"The Scottish Executive is open for business"

The New Regeneration Statement, The Royal Bank of Scotland & the Community Voices Network

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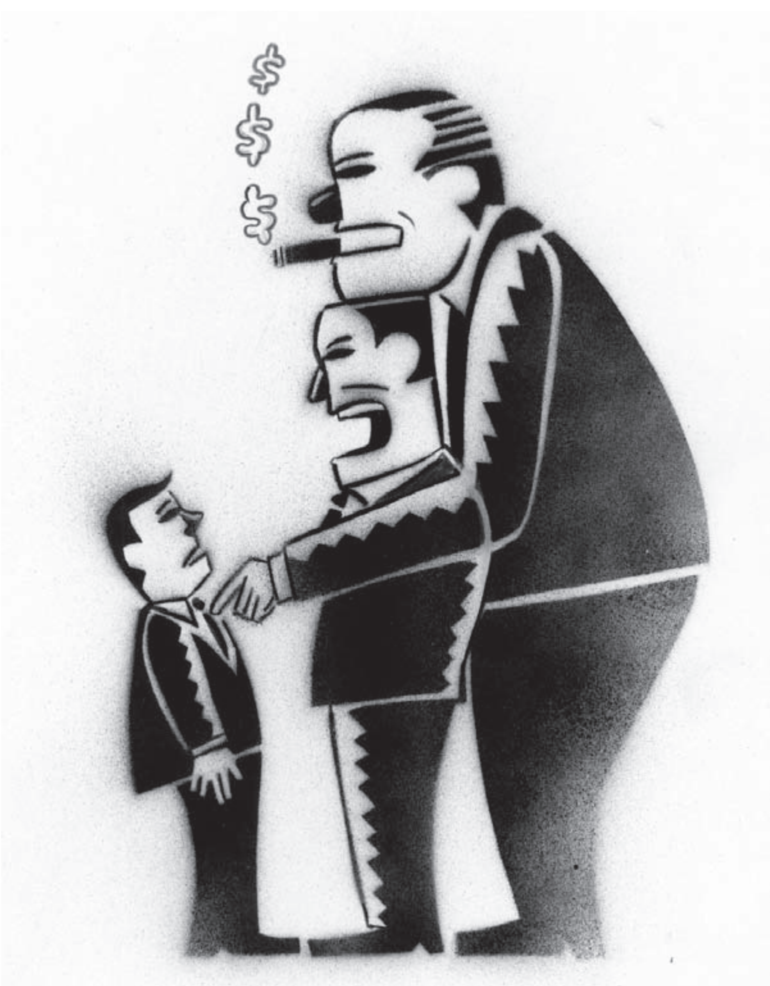
Introduction: "Ministers felt the need to say something about regeneration"

The language of civil servants can be provocatively obscure. So it was when Alisdair McIntosh, head of regeneration in the Scottish Executive, came to Glasgow University at the beginning of March to speak about the latest "regeneration statement" – *People and Place*.[1] He said it had been produced because ministers had "felt the need to say something about regeneration", and that they had felt this need as early as 2003.

This seemed curious. Firstly, ministers had at that time just made an explicit statement on the matter – in *Better Communities in Scotland: Closing the Gap*.[2] This heralded the move from Social Inclusion Partnerships (SIPs) to Community Planning Partnerships (CPPs), subsequently legislated as part of the 2003 Local Government in Scotland Act. Why the need to say something else so soon? Secondly, even if ministers had felt the need to say something, then what would make figures who had recently seemed to be on the left of the Labour Party, like Malcolm Chisholm and Johann Lamont, the Minister and Depute Minister for Communities, want to say what this new statement was saying? For McIntosh told us that the central message of *People and Place* was that "The Scottish Executive is open for business". So what has been happening?

The suggestion here is that there are some significant developments afoot. A concerted effort is being made to intensify the application of the neo-liberal agenda across Scotland. But the strategy adopted means there are particular implications for the poorest communities – thus ministers' curious "need to say something about regeneration". *People and Place* is not more of the 'same old regeneration partnership stuff', but a key part of a broader agenda for a step change in opening up Scotland's communities to private sector penetration. This agenda can do immense damage across Scotland – but with particularly unsavoury implications for the poorest communities in the shorter term.

What follows is not intended as any definitive statement on these processes – which remain very much live. Rather the intention is to focus attention on them, and to make them an object of further critical discussion among those who understand that neo-liberal policies do *not* help with 'closing the gap' or with '*community* regeneration'. The suggestion is that there is a need to grasp this new situation quickly – before the intended pace of events leaves us behind. So, what is happening?



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'Is the manager in?' Why those ministers felt that need

It will help to begin with the recent *Red Paper on Scotland*. The chapter by Baird, Foster and Leonard on "Ownership and Control in the Scottish Economy" is of particular importance.[3] It critically analyses a report from the Royal Bank of Scotland – *Wealth Creation in Scotland*.[4] This report is crucial to understanding the situation.

Wealth Creation is a response to the economic strategy of the Scottish Executive as laid out in 2001 in the first edition of *A Smart, Successful Scotland*.[5] The latter emphasized the importance of entrepreneurs and business start-ups for Scotland's future. But, for the Royal Bank, this is "not the whole picture". We need also to be aware that: "Large, globally focussed companies are key components in a successful economy".[6]

The report argues that for a small nation Scotland has a relatively high number of such firms. Many of these emerged in the 1980s and early 1990s. But since then we have stopped "growing" them. This is what the Royal Bank would like to have changed. The key, it is suggested, is to refresh the drive towards privatisation and liberalisation that "grew" our global competitors in the earlier period.

> "Several of Scotland's major firms have a strong public sector heritage. Within the top 20 firms, the recent background of 14 could be argued to be significantly influenced by the public sector. This influence has been either directly through a privatisation (e.g. Scottish Power), or indirectly, through the liberalisation of a sector that previously had a strong public sector involvement (e.g. oil, gas and transport). One of the firms, TotalFinaElf (UK), is still partially owned by the French government, while others, (e.g. British Energy, Stagecoach, First Group) continue to receive direct or indirect public subsidy for some of their activities.
>
> "Scottish Water, if privatised, would rank high up on the list. Further liberalisation in other sectors (e.g. health, education) could also provide significant growth opportunities for Scottish firms, such as service providers, in the future".[7]

So, as is the philosophy in the Royal Bank, the message is very clear. The public sector can influence company growth through privatisation and liberalisation – with health and education high on the list. The aim is to 'grow' a Stagecoach or two in these sectors. Public sector failure to positively 'influence' this process will undermine the nation's competitiveness in the global economy.

From a more critical perspective we might say that here we find something very reminiscent of Marx's condemnation of 'vampire' capitalism – increasingly recognisable in the era of 'globalisation'. We find accumulated, 'dead labour' (capital) which can apparently only survive by sucking the 'life-blood' of the living – the resources which are vital for community well-being (its oil, its gas, its transport system, its water, its health care, its education system, its social services …). And it is known that nowhere on the planet has such a process 'closed the gap' or brought about 'community regeneration' – quite the reverse.

The preface to *Wealth Creation* was provided by Jim Wallace – at that time the Depute First Minister and Minister for Enterprise in the Scottish Executive. It explicitly recognised the need "to increase the number of globally competitive companies". Thereafter, it seems, ministers "felt the need to say something", for within six months of its publication a revised edition of *A Smart, Successful Scotland* had appeared – reflecting precisely this shift in emphasis.[8] The other need ministers felt to "say something" about around the same time – 'regeneration policy' – seems to have been closely connected.

And what they actually said …

Reading *People and Place* in this light the connection seems very clear. The second paragraph in Chisholm's Foreword begins with a sentence which otherwise looks very curious: "Regeneration is a crucial part of growing the economy …". One might have expected the causality to have been the other way round – economic growth being crucial to regeneration objectives. But we are told that regeneration policy is crucial to achieving the Executive's *economic* objectives – which now involve 'growing' globally competitive firms. The intention is to target the 'regeneration' areas to get this newer 'firm growing' agenda moving.

There is an obvious precedent. The New Life for Urban Scotland programme was conceived along somewhat similar lines in the late 1980s – to get Thatcher's third term 'public services reform agenda' moving.[9] Now, as then, the argument will be that something 'radical' needs to be done finally to tackle the problems of the poor areas – that people need to leave aside 'ideological' objections and 'do whatever is necessary'. In practice this will mean accepting a growing role for the private sector as 'leading partners'.

However in practice, the private sector has until now never been sufficiently persuaded that it has

been worth its while fully to play the role allocated to it. *People and Place* is at pains to make it clear that the Scottish Executive is now going to ensure that this changes. Henceforth, 'regeneration' will be "about creating value".

"Our approach to regeneration will seek to act as a catalyst, or lay the foundations, for private sector involvement ... regeneration is about creating value ... This statement ... is a statement of intent; and it is a statement of our determination to step up the pace in transforming Scotland ..."

"active encouragement of private sector participation ... means providing private sector partners with clarity and certainty about the sustained commitment of the public sector ... and lifting barriers to private sector involvement".

"Scotland has one of the longest-established and respected financial and advisory sectors in the world. And we have long experience of Public Private Partnerships (PPP) on which to build potential regeneration solutions for the future. Yet much more needs to be done to ensure that private sector players, such as developers, banks and the construction industry, view Scotland as 'open for business' on regeneration; and that they are fully aware of the opportunities available".

"Above all, it is our job ... to ensure that the public sector is alive to both to regeneration opportunities and the needs of the private sector. ... we want to talk with and listen to those involved in regeneration – with financial institutions, developers, house-builders and businesses ... (we) will ensure that our approach addresses the needs and concerns of those at the sharp end."[10]

It could hardly be clearer: "The Scottish Executive is open for business". The Executive, that is, will ensure that Scotland's *communities* – with their many 'development opportunities', but also with their health and social services and their education services – are "open for business", and that their potential to fuel the growth of large "service provider" companies is realised. But how is that to be done *in practice*?

Implementation: From *Better Communities* to *People and Place*

People and Place states the problem very clearly. National agencies – particularly Communities Scotland and Scottish Enterprise – can be given their remits:

"Yet it is first and foremost at the regional, local and neighbourhood level where regeneration initiatives actually happen; where communities, local authorities, Communities Scotland, Scottish Enterprise, Highlands and Islands Enterprise (and their Local Enterprise Companies) and others lead, plan and deliver programmes, where developers, the construction industry and other businesses make regeneration real; and where the private sector invests and takes risks."[11]

The problem, in the 'new public management' jargon, is how to 'join it up', 'roll it out' and 'deliver' across Scotland's localities. *People and Place* offers some broad indication of how this is to be done.

Broadly the approach is to use the implementation apparatus set out around the 2002 *Better Communities* statement – in particular the Community Planning Partnerships. The 2003 Local Government in Scotland Act obliges all local authorities to "initiate, facilitate and maintain" CPPs, and requires other public bodies to participate in them. They are intended to have a particular focus on the needs of the poorest 15% of areas as identified by the Scottish Index of Multiple Deprivation (SIMD).

Better Communities reflected the significantly different economic perspectives of 2002. It also had, again reflecting that period, a stronger emphasis on social justice and 'closing the gap'. While these aspects have changed, the implementation apparatus associated with it is being retained. This is because the perspective of *Better Communities* was that previous partnerships – notably the SIPs – exhibited *local implementation* failure, rather than *central policy* failure.[12] The CPP framework was intended to deal with this – to ensure "a more defined link between national, local and neighbourhood priorities" and to ensure that implementers would provide "clearly articulated rationales for their work which make explicit links between national and local priorities".[13] These "rationales" would then provide the basis for more thorough monitoring and rigorous 'accountability' from implementers.

This implementation perspective means that the CPPs retain their functionality. In "bringing together key participants to act as a bridge to link national and local priorities better", CPPs remain central to the Executive's refocused attempt to "step up the pace in transforming Scotland".[14]

A key role in making this link is played by the Regeneration Outcome Agreements (ROAs) produced by CPPs. These are used in the allocation of funds to CPPs through the recently created Community Regeneration Fund. This process 'encourages' CPPs to frame their activity in the terms set by the centre, before submitting them for approval by the centre, receiving funds linked to them, and then being, much more rigorously than hitherto, monitored and held accountable for their overall performance. Thus, the Executive promises to:

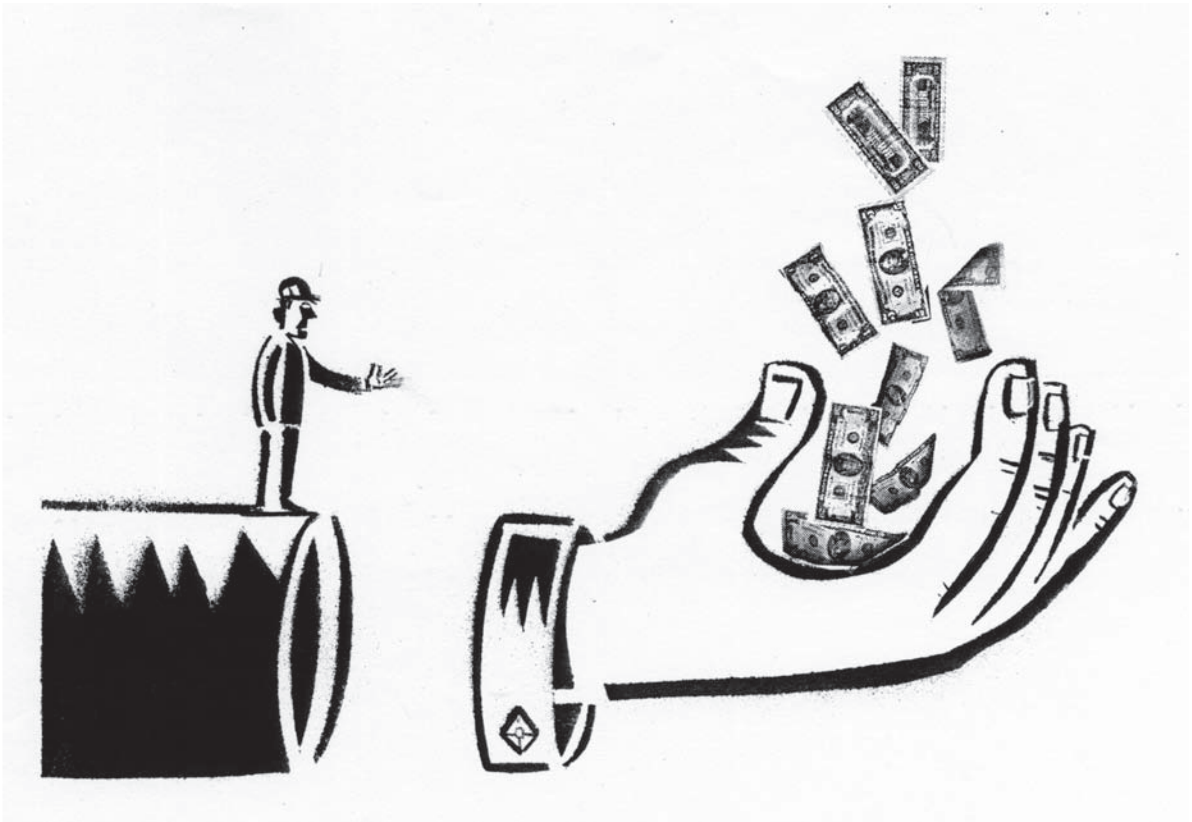
"Use the ROAs ... now in place in all local authority areas ... as the foundation stone for effective joint working on community regeneration by Community Planning Partnerships ... "[15]

"Political commitment" and Urban Regeneration Companies

All of this, however, will need to be underpinned by "clear political commitment from key players" – otherwise "the technical, financial, economic and legal complexities" posed by the new agenda "may prove insurmountable". The aim is to draw upon, and extend, existing experience in dealing with such "complexities". The experience of Public Private Partnerships in "delivering improvements in public services", and of the Community Ownership Programme in "delivering housing investment", are highlighted. Both have required, and received, *sustained* political commitment. Also highlighted are public-private Joint Venture Companies (like the EDI group in Edinburgh), and "other financial instruments for levering private sector investment, such as bond issues, land trusts, and Property Investment Limited Liability Partnerships" which are "already being used in a preliminary way … across Scotland and the rest of the UK". And there is mention of further movement towards a "mixed economy of investment" and more "dialogue with the private sector on new forms of financial instrument".[16]

There is also significant emphasis on the creation of Urban Regeneration Companies (URCs) – in the key areas in which the 'new ways' will initially be developed. These are related to the infamous Urban Development Corporations of the 1980s, which, it is euphemistically acknowledged, "did not always fully capture the economic benefits for local communities". In 2004 three such URCs were established (in Clydebank, Craigmillar in Edinburgh and Raploch in Stirling) as "special purpose vehicles, bringing together the public and private sectors, to drive forward the delivery of complex, tightly focused urban regeneration initiatives". In these areas it is intended that "clarity of purpose" combined with "efficient use of public funding to kick-start initiatives" will facilitate a "plan to lever over £400m of private sector investment".[17]

These URCs were established as "pathfinders", and *People and Place* announces a further three that follow. The first is for the "Clyde Gateway" project, along the planned M74 extension. Here the "scale and complexity" of the project requires



a URC "to drive the project forward and provide the long-term certainty needed by investors".[18] The others are in Inverclyde – the Riverside Inverclyde URC – and on the Ayrshire coast – the Irvine Bay URC. Together with the Clyde Waterfront Strategic Partnership in west Glasgow (not a URC), these areas provide the "geographic priorities" for *People and Place*.

Overall there is perhaps more detail on property development in the particular geographic priorities than in relation to other concerns. Yet, as Alisdair McIntosh made clear when he spoke at Glasgow University, this could mislead. These areas will certainly be a principal focus for experimentation and development, but the document is "a statement of intent" and the intent is to disseminate the results as "best practice" across the rest of the country – via the CPPs. Moreover, the ambitions are much wider than just property development. Another key concern is "public sector reform". One significant passage comments on this that:

"The relationship between regeneration, renewal and public sector reform is a complex but critical one: we will bear it firmly in mind in the context of the forthcoming debate on the future of public services in Scotland."[19]

Thus the 'fit' between the latest regeneration statement and the economic perspective laid out by the Royal Bank seems quite apparent. 'Regeneration' policy in the late 1980s and 1990s was used to establish and disseminate a centrally driven neo-liberal agenda in relation to property development and public services. This is now seen as a time when Scotland was at the 'cutting edge' of 'regeneration' in the UK – a position it has since lost. *People and Place* indicates a desire to recapture that 'dynamism', and to similar, neo-liberal, ends – only now with ends increasingly set by private sector interests, and with specific aspirations the kind of which the Thatcherite 'bogey men' of the earlier period (the Ridleys and Forsyths) were only able to dream.

The 'forces of conservatism' and the Community Voices Network

This, then, is the broad framework for rendering Scotland's communities "open for business" – URCs at the 'cutting edge' and CPPs as the more general vehicles through which the new ("best") practices get disseminated (with Communities Scotland's "Scottish Centre for Regeneration" playing a key role in that dissemination).

Implementation, however, is typically also a *political* process. On entering the New Labour mindset one must remember the special role accorded to "the forces of conservatism" – those public servants who oppose "modernisation". It is understood that the latest agenda challenges the interests of many who will be charged with implementing it much more pointedly than hitherto. As one well-connected journalist observed in March, "each layer of government and quangocracy is currently digging its defences".[20] It is in this light that we should see much of what has been going on in the institutional landscape recently – most obviously in relation to local government, Scottish Enterprise, and the future of the health boards. At the moment it looks less likely that this will lead to wholesale reorganisation in the short-term than seemed probable a few months ago. But there has been at least some significant 'softening up'. This in itself might be sufficient to get the compliance needed to get the agenda moving (results in Glasgow point in this direction[21]), with more substantial change perhaps coming after the 2007 Scottish Parliament elections. This would not necessarily require the return of a Labour-Liberal coalition. It is clear that within the other main parties, including the SNP, there is equal, if not greater, sympathy for the 'radical reform' agenda.

Moreover, there is another angle from which the "forces of conservatism" can be attacked. Communities Scotland has been seeking actively to recruit local communities to this task. Under the heading of 'community engagement' they have set about creating their own national community organisation across the SIMD areas. It is called the "Community Voices Network". The organisation had its first conference in Glasgow in March of this year. At the conference it became apparent that the remit of the CVN is not simply to co-opt and manage local communities to *allow* the implementation of the neo-liberal agenda, but to recruit their active participation in the task of *bringing it about*.

Curiously, communities are now being encouraged to speak in a kind of language of protest – after having being told for twenty years that this was against the spirit of 'partnership'. The latter means that there is a potentially useful reservoir of frustration and resentment in these communities, waiting to express itself. The Community Voices Network is seeking to gather it up and direct it, in a controlled way, at the 'forces of conservatism'. Significantly, the Local Authorities and others were actively excluded from attending the founding conference – with the justification being that members should be able to express themselves freely without their (intimidating?) presence. Only the Scottish Executive, Communities Scotland, and the CVN members were allowed in. The underlying assumption in all of this is that the Scottish Executive and Communities Scotland are the friends and allies of the poor communities – and pose no obstacle to their free expression. They, like the poor communities, are fed up and want to see radical change – and don't want any more to tolerate local bureaucrats who have been doing well for themselves over the years while failing to listen to their concerns and to deliver on their 'regeneration' promises.

Thus, in the language of *People and Place*, the CVN is part of the process of "lifting barriers to private sector involvement". As if to demonstrate this, the task of running the Network has actually been given to the private sector – a firm called Paul Zealey Associates.

Symptomatically, the term "community engagement" is itself an import from the corporate world. In the words of a prominent business academic, it denotes "one of two broad approaches" corporations can take "to help them steer a safe course" when investing in "difficult political environments". The "enclave strategy" – ring-fence your investment and pay the local military to provide security – should always be judged against a potentially better alternative. This is the "community engagement" strategy – where companies "go local" by "embedding themselves deeply in the local communities in which they operate". In "the developing world" this might involve a local company in helping to build schools, hospitals and local infrastructure, so as to become "an indispensable neighbour that has the political support of the whole region in which it operates." But this is not just a strategy for "the developing world". It "makes good sense in developed world markets as well". Here too: "The more that companies can win local community support for their operations, the more politically secure they will be".[22]

And here in Scotland companies are to be involved in the provision of education, health, local infrastructure and much more. But in this case they will not so much provide resources for community well-being, as *dispossess* local communities of the resources won by previous generations of struggle – through privatisation.

Conclusion

The Royal Bank of Scotland is, since its take-over of NatWest in 2000, the 5th biggest bank in the world.[23] What we are seeing is, perhaps unsurprisingly, the devolved institutions of 'the new Scotland' being pervaded by its perspectives. Its growing confidence in these institutions can be seen in its endorsement of the Liberal Democrats' Steel Commission on the powers of the parliament – an endorsement which stressed the importance of getting the power to vary corporation tax.[24]

People and Place bears some of the hallmarks of the approach of The Royal Bank to change – or more specifically that of its recently retired former Chairman, Sir George Mathewson, who led the bank through a "very radical reorganisation" in the early 1990s.[25] Firstly, the message of change should be clear – perhaps something like "The Scottish Executive is open for business". But, secondly, the message should be translated into action *quickly*. Again the desire to achieve this is very apparent in *People and Place*.

Of course changing Scotland is not the same as changing the Royal Bank, but the intent is clear. Whether the aims are achieved or not, there can be little doubt that their pursuit will do significant damage, particularly to our most vulnerable communities. There is a need to grasp the dangers of this significantly new situation, and to respond quickly – before even greater momentum is established. The experience of previous generations of partnerships was that by the time opponents 'got up to speed' it was often already too late. It is important that this is not repeated now that the stakes are higher still.

In particular, there is a vital need to connect to, and work with, local communities – so that the frustration and resentment they rightly feel about their experience over twenty years of 'regeneration partnerships' is directed at those institutions and ideologies which *really have* driven their underlying neo-liberal agenda, and which today seek to drive it at a new level of intensity. As in the later 1980s, partnerships hang their legitimacy on 'community', and this remains, now as it was then, a great potential weakness – not just for the 'partnerships', but for the broader neo-liberal agenda which they seek to develop and promote.

Desire Lines of Traffic - 1990, Glasgow

Postscript

After completing this article the author received news of a recent conference on "Delivering the Scottish Infrastructure Investment Plan through Effective Partnerships". The Executive's Infrastructure Investment Plan "sets out detailed investment plans in schools, hospitals, housing and transport projects" for the 2005-2008 period. In order to "grow the economy and provide better public services", it "provides a longer term vision of the investment plans to enable the private sector to plan ahead and take advantage of the opportunities".[26]

The conference, organised by a private firm (of course!),[27] was addressed by Minister for Finance and Public Service Reform, Tom McCabe – as well as by a broad swathe of speakers from across the public and private sectors. The audience was largely from the private sector. McCabe spoke of the "need to speed up the pace and widen the scope of reform and change" and of the need for the public sector to improve the timing and processing of "deals" to meet expressed concerns of the private sector.[28]

Reports on the language of the event are revealing. As well as the above "deal flow", civil servants spoke of the market's continuing "hunger" for PFI assets, and of health in particular as providing a "continuing feast". There was also a clear indication of the focus moving towards service provision. Informally, some from the private sector spoke of the abundance of "low lying fruit". In ordinary language those would be 'easy pickings'. Significantly, the minister's speech stressed the centrality of *People and Place* to the progress of all of this.

Notes

1 *People and Place*: Regeneration Policy Statement, Scottish Executive, 2006.

2 Scottish Executive, 2002.

3 S. Baird, J. Foster, and R. Leonard "Ownership and Control in the Scottish Economy", in Vince Mills (ed), *The Red Paper on Scotland*, Glasgow: Research Collections @ Glasgow Caledonian University, 2005.

4 *Wealth Creation in Scotland: A Study of Scotland's Top 100 Companies,* Edinburgh: Royal Bank of Scotland, 2004.

5 Scottish Executive, 2001.

6 *Wealth Creation*, p.4.

7 Ibid, p.11.

8 Scottish Executive, 2004; see also Baird, Foster and Leonard, op. cit.

9 See the articles by Collins and Lister (Vol. 6, No.2, 1996) and Collins (Vol. 1. No. 2, 2001 & Vol. 14, No. 3, 2004), in *Concept* (The Journal of Contemporary Community Education Practice Theory).

10 *People and Place*, foreword, ps. 15, 22 & 49.

11 Ibid, p.21.

12 See Cambridge Economic Associates, *Developing a Transition Framework for Social Inclusion Partnerships: Interim Programme Review*, Edinburgh: Research from Communities Scotland, Report 19, 2003.

13 Communities Scotland, *Integrating Social Inclusion Partnerships and Community Planning Partnerships,* Edinburgh: Communities Scotland, 2003, p.16.

14 *People and Place*, p.18 & foreword.

15 Ibid, p.25.

16 Ibid, ps. 14, 23, 22 & 18.

17 Ibid, ps 52 & 23.

18 Ibid, p.33.

19 Ibid, p.54.

20 D. Fraser, "The Quest for Joined-Up Government", *The Herald*, 10th March 2006.

21 D. Fraser, "Glasgow to launch £1bn public service revolution", *The Herald*, 7th March 2006.

22 E. Kapstein, (2006) "Avoiding Unrest in a Volatile Environment", in *Mastering Uncertainty,* a four-part weekly supplement to *The Financial Times,* Part 1: "Seeking Shelter from the Storm", 17th March 2006.

23 Baird, Foster and Leonard, op cit.

24 D. Fraser, "LibDems urge tax powers shift", *The Herald,* 7th March 2006.

25 K. Symon, "When George Mathewson took over ...", *Sunday Herald*, 30th April 2006. Mathewson has since been appointed a non-executive director of Stagecoach, where the finance director of RBofS (Bob Speirs) is already the chairman (see *The Herald*, 9th May 2006).

26 See: http://www.scotland.gov.uk/News/Releases/2005/02/25104436.

27 Called *City and Financial* – see: http://www.cityandfinancial.com/aboutus/

28 McCabe's speech is available at: http://www.cityandfinancial.com/conferences/?sector=7&id=63.