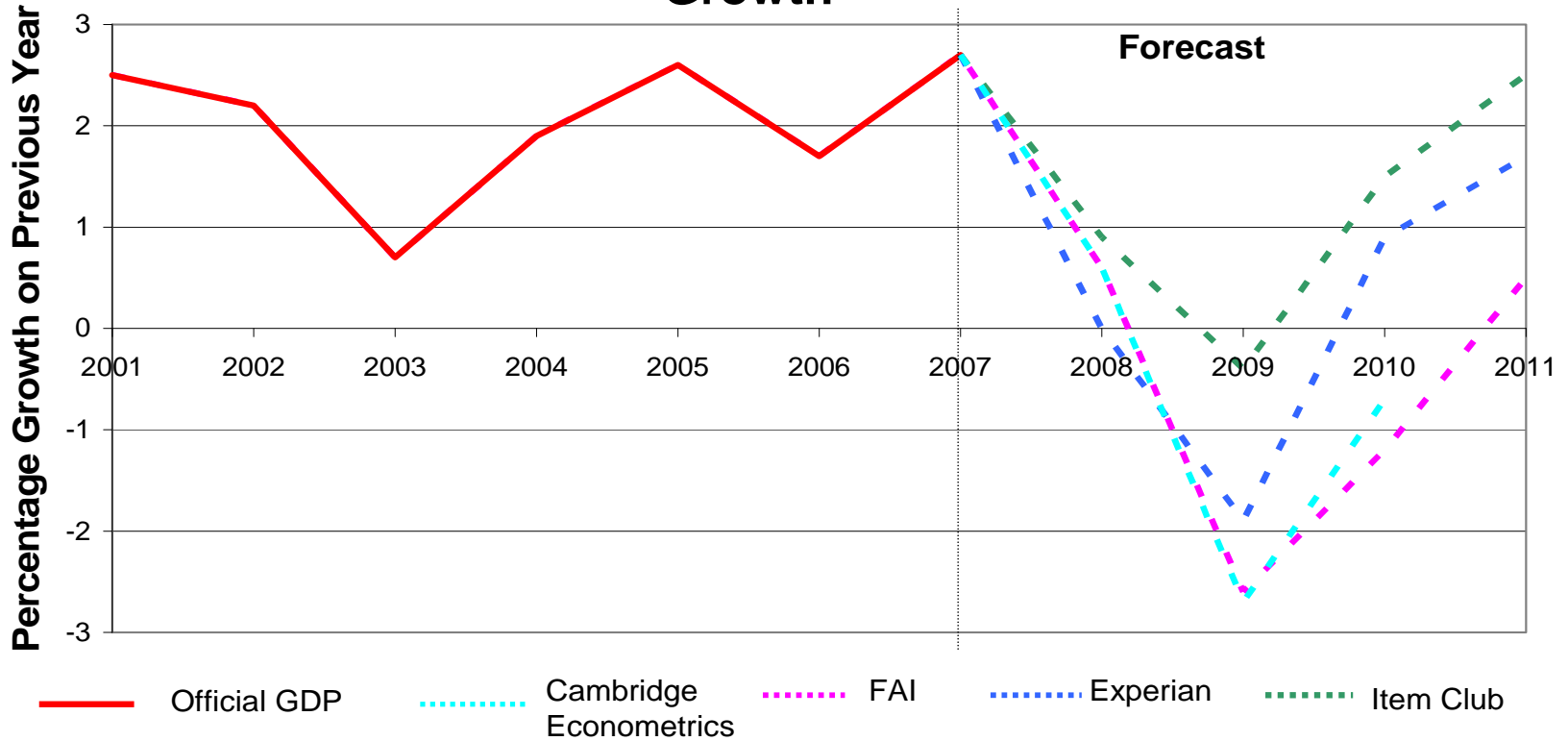
Sources: NMG Research survey and Bank calculations.

Core Problem 2 : the crisis in confidence....



Scottish economy....

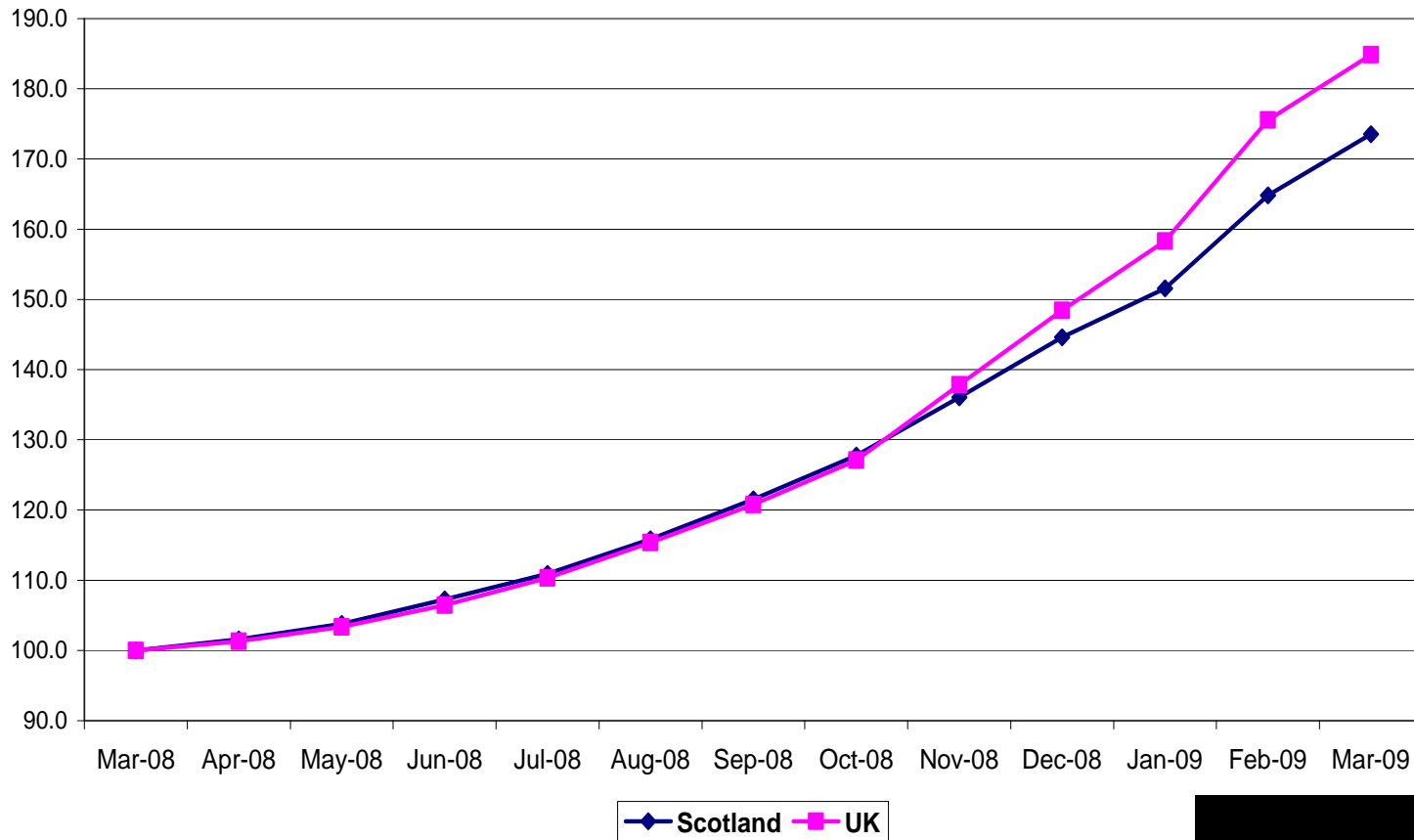
Latest Independent Forecasts for Scottish GDP Growth



Note: All forecasts published between Nov 08 and Feb 09.

Scottish Economy....

Rise in Claimant Count Numbers since March 2008 - Scotland and UK [March 2008=100]



■ Glasgow : Labour Market

JSA Claimants

• May 2006	16177
• May 2007	14730
• May 2008	14244
• May 2009	21701

JSA Claimants per vacancy

May 2006	2.1
May 2007	2.7
May 2008	3.1
May 2009	11.0

■ Economic inactivity...

Economic inactivity

	2008	2005	2002
Glasgow	27.6	28.5	32.2
Scotland	20.0	20.9	21.7

Now going into reverse ??

■ Pressure on the city economy....

the 'local' recession'

- reduction in consumer expenditure
 - reduced business investment
 - reduction in property development
 - reduced land take up....increase in derelict land
 - key project delays / deferrals
- employment
 - reduction in business start up.....25% 'OFF' Target
 - labour shedding
 - increase in business closure
 - fall in inward investment project portfolio
 - increase in unemployment
 - youth unemployment
 - long term unemployed

■ Pressure on Council finance.....

Pressure on income

- commercial rentals
- non domestic rates
- development income
- council tax
- asset sales
 - Lower prices
 - Less sales

Pressure on costs

- energy
- commodities
- fuel

■ Increased demand for Council Services.....

Pressure on service

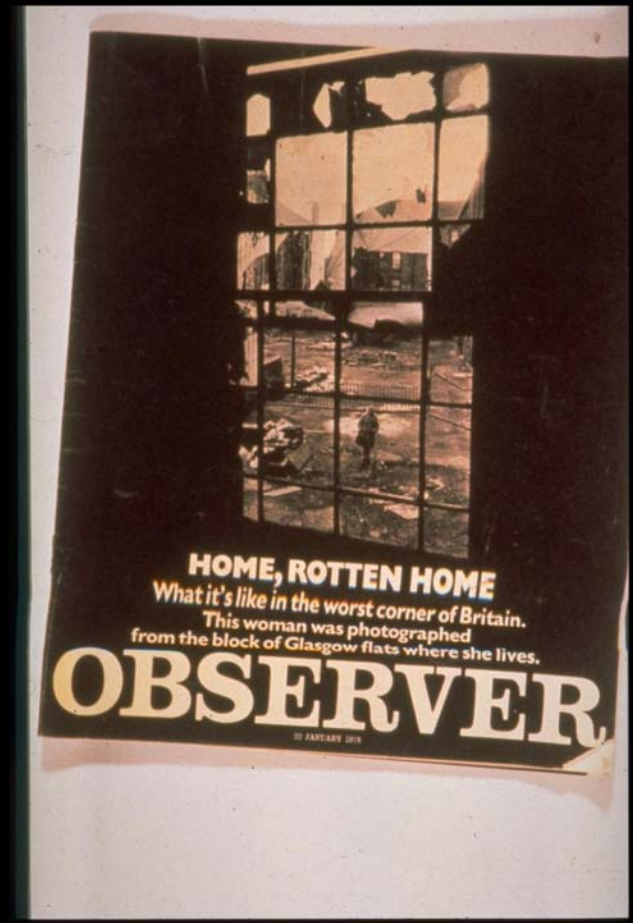
- homelessness
- housing benefit
- money and debt advice
- homecare
- healthy living centres (eg stress)
- Community/voluntary sector
- ability to finance projects
- fuel poverty
- business development support

- Glasgow has been in difficult circumstances
- before....

56,000 jobs lost between 1981-93
Economy declined by 8% between 82-92
84,000 unemployed in 1984.....24%
Employment rate was 54% in 1990...30%
below Scottish average

What the press thought :-

- “ Glasgow ...worse than East Berlin ”
- “ Glasgow patter hides its problems ”
- ” Glasgow... a hellish mix of drink poverty and violence ”
- “ Glasgow’s miles worse – a second class city ”
- “ No vision in the face of urban devastation”



■ And survived and prospered....

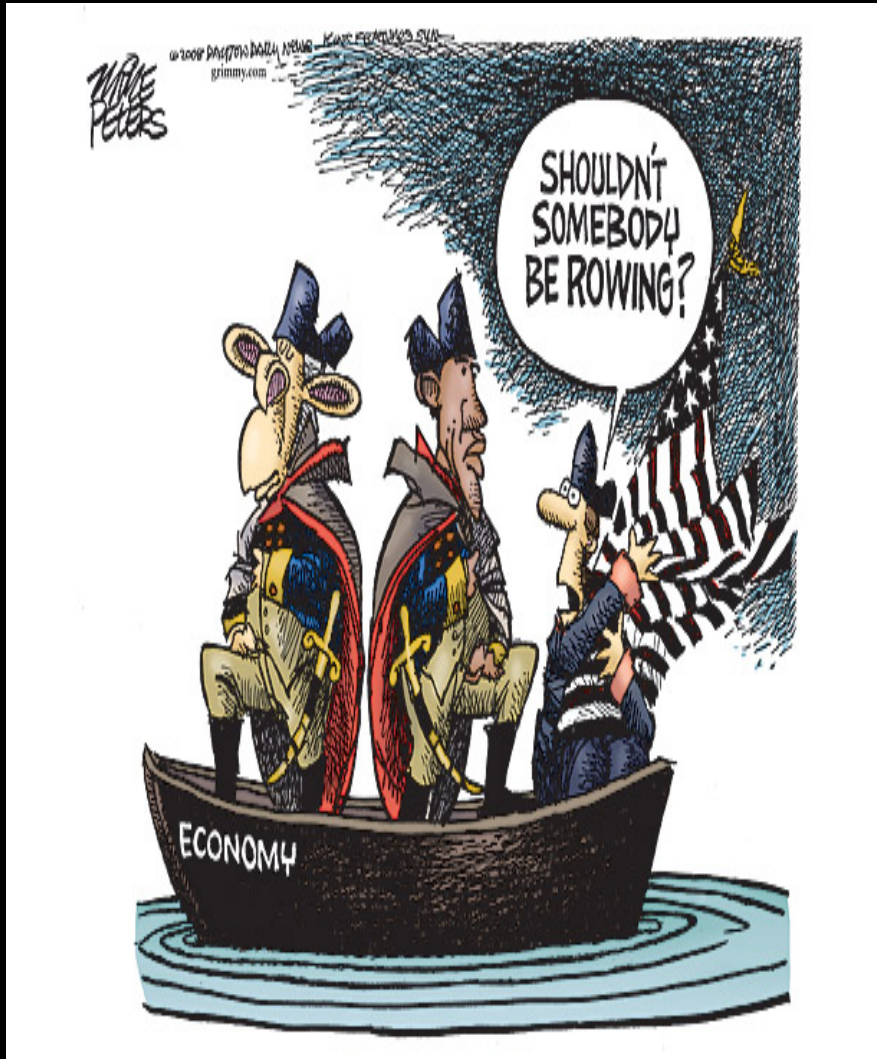
Key economic indicators

	1996	2002	2006	2007
GVA	8.4bn			14.1bn
GVA (per head)	14.1k			24.4k
Jobs	326.1k		388.4k	
Residents In work		224k		262k

- So what do we do ?.....We could do this...



■ Or we could be proactive....



■ Cosla : local government response

- Theme 1 : Supporting Business
- Theme 2 : Managing Impacts On Communities
- Theme 3 : Managing Impact on Council Services
- Theme 4 : Preparing For Recovery

■ ■ Cosla Theme 1 : Stimulating the Economy

- Housing Investment
- Capital spend
- Business advice and support
- Planning and land policies
- Supplier development and procurement
- New financial instruments
- Innovative financing
- Recession plans

Cosla Theme 2 : Supporting the Community

- Advice Services
- Financial Services
- Homeless support

■ Cosla Theme 3 : Impact on Council Services

- Leading With Impact Task Force
 - Identify services 'a risk'
 - Financial Challenges Programme
 - Service reform programme
 - Business Process transformation

Cosla theme 4 : Preparing for recovery

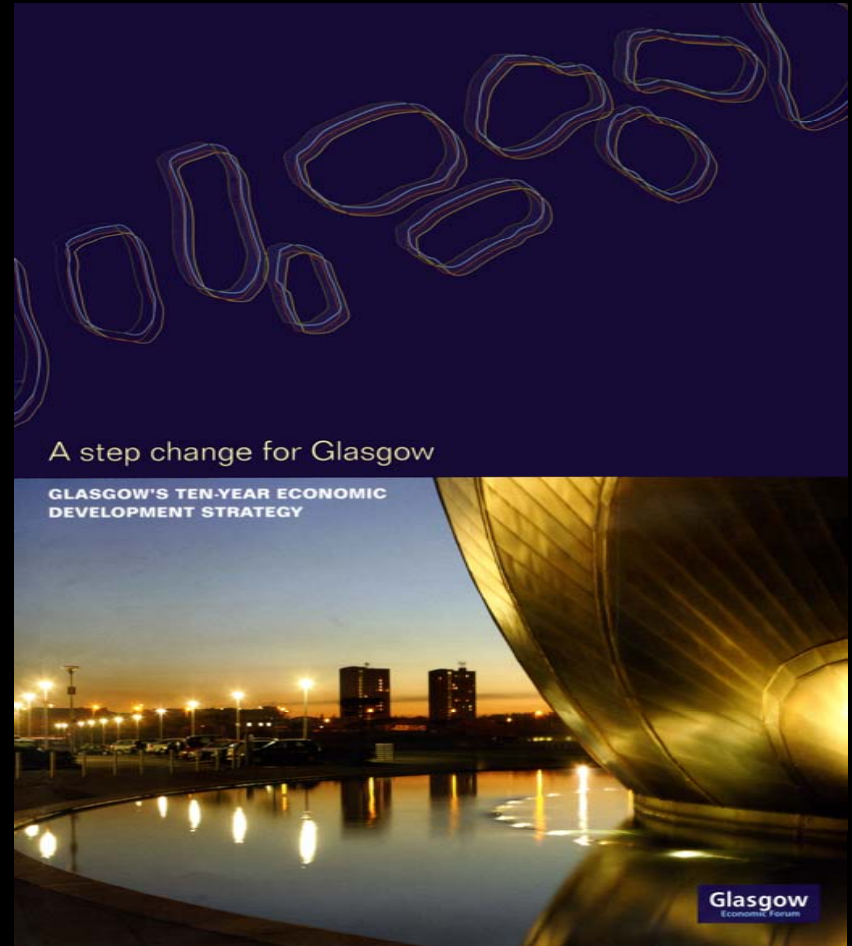
- Skills and training
- Redundancy management
- Employability
- Infrastructure investment
- Development partnerships

■ Glasgow : 10 point recession programme

- Proactive Civic/Local Leadership
- Build links between local/national/international Government
- Build links with the Private Sector
 - Economic Partnership
- Have Strategic Frameworks in place
 - Regional
 - City
 - Action Plans and Local Development Strategies
- Pro-Business Regulatory Approach
 - Fast-track
- Expand Business Development and Inward Investment
- Focus on key 'city sectors'
- Mobilise public assets
 - land initiatives
- Public Sector Capital Investment
- Skills and Training Provision and Infrastructure

■ Local Economic Framework in place....

- Prepared through collaborative process
- 7 main themes...each with its own action plan
 - Building the metropolitan core
 - a culture of entrepreneurship
 - Work for those without
 - Education at the heart of the economy
 - Strategic area regeneration
 - City Collaboration
 - International Positioning



■ Local Delivery Systems in place.....

- Strategic Partnerships
 - City Region Partnerships
 - Local Economic Partnership
 - Economic Advisory Group
- Operational Partnerships
 - City Centre Group
 - Glasgow Works
 - Tourism Action Group
 - Glasgow Business Locations
- Project Delivery Structures
 - Local Development Network
 - Glasgow Film Office
 - IFSD Partnership



■ Key Opportunities for regeneration

- Commonwealth Games
 - Venues Investment Programme
 - Village Development +commercial site
- Inward Investment
 - 2nd/3rd round investment programme (BNP, Esure, HSBC etc)
- Better Glasgow Fund
- Key Initiatives
 - Retail Sector developments + City Centre
 - Hotel Development
 - IFSD
 - Transport Infrastructure investment
 - Strategic Drainage Plan Programme
 - Riverside programme
- Housing Market
 - Social Rented sector Initiatives
 - GHA build/refurbish programme

In Conclusion : Differentiate Yourself...

BRAND CAMP

by Tom Fishburne

IF YOU WANT TO
SURVIVE THE
RECESSION, BLEND
INTO THE HERD

DON'T DRAW
ATTENTION TO
YOURSELF

THERE'S SAFETY
IN NUMBERS

BUT, WHERE'S THE
OPPORTUNITY
IN THAT?

