

Mr Simon Johnson
Scottish Political Editor
Daily Telegraph

SENT BY EMAIL TO:

Ar faidhle/Our ref: FOI/10/00912
4 August 2010

Dear Mr Johnson

Thank you for your request for information under the Freedom of Information (Scotland) Act (FOISA) received on 6 July requesting all information held regarding Destination Edinburgh Marketing Alliance (DEMA) potentially taking on The Gathering 2009 Ltd's private sector debts.

We have now completed our search of information held and I have attached copies of the following documents in electronic format:

- The City of Edinburgh Council (CEC) Press Release (15 October 2009) (already in the public domain)
- Scottish Government File Note (19 October 2009)
- First Minister letter to Cllr Jenny Dawe (28 October 2009) (previously released under FOISA)
- Scottish Government letter to CEC (12 November 2009) (previously released under FOISA)
- Cllr Jenny Dawe's letter to Iain Smith MSP, copied to the First Minister (23 December 2009)
- CEC letter to Scottish Government (26 January 2010)

In addition to these documents, we hold an exchange of emails between the Scottish Government and DEMA. This was the only communication between the Scottish Government and DEMA regarding The Gathering 2009 Ltd. I note you have requested 'copies' of correspondence. As you may be aware, the Court of Session decision (Glasgow City Council and Dundee City Council v Scottish Information Commissioner [2009] CSIH 73, issued on 30 September 2009) clarified that the Freedom of Information (Scotland) Act provides a right to obtain 'information' not to obtain copies of specific 'documents'. I can confirm that the original email, dated 25 February 2010, was from the Chief Executive of DEMA to a member of staff in the constituency office of the Minister for Culture and External



Affairs and sought to draw the attention of the Minister and the 'relevant civil servant' to 'the website press statement posted by DEMA on 17 November 2009'. This email was passed to Scottish Government officials on 5 March 2010. On 5 March, officials emailed the Chief Executive of DEMA, confirming receipt of his email and noting the contents of the 17 November 2009 media statement.

In respect of other information that Scottish Government holds relating to your request, I consider that exemptions under section 30 (b) (i) and (ii) of the Freedom of Information (Scotland) Act apply. This deals with information that would, or would be likely to, inhibit substantially the free and frank provision of advice; or the free and frank exchange of views for the purpose of deliberation.

If you are unhappy with this response to your request, you may ask us to carry out an internal review, by writing to Francesca Osowska, Director for the Culture, External Affairs and Tourism Directorate, Area 2 F, Victoria Quay, Edinburgh, EH6 6QQ. Your request should explain why you wish a review to be carried out, and should be made within 40 working days of receipt of this letter, and we will reply within 20 working days of receipt. If you are not satisfied with the result of the review, you then have the right to make a formal complaint to the Scottish Information Commissioner.

Yours Sincerely

MALCOLM PENTLAND



INVESTOR IN PEOPLE



PRESS RELEASE



Thursday 15 October 2009

Issued on behalf of Destination Edinburgh Marketing Alliance by the City of Edinburgh Council

NEW FUTURE FOR GATHERING

A repeat of one of the most successful visitor events in Scottish history is now a real possibility with the news that the private-public organisation Destination Edinburgh Marketing Alliance (DEMA) is to take over The Gathering 2009 Ltd.

An independent economic impact assessment carried out by EKOS Ltd shows that the Gathering attracted 47,000 people. It also generated £10.4m in revenue for Scotland and £8.8m in Edinburgh. The report highlights that 73 per cent of visitors would be likely or very likely to visit a future Gathering within the next four years.

Norman Springford, as chair of DEMA, said: *"The board of DEMA views this as a really exciting development for us and our city, and will see us build on our successful working with the Scottish Government and the Council which led to Edinburgh Inspiring Capital being entered into the Clipper Round-the-World yacht race. Such private and public partnerships have enormous potential for promoting the capital and the nation to people across the globe. We are delighted and honoured to accept this new responsibility and we will now move towards more detailed discussions with the Scottish Government and other partners on the investment in, and delivery of, this project."*

Cllr Steve Cardownie, the city's Festivals and Events Champion said: *"This is a wonderful opportunity for the city, following on from the fantastic event held in July as part of the Homecoming celebrations. I'm very pleased that we've been able to lend our support in facilitating the quick action to secure a longer-term arrangement for this event. Future gatherings promise to be even greater and a much welcome boost to the city's economy, and the next event in 2012 will further underline the many reasons to visit Edinburgh in Olympic year."*

DEMA will take on The Gathering 2009 Ltd's remaining private sector obligations and, with the Council and other public sector organisations, will develop the assets and intellectual property rights to organise future events. A key next step for DEMA will be to begin preparing a detailed business case considering the options for a 2012 event.

Although a success in terms of visitor numbers and economic impact, the private company that ran the Gathering 2009 has encountered financial difficulties. This deal will ensure creditors are paid as well as securing the event for the future.

www.edinburghbrand.com
www.edinburgh-inspiringcapital.com



PRESS RELEASE

Co-Director of the Gathering 2009, Lord Sempill, said: *"We are proud to have delivered an event that was such a great success for Scotland and delighted that future Gatherings are a real prospect. Our dream was to secure an event that would prove, as we have always believed, that there is a great public appetite for occasions that celebrate Scotland's history and heritage. Unfortunately, due largely to events outwith our control including an unprecedented global financial crisis, our income streams were lower than we expected and we have been unable to satisfy all of our creditors."*

Scottish Government Culture Minister Michael Russell said: *"The Scottish Government, along with EventScotland and VisitScotland, is fully supportive of this agreement to secure the future of the Gathering, which has proved itself to be a new and exciting way of celebrating our culture, heritage and shared links around the world. At this time of economic recovery, it is vital all Scottish interests now pull together to capitalise on that international interest and build on the success highlighted in the independent economic impact report."*

Notes to Editors

The independent economic assessment of the impact of Gathering 2009 from EKOS (available at eventscotland.org) shows that 47,000 people – 51 per cent from outwith Scotland - attended with a high level of satisfaction on their experience in Edinburgh, and overall the Gathering generated £10.4 million of revenue for Scotland on a ratio of £21 for every £1 of public investment.

To secure the future of The Gathering as an event and the associated economic benefits - through the transfer to DEMA - the Scottish Government has agreed not to seek to recover a loan of £180,000 to The Gathering Ltd. For the same reason, Historic Scotland and other public bodies have decided that they will not seek to recover the amounts that they are owed.

Contacts

City of Edinburgh Council (on behalf of DEMA):

- Lynn McMath – 0131 529 4428 / Isabell Reid - 0131 529 4020
- Lindsay Taylor – 0131 529 4443 (for general DEMA enquiries only)

The Gathering Ltd – Roddy Scott - 0131 625 6103; 07768 506 465

Scottish Government – Jane Robson – 0131 244 2910; 07771 555607

EventScotland – Leon Thompson - 0131 472 2312; 07778 163 085

FILE NOTE: DEMA take over of The Gathering 2009 Ltd.

We are now clear from discussions with CEC that Destination Edinburgh Marketing Alliance (DEMA) are taking on The Gathering 2009 Ltd. The purchase will be taken forward by DEMA during the course of this week, and they will take on all resultant private sector liabilities.

We need to ensure that in future discussions regarding the staging of future Gathering events, we do not undersell the contribution made by the 2009 event in terms of its economic impact and positive consideration should be given to financial support for future Gathering events from this portfolio.

Deborah Smith
Acting Director
Culture, External Affairs and Tourism Directorate
19 October 2009

Rt Hon Alex Salmond MSP
First Minister of Scotland



Cllr Jenny Dawe
The City of Edinburgh Council



2872 October 2009

Dear Jenny

I am writing to you to signal how grateful we are for the continued co-operation between the City of Edinburgh Council and the Scottish Government in relation to the future of The Gathering.

I am delighted that the Council has recognised the significance of the economic benefits which can be realised from future Gathering events and I very much appreciate your foresight in this regard. I know that you are working through some complexities in the transaction, and I very much look forward to working hand in hand with the City of Edinburgh Council to ensure that the maximum economic benefit can be achieved for both Edinburgh and Scotland in the years ahead.

ALEX SALMOND



Mr Jim Inch
Director of Corporate Services
City of Edinburgh Council



12 November 2009

Dear Jim

THE GATHERING

Further to our meeting last week where we discussed the future of The Gathering, I agreed to put in writing the Scottish Government's thoughts in terms of our partnership to ensure the success of any future Gathering event.

Given that the economic assessment undertaken by EKOS demonstrated net additional expenditure of £8.8m at the Edinburgh level and £10.4m at the Scottish level, it is clear that there are economic benefits associated with the event which go beyond the City of Edinburgh, and where therefore the Scottish Government should have a role in ensuring the success of future events. In addition to the direct economic and tourism benefits, we would consider that the Gathering has a role in supporting national outcome 13, ie the development of a strong, fair and inclusive national identity.

On this basis, it would be the Scottish Government's policy intention to provide financial support to a future Gathering event or related events, subject of course to the submission of a satisfactory business plan and the agreement of Scottish Ministers. Assuming that the Council propose a future event of comparable or greater ambition to the original, we would take as our starting point that the economic benefits falling outwith Edinburgh would be at least £1.6 million at 2009 prices and would be interested in proposals to boost that figure. We would also accept that the available evidence is that the benefits do not necessarily include direct revenues to the promoter sufficient to cover the costs of the event. Consequently, it would be reasonable to assume that Scottish Government financial support would be no less than the £380,000 actual support provided in various ways by the Scottish Government and its funded bodies for the original event; and that a case for a higher level of



financial support is likely to be sustainable, in view of the opportunity for a second event to generate larger and

wider net economic benefits than the original. The exact level of that funding would be dependent both on the articulation of the benefits of the event beyond Edinburgh, and the availability of funds, but will fully recognise the importance of the event to Scottish Government economic and national identity objectives.

Kind regards,

Yours sincerely

Deborah Smith
Acting Director



INVESTOR IN PEOPLE



*Councillor Jenny Dawe
Leader of The City of Edinburgh Council*

23 December 2009

OUR REF: ISMITH

Iain Smith, MSP
Convener
The Scottish Parliament
Edinburgh
EH99 1SP

Dear Mr Smith

I refer to your letter to the First Minister dated 15 December and copied to me and the Council's Chief Executive for our information.

I am aware of the ongoing consideration of the future of The Gathering 2009 Ltd and the efforts to resolve the associated legacy issues.

You accurately describe the private sector companies' vulnerability in this situation but I do not consider that the Council, or indeed DEMA, have a responsibility to resolve the difficulties. I have always made it clear that, while I have sympathy for the creditors, this Council's financial situation precludes us taking on the debts of a private company.

DEMA has been consistently enthusiastic about getting involved in the future development of The Gathering but have been equally clear that they do not intend to take any responsibility for dealing with the 2009 legacy. I would point out that it is my understanding that the 'high profile' DEMA resignation which you refer to was not caused by the Company's consideration of The Gathering alone.

Much has been made of the News release on 15 October 2009, and having reviewed the process involved in compiling the article I consider that it was rushed and contained references which were both premature and somewhat misleading.

*Councillor Jenny Dawe
Leader of The City of Edinburgh Council*

At the time of the news release, discussions with the Scottish Government and with DEMA were at a very early stage and the necessary due diligence had not been completed. It follows that this has created confusion in some quarters and expectations in The Gathering Company and with its creditors who believed that a solution had been arrived at.

Discussions between senior officers of the Council, the Scottish Government, The Gathering 2009 Company and DEMA are continuing in the hope that a way forward can be found which protects the gathering brand and affords the Company's creditors at least part recovery of what they are owed. This requires the preparation of an independent valuation of the gathering brand and the development of a business case for sustaining the brand in the short term. This work is in hand.

I should emphasise that the Council's involvement in any arrangement to secure The Gathering would require Council approval.

While I am aware I have not answered all of your questions in detail, I hope I have clarified the Council's position in relation to The Gathering Company 2009.

Yours sincerely

**COUNCILLOR JENNY DAWE
LEADER – THE CITY OF EDINBURGH COUNCIL**

Cc A Salmond, First Minister

♦ **EDINBURGH** ♦
THE CITY OF EDINBURGH COUNCIL

CORPORATE SERVICES

Francesca Osowska
Director of Culture, External Affairs and
Tourism

Date 26 January 2010

Our Ref JI/Osowska(Gathering)

Your Ref

Dear Francesca

I refer to previous correspondence and discussions about the future of the Gathering. In particular I am aware that I have not formally responded to your colleague, Deborah Smith's letter to me dated 12 November 2009. In this letter she placed on record the Scottish Government's position in relation to our mutual wish to ensure the success of any future Gathering.

As you know, since 12 November 2009 there has been a great deal of activity directed towards considering the way ahead for the Gathering Company. In parallel there has been much press speculation and you will be aware that the matter has been the subject of a number of Parliamentary questions and considerable political interest.

I have had regular contact with the Directors of the Company, Lord Sempill and Jenny Gilmour, and they in turn, in difficult circumstances, have endeavoured to keep their creditors informed of what is going on.

I believe I have now explored every possible way of achieving the twin objectives of:-

- (i) protecting the Gathering brand for the future; and
- (ii) minimising any potential financial loss to the local creditors of the 2009 event.

To bring this matter to a conclusion the Council recently commissioned an independent evaluation of the worth of the event from BTG Forensic. I have now received their report.



INVENTION IN PEOPLE

As you know there has been a number of independent reports prepared on the Gathering at different times, for different purposes and by commissioning this further work it was our intention to re-examine the data already collected augmenting that wherever possible. This was intended to assist me to determine whether or not to advise the Council to acquire the brand with the intention of the Council, working alongside the Scottish Government and other partner agencies, including Destination Edinburgh Marketing Alliance (DEMA), to arrange and promote a future 'gathering' event.

The independent assessment of the worth of the Gathering has concluded that:-

- (i) the company has no share value;
- (ii) the value of the intellectual property rights of the Company is at best £100k;
- (iii) the economic impact of the Gathering 2009 was particularly high both at a Scotland and Edinburgh level. In particular the event generated excellent return rates when compared with other events supported by the public sector; and
- (iv) the private sector debts of the Company are in excess of £300k.

I am sure none of this will surprise you. It simply confirms the dire financial position of the Company on the one hand and the impressive economic impact generated by the event on the other.

The City of Edinburgh Council will fix a budget for 2010-2011 at its meeting on 11 February 2010. The administration is contemplating reducing staff numbers by 700, withdrawing or reducing support to many organisations and taking radical steps to curtail expenditure across the board. You will appreciate that in these circumstances the scope for investing in the Gathering brand is at best problematic.

I have no doubt that the Council, together with DEMA and in partnership with others, could put together a very compelling business case for holding a future gathering event. However the potential time lag between investment and income, and the remaining uncertainties associated with the state of public finances, represent significant risks and militate against intervention at this time.

While it is clear that the Scottish Government and The City of Edinburgh Council have 'common cause' over this matter I very much regret that despite all of our best endeavours we have failed to find a satisfactory way to achieve our mutually agreed objectives.

I suggest that our respective communications teams discuss and, if possible, agree a communication strategy to deal with the inevitable media interest.

Happy to discuss.

Yours sincerely

JIM INCH
Director of Corporate Services

