

# Policy and Sustainability Committee

10.00am, Tuesday, 30 November 2021

## Supporting the Visitor Economy in Edinburgh

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### 1. Recommendations

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- 1.1 Policy and Sustainability Committee is asked to:
  - 1.1.1 Note the recent review of all aspects of the Visitor Economy in Edinburgh, the steps taken to implement recommendations from the review and the timeline for implementation of agreed actions; and
  - 1.1.2 Approve the winding up of Marketing Edinburgh Limited, and instruct the Board and Council officers to make the necessary arrangements to wind up the company.

**Paul Lawrence**

Executive Director of Place

Contact: Elin Williamson, Business Growth and Inclusion Senior Manager

E-mail: [elin.williamson@edinburgh.gov.uk](mailto:elin.williamson@edinburgh.gov.uk)

## Supporting the Visitor Economy in Edinburgh

### 2. Executive Summary

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- 2.1 This report sets out the outcome of the recent review of all aspects of the Visitor Economy in Edinburgh and the steps taken to implement the recommendations from the review. The report also requests approval to commence the winding up of Marketing Edinburgh Limited (Marketing Edinburgh). Subject to submission of all of the necessary documentation, the winding up is expected to come into effect three months after the process is commenced.

### 3. Background

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#### Tourism and Hospitality Sector

- 3.1 In the Business Bulletin for Policy and Sustainability Committee on [3 August 2021](#), it was noted that a review of all aspects of the Visitor Economy has recently been carried out and officers were asked for further updates on this.
- 3.2 The challenges for the tourism industry arising from the Coronavirus (COVID-19) pandemic have been well documented. This, together with uncertainties around funding for Edinburgh Tourism Action Group (ETAG), led the Strategic Implementation Group (SIG) for the agreed Edinburgh 2030 Tourism Strategy (the Tourism Strategy) to decide that a third party consultant should be brought in to identify a solution to address both the short term/immediate recovery work required as well as the longer term work to implement the Tourism Strategy.
- 3.3 It was agreed that this work would be funded equally by the Council and Scottish Enterprise from existing budgets.
- 3.4 A steering group with Council Officers and representatives from Scottish Enterprise, ETAG and Visit Scotland was put in place to oversee the consultant's work and to bring recommendations to the SIG.
- 3.5 The review focused on structural and organisational responsibilities and resourcing to ensure that appropriate arrangements for supporting the Visitor Economy both immediately through recovery and in the future are in place.

## **Marketing Edinburgh**

- 3.6 Marketing Edinburgh is an arms' length external organisation (ALEO) of the City of Edinburgh Council. The company is wholly owned by the Council.
- 3.7 In [March 2020](#), the Leadership Advisory Panel approved the hibernation of Marketing Edinburgh, and in [July 2020](#) the Policy and Sustainability Committee approved the transfer of all current staff, assets and liabilities from Marketing Edinburgh to the Council.
- 3.8 The transfer from Marketing Edinburgh to the Council was concluded on 31 March 2021.

## **4. Main report**

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### **Supporting Recovery of the Visitor Economy**

- 4.1 Following a competitive tendering exercise, consultancy ekosgen were appointed in June 2021 to lead the development of short/immediate term and longer term action to support the recovery of the Visitor Economy. Over the course of four weeks they consulted with 40 stakeholders (businesses, attractions, sector representatives, communities, the Council and national/governmental agencies).
- 4.2 They also performed an extensive desktop review to understand the pre and post pandemic visitor economy in Edinburgh. Through the review, the consultants also reviewed several international comparator cities, which demonstrated a range of approaches to the leadership, delivery and governance of city visitor economies.
- 4.3 Their findings identified a number of operational and strategic challenges and also highlighted major risks to the city's economy should no action be taken.
- 4.4 The consultants recommended short term actions (for a period of circa 18 months):
  - 4.4.1 A number of Short Life Working Groups (SLWGs), coordinated by a Project Manager, which should report to the SIG via a new Strategic Advisory Group; and that
  - 4.4.2 The SIG should also become formally recognised as the single forum for strategic partnership issues for the Visitor Economy in Edinburgh.
- 4.5 Over the longer term (more than 18 months), the consultants recommend that a Destination Management and Marketing Office (DMMO) is established, creating a clear transparent structure with strong strategic leadership and with all relevant partners and stakeholder groups at the table, including residents, industry, and the public sector.
- 4.6 The recommendations also suggest that the details of the future model, including structure and funding model, should be developed and implemented by the Project Manager over the next 18 months.

- 4.7 Following consideration of the consultant's report, the SIG has agreed to implement the recommendations with some minor modification. An Operational Advisory Group has been established and has been tasked to recruit a Project Manager.
- 4.8 As the Council Leader chairs the SIG, it was agreed that the Chair of ETAG will chair the Operational Advisory Group.
- 4.9 The SIG also agreed to establish three SLWGs:
- 4.9.1 Marketing, led by the Council;
  - 4.9.2 Sustainability and Fair Work, led by Scottish Enterprise; and
  - 4.9.3 Business Events, led by Edinburgh International Conference Centre Ltd (EICC).
- 4.10 Each of the SLWGs will manage their dedicated area over the next 18 months and will also feed into the wider work, led by the Project Manager, on shaping the long-term model.
- 4.11 A summary governance structure for this work is shown in Appendix 1.
- 4.12 The Project Manager is expected to present the business case for the long-term model to the SIG in June 2022 and then to work on engagement and implementation until April 2023, when it is envisaged that the long-term model will be put into practice.
- 4.13 In parallel, VisitScotland will lead a separate piece of work on what opportunities there are for partners in the Edinburgh and South East Scotland City Region Deal to collaborate further on the various aspects of the Visitor Economy. Any long-term model for Edinburgh will need to take this regional work into consideration.
- 4.14 Following the approval of the business case by the SIG, a report on the proposed structure will be prepared for Policy and Sustainability Committee, with recommendations as to the future role of the Council in the partnership.

### **Marketing Edinburgh**

- 4.15 Since the staff, asset and liabilities transfer from Marketing Edinburgh into the Council is now complete, Council officers have considered the options for the organisation moving forward.
- 4.16 One strong message that came through the ekosgen report was that, in order for the long-term model to be successful, it would require to be a partnership between private and public sector, and the option of a Council-led/owned model was strongly discouraged.
- 4.17 The report also stated that the long-term model should be focused on Destination Management and Marketing, leading on the management of the city as a destination and not just the marketing of the city.
- 4.18 The SIG further expressed a wish that the long-term model should encompass all aspects of the Visitor Economy, ensuring this aligns with the city's economy as a whole.

- 4.19 Therefore, as the company is no longer operating and has no remaining assets or liabilities, it is proposed that Committee approve the striking off of Marketing Edinburgh from the Companies House register, and to progress with the necessary arrangements to wind up the company.
- 4.20 Audited accounts for the financial year to 31 March 2021 are currently being prepared.

## **5. Next Steps**

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- 5.1 The Operational Advisory Group has been established and they are progressing with the actions agreed by the SIG. It is anticipated that a Project Manager will be recruited by the end of November 2021. The SLWGs have also been established and will liaise with the Project Manager once appointed.
- 5.2 If the recommendations in this report are approved, Council officers will work with the Board of Marketing Edinburgh to make the necessary arrangements for the company to be struck off the Companies House register and dissolved.

## **6. Financial impact**

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- 6.1 All costs incurred in the current financial year will be met from within existing budgets in the Place Directorate. Additional funding may be required for the financial year 2022/23 and this would need to be considered as part of the relevant budget process.
- 6.2 The business case for the long term model will contain funding requirements from all partners, including the Council. This will need to be considered as part of future budget processes.
- 6.3 There are no anticipated financial issues associated with winding up Marketing Edinburgh. Audited accounts for financial year 2020/21 are in the process of being prepared and will be submitted to Companies House in advance of 31 March 2022.

## **7. Stakeholder/Community Impact**

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- 7.1 The review by ekosgen involved individual consultations with 40 stakeholders including businesses, attractions, sector representatives, communities, the Council and national/governmental agencies.
- 7.2 On 23 June 2021 the Board of Marketing Edinburgh requested that Council officers take advice on the next steps for the future of the company. Council officers have since liaised with internal legal and finance teams as well as French Duncan, who currently act as Marketing Edinburgh's auditor, to understand the different requirements should the company be wound up.

## **8. Background reading/external references**

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8.1 None.

## **9. Appendices**

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9.1 Appendix 1 - Structure chart of the Visitor Economy Governance Structure.

- SLWG
- Future model project work



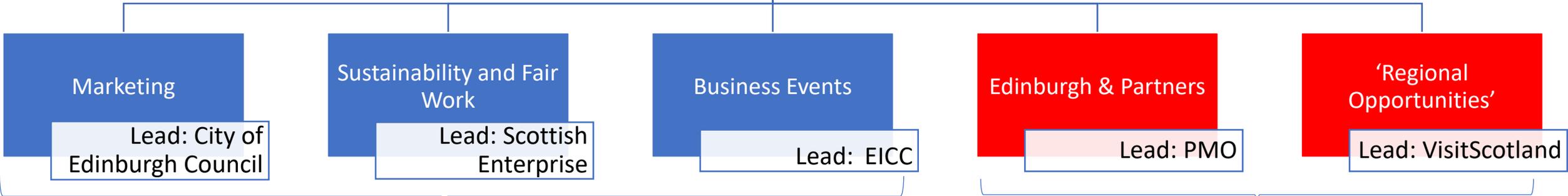
**Strategic decisions**

The SIG is responsible for approving the action plan associated within the delivery of the 2030 Strategy and ensuring that resources are in place to allow the strategy to be fully implemented.



**Operational management & oversight, provide advice to SIG**

The OAG delivers the actions agreed by the SIG for Edinburgh's Tourism Recovery Plan and the 2030 Strategy.



Day to day management of working group area, key contributors to future model project work.

Development of business cases and funding model, lead on implementation following SIG approval

**Industry engagement**

Lead: ETAG