

EDINBURGH 2020

What do you want  
Edinburgh City Region to  
be like in 20 years?



## INTRODUCTION

What do you want Edinburgh City Region to be like in 20 years?

What are the worst and best case scenarios? And how can everyone involved in the city help to make things turn out for the best?

This publication explores some possible answers to these questions. It's a summary of a year's intensive work, involving hundreds of people, examining the challenges that lie ahead for Scotland's capital.

Getting this far - creating two plausible scenarios for what Edinburgh City Region might be like in the 2020s - has been a stimulating process. However, these scenarios will only prove of lasting value if they create a sustained, positive debate on the best way ahead. And that's where you come in. We really do want to hear your feedback on the scenarios and your ideas for taking the city region forward. Please contact us by e-mail, by post or by telephone - all the details are on the back page.

The Edinburgh City Region Scenarios were sponsored by the following organisations:

**The City of Edinburgh Council**

**Scottish Enterprise  
Edinburgh & Lothian**

**East Lothian Council**

**Midlothian Council**

**West Lothian Council**


**Scottish Financial Enterprise**

**Lothian Health Board**

A full report of the exercise is available at  
[www.capitalreview.co.uk](http://www.capitalreview.co.uk)



# CAPITAL PUNISHMENT

 **he Lord Provost was not looking forward to the press conference. Although she knew that Edinburgh desperately needed assistance from the Executive she still could not help feeling it was an enormous admission of economic failure to have to establish an Employment Task Force for the city.**

But she had no choice, not now the Royal Bank had successfully concluded its takeover of the Chinese State Bank, changed its name to the Royal Bank of Beijing and announced its HQ's relocation to Pearl River City. At the turn of the century, when she had been finishing her MBA at Harvard, it had all looked so different. Where had it all gone wrong?

The decline of a great city is a slow process. Many are the cities which have maintained outward splendour whilst, behind elegant facades, the family silver has been sold off – think of the long, slow decay of Venice. So it proved in Edinburgh's case. The city's heritage of social, economic and physical capital protected it from feeling the full effect of the collapse of its key industries in the first two decades of the 21st century. It was not until 2020 that the majority in the city recognised that two decades of genteel decline had all but bankrupted the city.

The last decade had been brutal. The ageing of Scotland's population had hit hard – though not in the way some had warned. There was no huge increase in the costs of either long-term care or health care. Older people had lived longer – indeed after the state pension age was raised to 70 they had grudgingly worked longer – and been healthier than previous generations. The problem was their dead hand on the economy.

As the birth-rate declined, so did the business birth-rate. Younger people were more innovative and less risk-averse than their elders and therefore more likely to establish new companies. They were also a far more receptive customer base for new goods and services. Eventually annual growth had declined to 0.5% a year.

Too late, Scotland regretted not having been a full member of the Baltic Federation. The Baltic strategy in the years following EU enlargement had been bold. Firstly, openly welcoming workers from the second wave accession countries, particularly Turkey, Bosnia and Croatia, had led to huge boom in productivity. As in America, a regular influx of new workers created new jobs not unemployment.

Secondly, the free trade agreement with St Petersburg had consolidated the western capital of the new Russia as the fastest growing European metropolis. Few were surprised when Scottish and Newcastle moved their HQ there in 2015 – after all Baltika was by far their biggest global brand. Thirdly, the powerful north-south relationships between the Baltic Federation and NEPAD (the New Economic Partnership for African Development) were paying off. Flows of aid, trade and workers back and forth were generating real growth and prosperity in Africa and providing a steady supply of entrepreneurial talent to the Baltic economies.

Edinburgh had failed to position itself for the demographic downturn which resulted in labour costs rising well beyond what the public sector could pay. The normal route of international recruitment was not open. As its baby boomers turned 60, the US was attracting an increase in service workers and England was able to out-bid Scotland for those who were willing to come to the UK. But, most devastatingly, the brutal truth was that the most mobile labour in the world was black, Asian and Chinese – and given the choice they did not want to come to Scotland. They valued racial diversity in their host communities.

And there was another problem. Workers will only travel if the journey is of predictable ease and length. The patch and mend transport strategy of the 2000s had followed 25 years of under-investment. Random road closures and train cancellations caused journey times to lengthen unpredictably. When they stretched to over an hour and a quarter, some workers from outlying areas chose to work closer to home, even if it meant lower pay. Some organisations attempted to relocate to the edge of the city region but too many moves became bogged down in planning appeals, land use disputes and boundary arguments between public authorities.

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### Spiral of decline

If only the city had been different in the first decade of the 21st century. There had always been those who grumbled about change, whose outlook could be expressed as 'Edinburgh's quite big enough, thanks'. By and large, they had had to adjust to Edinburgh's gradual change into a more outward-looking, European city during the 1990s. However, they kept their discontent bottled and, when road charging was suggested, they got their chance to strike back. The whole question seemed blindingly obvious to them. If growth brought congestion, then the answer was to end the growth.

At this point, things began to lock into a spiral of decline. Without new investment, public transport increasingly became a poor service for poor people. More journeys to work were made by car, and journey times by road continued to increase. Without new transport links, housing developments were given over completely to housing for professionals. Working families had to move further and further out of Edinburgh.

Gridlock on the streets was not helped by an inability to find a way of working with Glasgow. The two cities could have combined to compete – instead there was the zero-sum game of total conflict. The result was the Scottish Executive could not invest in a truly vibrant economic region in the central belt – the opportunities to create synergy and develop trust between Scotland's two great cities were overlooked.

The long-term challenge of making it easier for companies and workers to travel between the twin cities was also down-graded. Indeed, at Waverley Station, a cheap and cheerful redevelopment was pushed through which left Edinburgh with renewed capacity constraints within five years and a lack of decent transport links. Visitors who arrived by plane or by train to Edinburgh got one message loud and clear – 'you're on your own, no-one cares about how you get to where you are working or staying'. Tourism, a growth area for most of the 1990s and 2000s suffered – the deteriorating public realm put many off making return visits.

Then the growth in the Indian economy started to impact. Just as in software development and call centre management, smart Indian companies had started to move up the financial services value chain, from phone lines to data processing, market intelligence and money management. Where once Edinburgh had welcomed Asian workers and their families, now workers from Lothian were settling in Mumbai and Chennai.

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fallen behind substantially. A funding squeeze on Scottish universities left them vulnerable – their best lecturers were poached and their research base withered.

The final twist came when the full consequences of head office relocation hit Edinburgh's established reputation as a cultural capital. First, as companies left, corporate sponsorship faded away from the International Festival reducing it to a shell of its former glory. Secondly, the flight of the high-spending middle classes destabilised the delicate retail economy. The final indignity was when 'Eurostretcher' moved into George Street. Finally, as shops, firms and people moved out of the historic buildings in the centre, the fabric of the Old and New Towns fell into disrepair. Now, the situation was so bad that UNESCO was considering removing World Heritage Site status from the capital.

In the end it was clear that Edinburgh's growth and prosperity in the 1990s were more fragile than most had understood. Most in the city had looked down on other conurbations when they tried to re-brand and market themselves. 'Glasgow's miles better', 'I Love New York' – how déclassé. As the jibe went, if Edinburgh had a slogan it was the un-stated one – 'Edinburgh's slightly superior'. The only trouble was, that was not true any more.

At a distance it is no longer clear what the actual tipping point was. Many had warned that long term under-investment in the railway infrastructure on the east coast could create substantial problems. The failure of the Winchburgh Tunnel and the lengthy closure of the Forth Railway Bridge were accepted by most and shrugged off phlegmatically. But the most telling symbolic moment was the state visit of the President of China, Hu Jintao. His fond memories of visiting in 2001 were washed away when a fire on Lothian Road coincided with the rush hour and a pop concert at Murrayfield. Nothing moved for three hours, including Hu Jintao's limousine. He may have laughed it off and compared it to downtown Shanghai but there were jobs at stake. We needed them and they went to Warsaw instead.

It turned out then that a lot of people had given up on Edinburgh – the city had gained a feel-bad factor. That was when corporate headquarters started to move to the centre of the new EU, where everything from transport to education was of a higher quality. In the sharpest of all possible blows against the city, it was now internationally recognised that our education system had

# CAPITAL GAINS



**he Lord Provost relaxed as her flight took off. As the land fell away below her, she could see the data havens of Dunfermline, the bio-campus of Bathgate and the bullet train heading to Glasgow.**

Being the first leader of a European city to hold the post of President of the European Union was an enormous privilege. But having led the decade-long fight to have city regions acknowledged as the fundamental building blocks of the new European prosperity she did not anticipate anything she would be unable to handle.

The very flight she was on was a symbol of Edinburgh's advance in the last two decades. It was hard to remember that the Executive had once had to underpin direct flights to and from Scotland and now all Edinburgh's major partner cities – LA, Shanghai, St. Petersburg and Mumbai – were on direct routes. With a million people living in the city region, air travel opportunities had been transformed.

The Edinburgh City Region's growth at the end of the 20th century had taken many by surprise. Respectable, reliable prosperity had always been anticipated, but it was the sustained boom in financial services, turning the capital into the key economic driver for the whole of Scotland, which had been key.

Growth, however, brought congestion as well as jobs and Edinburgh was in sight of gridlock. Paradoxically, it was the prospect of immobility that unlocked the vision and leadership that has given Edinburgh its most successful decades.

The turning point was the creation of a modern transport infrastructure for the Edinburgh City Region on the model of a European city. This required substantial investment, but there was no easy source. Capital was not readily available from a cash-strapped Executive; nor did anyone imagine that either the city's council tax-payers or its businesses could foot the bill.

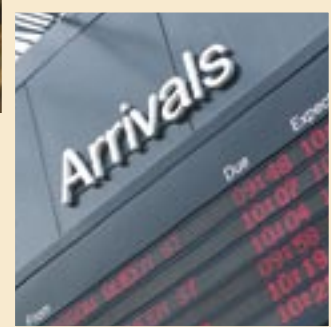
The key was understanding that road infrastructure was a utility and then finding an intelligent way to charge for usage. The proposal was then embedded in a broader vision of the future for the Edinburgh City Region. This vision was socially inclusive in shape: improving transport

links throughout the Lothians, bringing opportunities to disadvantaged communities, transforming land values and re-investing the gain in the public realm.

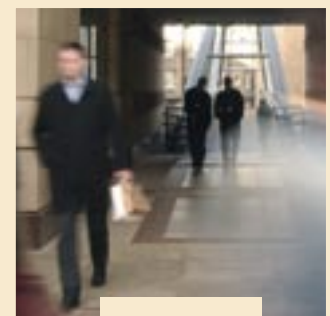
The optimism and energy of that sense of the future was a critical factor in getting almost all of the region's different interests to sign up to a common vision and to campaign for it.

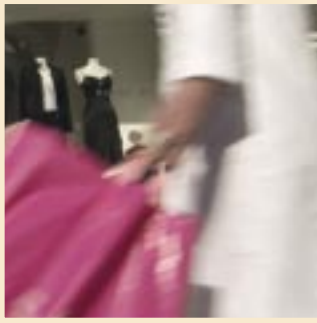
The new revenue streams allowed the rapid construction of a modern tram network. As trams started running, urban space was redefined, redeveloped and, where possible, returned to local communities in the form of wider pavements, gardens and even new urban parks.

Even the most committed conservationists realised that a city needed to be wealth-generating if it was to protect its physical and cultural heritage. As the new approach to transport developed, it became a subtler – but even more powerful – economic driver. Retail firms had more customers, service industries found it easier to get staff once they had reliable transport to work, and all organisations found recruitment problems easing – busy lively centres beat business parks hands-down.



THE TURNING POINT WAS THE CREATION OF A MODERN TRANSPORT INFRASTRUCTURE





### Routes to prosperity

Public transport shifted from its provider-driven perspective of cheap but inflexible routes to a more customer-oriented service. Buses became smaller, more frequent and much more comfortable.

Equally important was the way in which investment was ploughed back into the surrounding communities outside the city. Rail, road and bus improvements became – quite literally – the routes to prosperity for those communities in the Lothians that had missed the full benefit of the 90s’ boom.

However, one major problem remained – Edinburgh was still finding itself characterised as the home of Scottish government. There was a need for the capital to have a distinctive identity. Holyrood had to be to Edinburgh as Westminster was to London – a hugely important, but not a defining, part of the whole.

The solution, underpinned by the growing power of networking, lay in key players across the city

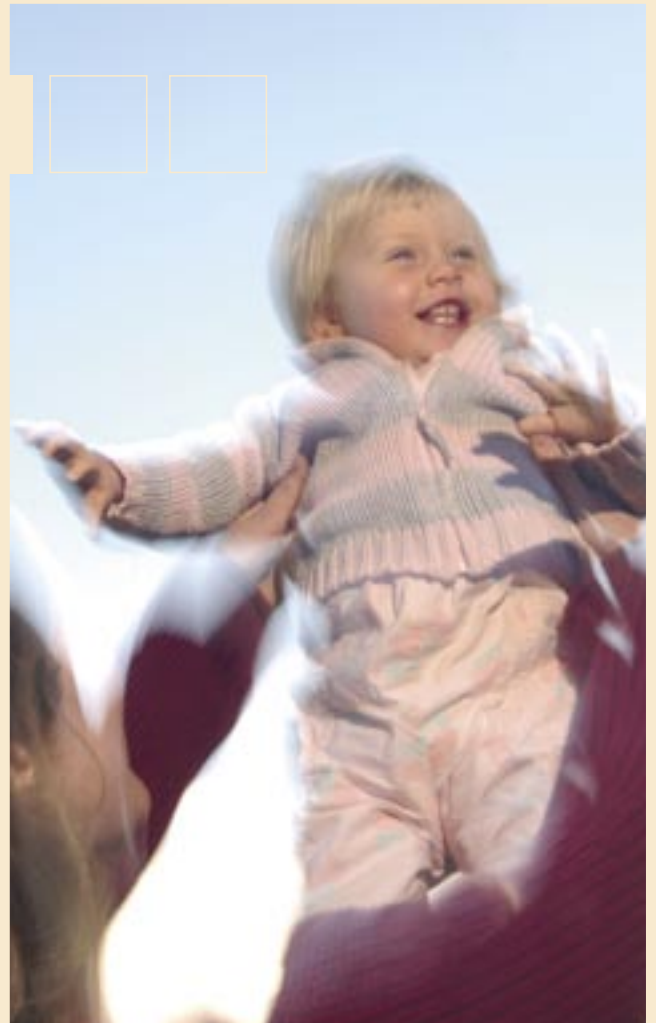
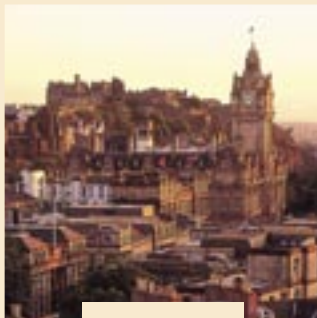
mobilising behind a vision for the capital. The slogan was ‘one vision, many voices’. This evolved into a concerted drive to establish Edinburgh as ‘the capital of northern Europe’ – the best place to live, work and learn.

Edinburgh’s networked leadership decided that the key to achieving that would be to bring at least one major international institution to the capital by 2015. The creation of the World Environmental Organisation (WEO) – the sustainable mirror to the World Trade Organisation – proved just the right opportunity.

Success in this sphere led to greater ambitions. Edinburgh decided the time had arrived to bring a major sports event to Scotland – more precisely to the central belt. With the success of the Ryder Cup in 2013, the bid for Euro 2020 proved unstoppable.

Achievement in one sphere – the new tram system – had become infectious. Optimism began to characterise the approach to Edinburgh’s other abiding problems. Issues that would normally have been unresolved or fudged were fully thought through – take Waverley Station. The short-term, cost-driven plans were rejected. This was a once in a lifetime development and it had to be done in way that enhanced this vital public asset. The rebuilt station preserved the best of the old, created a model transport interchange and created substantial expanded capacity.

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### Feel-good factor

The feel-good factor spread as did the ambition to be the best. The redevelopment of Princes Street was a model in creating public value. A blighted street-scape of decaying retail outlets became a world-renowned architectural achievement.

Not everything went smoothly. The institutional form of local government in Scotland took its time catching up with the new form of networked civic leadership. It was not until the mid-2010s that Scotland saw its first directly-elected Provosts. The majority of these were women.

Women’s place in the new leadership positions looks obvious in retrospect. Whilst many local authorities were paralysed by a lack of local leadership, there were many issues yet to be addressed within communities. Many of these were quality of life issues, or work-life issues, like parks, childcare or environmental concerns. With traditional political leadership stuck in a quagmire, more and more women came to prominence in networked organisations. When direct elections came along, a generation of successful women activists won power.

The city region was challenged when the boom which had started in the 1990s came to an end. But three things, above all else, saved Edinburgh.

Firstly, the expansion of the European Union – and the dawning reality of a single market in banking and

financial services had been hugely beneficial. Scottish-based organisations swooped on opportunities. Many US companies had realised they needed a European head office now that the EU was such a significant and growing market. Edinburgh was their first choice for similar reasons to those who brought the WEO to the capital.

Secondly, and perhaps more importantly, Edinburgh had taken a leading position in the globalising health and education industries. The combination of UK-wide legislation permitting stem cell experimentation, combined with Scottish intellectual property law, proved an enormous attraction to US biotech companies. Then, building on this, a medical sciences corridor was created on the south of Edinburgh, leveraging Medical Research Council grants together with university research, development and commercial spin-offs and core NHS expenditure.

Education flourished too. Edinburgh's educational sector had retained its international reputation for quality and was marketing itself hard. At university level, this had a double pay-off. The fees from overseas students supported a substantial increase in the research base which then itself span-off new industrial applications. More importantly, overseas doctoral and post-doctoral students liked the feel of the new dynamism in Edinburgh and they wanted to be a part of it. Staying, they helped to feed the growing SME sector and they enriched the mix of the capital.

An important new educational industry emerged: the international market in secondary education. Important emerging economies – China, Russia and India – do not have enough decent schooling to satisfy their growing middle classes. Edinburgh's large private sector absorbed a lot of that demand. The young people who have started to come through Edinburgh schools are the leaders of the next generation in their countries – and they are Scotophiles.

Thirdly, there was the open-door approach to immigration. It had started when refugees and asylum-seekers had been allowed to fill long-term vacancies in the National Health Service. The city had rapidly realised that there was much sense in hosting dispersal centres because potential workers would be on your doorstep. As in the US, immigration fuelled growth and prosperity.

As her plane reached cruising height, the Lord Provost reflected that, in the late 1990s, the Vice-President of the World Bank had identified five key industries for the next century. Edinburgh was a world leader in three of them – finance, education and biotechnology. Not bad, she thought. Not bad at all.

## CAPITAL PUNISHMENT

**Exodus of businesses from Edinburgh**

**Gridlocked roads and poor public transport**

**Depopulation fuelled by expensive housing**

**Deteriorating education standards**

**Decay of city infrastructure and loss of World Heritage site status**

**Government spending diverted to west of Scotland**

**Disjointed, timid city vision paralysed by complacency and partisan politics**

**Slow deterioration in the quality of life. Flagship city centre stores close.**

**The feel-bad factor is here**



## CAPITAL GAINS

**Sustained boom in finance, education, biotech and tourism**

**Road congestion eased by cheap, comfortable and reliable public transport**

**Partisan politics replaced by networking and stronger role for women**

**City hosts major world events and is chosen as HQ for global organisations**

**Greater Edinburgh population grows to 1m-plus. Immigration welcomed**

**Close collaboration with Glasgow and the central belt**

**A shared vision for the city region is realised. There is tangible civic pride. Life feels good**



# END

# What next?

The two scenarios for Edinburgh City Region presented in this paper, although based on extensive research, have deliberately been written in a non-academic style to stimulate debate and engage as wide an audience as possible.

In publishing these scenarios, the project sponsors are launching a consultation process about the future of the Edinburgh City Region. The project to date has been as inclusive as possible within the constraints of time and money. The project team has spoken to some of the most influential people, not only in Edinburgh but also in Scotland, including politicians, business leaders, journalists, entrepreneurs and civil servants. Having consulted widely, we are confident that the scenarios capture the range of issues the city region will have to face up to.

It is our intention to develop a shared vision for the Edinburgh City Region in the 21st century that will shape and inform the strategy and actions of all those responsible for, and with an interest in, the region's future prosperity.

**Please send your comments by e-mail to [scenarios@edinburgh.gov.uk](mailto:scenarios@edinburgh.gov.uk) or write to Garry Sturgeon, City Development, The City of Edinburgh Council, PO Box 12475, 1 Cockburn Street, Edinburgh EH1 1ZW.**

**A full report of the exercise is available at [www.capitalreview.co.uk](http://www.capitalreview.co.uk)**

**• EDINBURGH •**  
THE CITY OF EDINBURGH COUNCIL

THE VIEWS CONTAINED WITHIN THIS REPORT ARE NOT NECESSARILY THOSE OF THE ORGANISATIONS AND COMPANIES INVOLVED.

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اس دستاویز کے ترجمے کے بارے میں معلومات کیلئے انٹرنیشنل اینڈ ٹرانسلیشن سروس کو 0131 242 8181 پر فون کریں اور ریفرنس نمبر 03905 کا حوالہ دیں۔

এই দলিলপত্রের আপনার সম্প্রদায়ের ভাষায় পেতে হলে ইন্টারপ্রেটেশন এ্যান্ড ট্রান্সলেশন সার্ভিসকে 0131 242 8181 নম্বরে রেকর্ডেস নম্বর 03905 উল্লেখ করে ফোন করুন।

للحصول على معلومات حول ترجمة هذا الوثيقة اتصل بخدمة الترجمة على الرقم 0131 242 8181 مشيراً إلى الدليل 03905

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