

Edinburgh Councillors criticised by Audit Committee over The Gathering

The Scottish Parliament Public Audit Committee issued its [report](#) on The Gathering yesterday. This follows the organisation of the event in 2009, an event beset by financial problems and which may yet, if some local politicians have their way, lead to the downfall of some of those local councillors involved. The Council, The Scottish Government and other agencies were all involved in the organisation of the event.

The Public Audit Committee has an investigative role defined thus:-*"The Public Audit Committee is one of the mandatory committees established by the Scottish Parliament under chapter 6 of the Standing Orders. Its remit is to consider and report on the following:*

- * any accounts laid before the Parliament;
- * or made to the Parliament by the Auditor General for Scotland (AGS); and
- * any other document laid before the Parliament, or referred to it by the Parliamentary Bureau or by the AGS, concerning financial control, accounting and auditing in relation to public expenditure."

Part of the report states the scale of the problem:-

4. The event had a budget of £2.4 million which included approximately £490,000 of public sector grants plus a £180,000 loan from the Scottish Government. The three main public sector funders (EventScotland, City of Edinburgh Council and Scottish Enterprise Edinburgh and Lothians) formed a steering group with the company directors to allow them to maximise the economic benefit of the event and look

after their interests.

5. The Gathering 2009 reportedly generated net additional expenditure of £10.4 million in Scotland as a whole but the company running the event made a loss of £516,000. This resulted in the company being unable to pay its creditors, which included a number of public sector bodies.

(In fact, it is admitted in a later part of the report, that it was always anticipated that even with the best attendance figures, the event would be loss-making.)

One of the matters under discussion was the claim that the Council, in a press release, had said that DEMA, the council marketing arm, would buy the company, The Gathering Ltd, and also pick up its liabilities. This possibility presented itself when it ran into difficulties paying its creditors after the event. According to [The Express](#), Dawe and Cardownie later claimed that the press release was issued without their knowledge.

✘ The Committee took oral evidence from Councillor Jenny Dawe, Leader of the Council, Councillor Steve Cardownie, Deputy Leader of the Council, Tom Aitchison, Chief Executive, and Jim Inch, Director of Corporate Services, The City of Edinburgh Council, at its meeting on 3 November 2010.

Here is what they said:-

160. In oral evidence to the Committee, the Council leader explained that—

“There certainly was a meeting in my office, but I cannot recall whether we had a piece of paper in front of us or whether we merely had a discussion. However I am absolutely sure that I was not expecting a press release to go out on the Wednesday evening or the morning of Thursday 15 October. Had I been aware that an email of that importance was going

out, I would undoubtedly checked it and there is no way I could have sanctioned that paragraph going out about DEMA taking on the liabilities going out."

161. The Council leader also commented that—

"I was absolutely horrified when I saw that the press release had gone out before I had seen the finalised version ...On the night before a full council meeting, however I am fully involved in preparing for the next day...Therefore I did not see the press release on the evening of 14 October. If the press release went out around the time we were told, it was certainly not signed off by me. I did not see it until the following morning."

162. The deputy leader explained that—

"I was aware of the discussions that DEMA was having. I think that the press release went out at 9.30 on Wednesday evening. I was not contacted prior to the press release going out. It appeared on the Thursday morning and both Jenny Dawe and I went to her office to find out what had happened. Jenny can speak for herself, but we were both aghast because we know that the press release was factually inaccurate. It was perhaps wishful thinking, but somebody jumped the gun: the press release should never have gone out ...Had I seen it, it would not have gone out in that form, because it was factually incorrect."

163. He then stated that in relation to the emails clearing the press release—

"it is conceivable that I did not see the emails, given the timing of them, later on the Wednesday afternoon. I may not even have been in the office at that time. As Councillor Dawe points out, there was a full council meeting the following morning...My silence on the press release, because I had not

seen it, should not have been taken as compliance.”

Elsewhere in the Public Audit Committee report there are three key statements:-

187. The Committee has serious concerns regarding the quality of the oral evidence from the Council witnesses and does not consider their evidence to be credible.

188. The Committee also considers the Council handling of the clearing and issuing of the press release to be unacceptable. The Committee hopes that the Council will undertake an investigation into the circumstances leading to the contradictory evidence it provided. The Council may also wish to clarify its lines of accountability and procedures for clearing press releases.

197. The Committee is concerned by the conflicting evidence it has received regarding the clearance and issuing of the misleading press release.

Former Chief Executive of the council, Tom Aitchison wrote a letter to the Committee last summer clarifying what the press release procedure at the council is meant to be, and this letter is reproduced here.

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[The Scotsman](#) reported yesterday:-“A DAMNING report has accused Edinburgh city council leaders of “unacceptable” behaviour and of giving evidence that was not “credible” over their role in a loss-making clans event.” These accusations are specifically levelled at Council Leader Jenny Dawe and her Deputy, Councillor Steve Cardownie. The paper [then reported](#) that the Tories on the Council have asked for a vote of no confidence in the leaders.

The Herald has also reported on the matter [here](#).

As well as the Tories, Edinburgh Labour has called for an

investigation into the Leader and Deputy Leader of Edinburgh City Council.

Labour Leader Councillor Andrew Burns has backed a call by the Scottish Parliament's Public Audit Committee for a Council investigation into contradictory evidence provided to the senior City of Edinburgh Councillors and Council Officials.

Councillor Burns said: "This is a damning report, and asks real questions about the competence of those running our city.

" That the Scottish Parliament has specifically called into question the credibility of Council witnesses is hugely embarrassing, and I do feel that there must be a full and proper internal investigation into this affair."

Councillor Paul Godzik, who has pursued the issue from October 2009, added: "From the outset there has been very little transparency around this issue, with senior Councillors seeking to shut discussion down on numerous occasions.

"I have questioned the Council Leader on a number of occasions and have previously called for an internal investigation into this matter by the Council's Audit Committee, yet these requests have been denied by the Administration.

"This Scottish Parliament Public Audit Committee report exposes numerous management and political failings and these must now be addressed by the Council."

Responding to the Public Audit Committee's report into the Gathering 2009, Sue Bruce, Chief Executive, City of Edinburgh Council said: –

"The Council yesterday had first sight of the Public Audit Committee's report into the Gathering 2009 and is currently considering all of the recommendations in the report and the commentary surrounding the report.

"Of significant concern is the suggestion that witnesses of

the Council were anything other than open or honest, particularly given that both the officers and elected members involved are used to being scrutinised in committees and in public and are fully conversant with the high standards of behaviour, integrity and probity expected of them.

“The Council undertook a review of the lessons learned following the recommendations made by the Auditor General for Scotland in his report on the Gathering last June. The outcome of this was reported to the Council’s Policy and Strategy Committee in August 2010 and appropriate action taken at that time.

“I will review the report and consider what action, if any, is required.”