

# **Just when we needed it most – Marketing Edinburgh now ‘in hibernation’**

**Marketing Edinburgh (ME) has been dying for about the last 18 months. It became a clear council policy that the body, set up to promote Edinburgh to the world, would be left to wither without offering sufficient funding to keep it going.**

The matter has largely been discussed behind closed doors, but council papers we have seen show that the intention was to disband the body and create a new one, possibly called Edinburgh and Partners. The articles of association of the company were changed in January 2020 to provide that there would only be three directors, and that there would no longer be any requirement to have any stakeholder directors. Until last autumn these directors worked for the body for no remuneration, bringing a wealth of business experience to the board.

It is likely that a late filing penalty of at least £750 will be charged to the company who have not filed accounts with Companies House since March 2018. If the company is now to be dissolved, it is probable that this will be refunded, but opposition councillors feel it shows a certain lack of governance.

Cllr Andrew Johnston, Conservative Finance spokesman said: “Any limited Company, and particularly one which receives large amounts of public money, has a duty to lodge accounts, and it is concerning that more than three months past the

deadline Marketing Edinburgh's have still not been filed. Whilst the Council is rightly focused on tackling the impact of the coronavirus, we need to get to the bottom of these governance issues so that Edinburgh is best prepared to kick-start its international economic recovery."

It is clear that the council has continued to fund the body over the last year or so, despite reducing the sum payable to ME to £590,000, from a previous funding level of £890,000. But if the previous board's plan had been adopted then for much the same expenditure the doors of the marketing body might still be open. Now, all employees have been made redundant either on a voluntary or compulsory basis, and the organisation, which in both 2017 and 2018 had income of £1.9 million, has been put into 'hibernation'. In all, the council has spent around £1.2 million on the body just to shelve it. So this has been a costly exercise, even just to shut the company down.

At the council's recent Leadership Panel meeting, the green light was given to spending of another £400,000 to 'meet Marketing Edinburgh's transitional costs'. In March the council's Finance Committee approved spending of £200,000 on ME, partly to pay the redundancy costs.

No business plan was good enough for the council to adopt. The membership style plan proposed by the former board under the chairmanship of marketing expert, Gordon Robertson, was dismissed by the Homelessness, Housing and Fair Work Committee led by Convener, Cllr Kate Campbell. This plan, which we are told would have cost the council £450,000, and would have allowed the body to work towards financial independence, was turned down flat, leading to the [mass resignation of the board](#).

A suggestion from another council body of an independent source of funding to keep the organisation's social media channels and its prestigious website going was rejected out of

hand. The income from the website is in the tens of thousands according to the company's accounts. It could have covered the cost of at least one, if not two, members of staff. There was income from advertising as well as some affiliate arrangements. The url edinburgh.org was wrested from the hands of Visit Scotland a few years ago before the successful This is Edinburgh campaign. Who will use it now?

Geoff Morrison of Open Pass Scotland who partnered with ME said: "There has never been a greater need to protect our 'shop window' in these uncertain times. The role that Marketing Edinburgh played in our visitor economy is crucial both in terms of nurturing industry partnerships and engaging visitors. The positive impact on our business over the last two years via the digital channels managed by Marketing Edinburgh is both tangible and significant."

The Council Leader, Adam McVey, says he has chaired an initial meeting of industry leaders about a recovery plan, but no details have yet been revealed.

Roddy Smith, CEO of Essential Edinburgh said: "The tourism industry is starting to talk. We cannot be complacent. We need a city-wide effort to get Edinburgh to the top of people's wishlist of destinations. In the last few months before the coronavirus pandemic, there were a few issues between residents and tourism businesses, all to do with over-tourism. It is clear however, that the city's economy is driven by tourism. It has done so much good for the city."

The final iteration of the board is now made up of three councillors, Cllrs Kate Campbell, Mandy Watt and Claire Miller. A senior industry source told us: "I don't believe any of them has any business experience. None of them know what they are doing. They think you can just turn this website off. It is the consumer facing site for the tourism industry in the city. How dare they think they should just decommission this and the related social media accounts without asking anyone in

the industry first?

“The board has ignored any and all advice given to them in recent months. They think they know better. It would really have been better if the company had just been wound up months ago than drawing it out till now.”

From a letter to all staff which we have seen it was explained that the financial position of the company had become even worse than before. It had deteriorated to such a degree that the company would not even be able to meet any obligations if staff had been put on furlough under the government's Covid-19 scheme.

So first, voluntary redundancies were asked for among the small number of staff, and secondly the remainder, save a few key positions, were made compulsorily redundant. Consultations were completed in March by an external company. The staff who remained simply oversaw the 'protection of the company's core assets and assist with hibernation' for a period of two months. This process was set to include the preservation of intellectual property and data collected within the business. All staff employed in any part of the business are now redundant.

Even after the £200,000 spent on the organisation in March, a reliable source told The Edinburgh Reporter that a further £50,000 was to be billed to the council. In addition to the salaries paid to staff since autumn 2019, some of the funding is probably much the same figure as the cost of the turnaround plan which was roundly rejected then. But all in all around

Even though the timing of this eventual demise coincides with the pandemic and all the business uncertainty that goes with that, it is just coincidental. If a different route had been taken, then our sources say that council funding might have been better spent.

Now there are those who demand that the city has a recovery

plan to get us back on our feet after Covid-19 has passed by.

Roddy Smith, the CEO of Essential Edinburgh and a board member of Edinburgh Tourism Action Group, told us: "It will all come back to jobs at the end of this. Our next big focus will probably be Christmas. We will need coordination between the council and the operators to have as good a recovery as we can."

There was always going to be a new marketing body by 1 April 2020. The council says in its Revenue Budget update for 2020/21 that there will be a "saving" of £490,000 next year, as they don't have to allocate any further spending on Marketing Edinburgh.

There will be a need for marketing of some kind to promote Edinburgh as it recovers from Covid-19 and that will cost money. The global tourism industry is on its knees and it's anyone's guess when international borders will reopen and travellers will feel comfortable enough to venture abroad. Edinburgh needs to be ahead of the game in ensuring it is marketed abroad to attract much needed tourist income.

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UKHospitality expressed concern about The City of Edinburgh Council's decision to place Marketing Edinburgh into 'hibernation' and urged it to reconsider its decision.

The trade body says that Scotland's hospitality businesses will be able to lead the regeneration once coronavirus restrictions are lifted. But, it says that this will be made more difficult without the support of Edinburgh's marketing body.

UKHospitality Executive Director for Scotland Willie Macleod said: "The decision to place Marketing Edinburgh into hibernation and lay off staff will undoubtedly have a very serious knock-on effect for the city's vital hospitality and

tourism sector.

“Hospitality will play a hugely important role in helping to rebuild economies once the crisis has passed. We will need to hit the ground running once it is safe to do so. If Edinburgh, one of the UK’s premier tourist destinations, is unable to market itself as being open for business after the crisis, it could have a devastating effect for future business.

“Without an organisation to lead the recovery process, the city’s hospitality and tourism businesses, already facing unprecedented adversity, will experience significant barriers to recovery and lose competitive advantage to other innovatively marketed destinations.

“We urge The City of Edinburgh Council to rethink its decision. At a time such as this, businesses need all the support they can get.”



The successful marketing campaign which Marketing Edinburgh launched in February 2014 to bring footfall to the city’s businesses of all types PHOTO Jon Savage