LETTER FROM SIR PETER HOUSDEN, PERMANENT SECRETARY, SCOTTISH GOVERNMENT TO THE CONVENER OF THE PUBLIC AUDIT COMMITTEE, 20 JANUARY 2011.

INQUIRY INTO THE AUDITOR GENERAL FOR SCOTLAND REPORT – ‘THE GATHERING 2009’

Thank you for your letter of 7 December which, following the Committee’s 1 December meeting when it received oral evidence in relation to The Gathering 2009 from the First Minister and the Cabinet Secretary for Education and Lifelong Learning, requests:

- copies of all correspondence (including emails) which relate to The Gathering 2009 between the Scottish Government, The City of Edinburgh Council (CEC) and Destination Edinburgh Marketing Alliance (DEMA) between 12 October 2009 and 27 January 2010; and
- copies of internal Scottish Government communications which relate to The Gathering 2009 from between 12 October 2009 and 27 January 2010.

With regard to the first part of your request, please find enclosed the following correspondence:

- Letter of 28 October from the First Minister to Cllr Jenny Dawe.
- Email of 30 October from Martin Hutchison of CEC to Scottish Government officials with a copy of a report on The Gathering’s education programme.
- Letter of 12 November from the Scottish Government’s Acting Director of Culture, External Affairs and Tourism to Jim Inch of CEC.
- Letter of 23 December from Cllr Jenny Dawe to Iain Smith MSP and copied to the First Minister.
- Email of 4 January from Jamie Sempill of The Gathering 2009 Ltd to the Scottish Government’s Deputy Director, Promotion of Scotland and Tourism Division.
- Email exchange of 8 January between Scottish Government officials, Jim Inch of CEC and PricewaterhouseCoopers LLP (PwC) regarding a PwC report.
- Letter of 26 January from Jim Inch of CEC to the Scottish Government’s Director of Culture, External Affairs and Tourism.

This represents all the correspondence (including emails) between the Scottish Government, CEC and DEMA relating to Gathering over the period stipulated that we hold on our files. Aside from the 4 January email from Jamie Sempill and the emails of 8 January relating to the PricewaterhouseCoopers LLP report, all of these documents have previously been released by the Scottish Government.

With regard to the second part of your request, please find enclosed the following communications:

- Email of 13 October from the Principal Private Secretary to the First Minister to the Deputy Director for the Promotion of Scotland and Tourism Division enclosing note of the 12 October meeting between the Scottish Government, the Royal Edinburgh Military Tattoo, CEC and VisitScotland.
- Email of 13 October from the Principal Private Secretary to the First Minister to the Deputy Director for the Promotion of Scotland and Tourism Division.
- Email of 16 October from the Director of Police and Community Safety to the Justice Communications team.
• File note of 19 October from Acting Director of the Culture, External Affairs and Tourism Directorate.
• Email exchange of 22 October between the First Minister’s Private Office and Culture, External Affairs and Tourism Directorate officials regarding a letter from Iain Smith MSP to the First Minister.
• Email exchange of 16 and 17 November between the Private Office of the Minister for Culture, External Affairs and the Constitution and Culture, External Affairs and Tourism Directorate officials regarding an email from Martin Hunt of Tartan Silk PR.
• Email of 26 November from the Promotion of Scotland and Tourism Division to the First Minister’s Office with a draft letter and report for the First Minister to send to Iain Smith MSP.
• Note of 10 December from Promotion of Scotland and Tourism Division officials to the Director of the Culture, External Affairs and Tourism Directorate.
• Email of 27 January from the Assistant Private Secretary to the First Minister to the Deputy Director for the Promotion of Scotland and Tourism Division.

Not included with the enclosed papers are communications relating to policy advice from Scottish Government officials to Ministers or my predecessor. These papers have been withheld as I have judged that to release them would be likely to inhibit substantially the free and frank provision of advice.

I hope the information that has been provided is of assistance to the Committee in its consideration of the Auditor General's report on The Gathering 2009.

PETER HOUSDEN

LETTER FROM THE CONVENER OF THE PUBLIC AUDIT COMMITTEE TO SIR PETER HOUSDEN, PERMANENT SECRETARY, SCOTTISH GOVERNMENT, 7 DECEMBER 2011.

INQUIRY INTO THE AUDITOR GENERAL FOR SCOTLAND (AGS) REPORT - THE GATHERING 2009

At its meeting on 1 December 2010, the Public Audit Committee took oral evidence from the First Minister and Michael Russell MSP, the Cabinet Secretary for Education on The Gathering 2009.

I attach the relevant weblink to the Official Report for that meeting:
http://www.scottish.parliament.uk/s3/committees/publicAudit/or-10/pau10-2101.htm

At that meeting the Committee was made aware of correspondence which had been exchanged between the Scottish Government, the City of Edinburgh Council and Destination Edinburgh Marketing Alliance Ltd (DEMA) between 12 October (when a meeting was called to discuss the future of The Gathering 2009 Ltd) and 27 January 2010 (when The Gathering 2009 Ltd went into liquidation).

The Committee therefore agreed it would be helpful if you could provide copies of all correspondence (including emails) which relates to The Gathering 2009 between the Scottish Government, The City of Edinburgh Council and DEMA between 12 October 2009 and 27 January 2010. I would also be grateful if you could provide any internal Scottish Government communications between these dates which relate to The Gathering 2009.
I would be grateful for your response by Wednesday 5 January 2011. Please do let me know if this time frame presents you with any difficulties. Further information on the publication of written submissions is contained in the enclosed policy on the treatment of written evidence by committees.

Should you require any further information please do not hesitate to contact the Clerk, Jane Williams on 0131 348 5236 or by email at pa.committee@scottish.parliament.uk.
Howie J (Joanne)

From: Smith DR (Deborah)  
Sent: 28 October 2009 17:24  
To: Pentland MK (Malcolm)  
Subject: Fw: Letter to Cllr Jenny Dawe  

Attachments: JD.pdf

JD.pdf

------------------------  
Sent from my BlackBerry Wireless Handheld

----- Original Message -----  
From: Davies D (Diana)  
To: Smith DR (Deborah)  
Cc: Watt K (Karen); Aberdein G (Geoff); Govan S (Sarah)  
Subject: Letter to Cllr Jenny Dawe

Deborah

The attached letter issued today. Please arrange to save onto Objective.

Diana

Diana Davies  
Correspondence Secretary  
Office of the First Minister  
+44 131 244 2527

The First Minister's preferences can be found at:  
: http://intranet/InExec/AboutUs/MinisterialPrivateOffices/FirstMinister/Intro

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-----Original Message-----  
From: Scottish_Government_Scanning@scotland.gsi.gov.uk  
Sent: 28 October 2009 17:09  
To: Davies D (Diana)  
Subject: Delivery of Scanned document

Your recently scanned document JD.pdf is attached.
To store this document in Objective, select 'Actions', 'Store in Objective' from the Outlook menu.

This document was scanned on 28/10/2009 17:09:13
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

ALEX SALMOND

October 2009
Hi Carolyn, Hope you are well and settled into new job. I have attached a short report on the Gathering education programme for info. it went superbly well so again thanks for the support.

Can I also ask who took over your post? Always worth knowing who's who in Scottish Govt.

cheers

Martin

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The Gathering 2009 Education Programme

2009 was designated by the Scottish Government as the year of Homecoming Scotland with The Gathering 2009 being one of the flagship events taking place in Edinburgh on 25 & 26 July. To compliment the event the Gathering 2009 Education Programme ran between May - July and involved Nursery Schools, Special Education Schools, Primary schools, Secondary secondary schools and adults in a programme of events which explored and celebrated Scotland's heritage and culture. Activities included poetry, music, Scottish Country Dance, Storytelling, an introduction to Highland Games and discovering the Geography of the clans.

Project Objectives

The Gathering 2009 aimed to promote and celebrate the contribution that the clans have made to the history, heritage and culture of Scotland.

On 25 and 26 of July an unprecedented international gathering of clans people witnessed a world class Highland Games and Festival of Scotland in the stunning surroundings of Holyrood Park. Their is no greater affiliation to Scotland and it's ancestry or heritage than the worldwide clan system. The Gathering 2009 was a contemporary celebration of what Scotland and the clan system has given to and will continue to give to the world.

To compliment this event The Gathering 2009 Education Programme was set up in partnership between a number of City of Edinburgh Council Departments, The Gathering 2009, voluntary organisations, the private sector and external funders.

The aim of the project was to create a unique educational programme of events and activities involving schools and community groups in the lead up to the Gathering 2009 which would:

- promote and celebrate the contribution that the clans have made to the history, heritage and culture of Scotland
- explore the notion of identity and celebrate the diversity of cultures in a 21st century Scotland
- use a wide range of expressive arts to engage children, young people, and adults in identifying and exploring the contribution that Scots have made across the globe
- encourage the development literacy and communication skills through the use of poetry
- use the Gathering 2009 as a catalyst and resource for teachers to develop the theme of Scottish culture in the year of Homecoming Scotland.

The activities included:

The Gathering Poetry Competition in association with The Scottish Poetry Library and The Scotsman:
Schools were invited to participate in a national and international poetry competition entitled 'The Gathering'. Participants were encouraged to express themselves in a creative manner using poetry. A judging panel, including author Alexander McCall Smith and the Edinburgh City Makar, selected winners with the winning entries being published in The Scotsman and the winners receiving a volume of published poetry from the SPL.

**Storytelling in association with The Scottish Storytelling Centre:**

A series of short storytelling sessions aimed at children and families exploring and celebrating Scottish traditional culture and heritage including clan history and legacy through a combination of story, song, music, and puppetry, with complementary art and craft activities.

**Discover the clans in association with Mapland Scotland**

Pupils learned about the location and origins of each clan. Mapland Scotland is the largest ordnance survey map of Scotland ever produced. It is made up of 167 giant jigsaw pieces covering the whole of Scotland which pupils can walk over. Working with the Gathering 2009, a specially-designed interactive programme involved pupils in working together to discover the history and geography of Scotland's clans.

**Scottish Country Dance in association with the Royal Scottish Country Dance Society (RSCDS)**

Primary schools pupils were introduced to Scottish Country Dancing and the history of it's origins as part of a wider programme on Scottish cultural heritage.

**Introduction to Highland Games Activities in association with Edinburgh Leisure and The International Highland Games Federation:**

School pupils were given a unique opportunity to work with professional Highland Games Athletes and try out a number of activities included in the Gathering 2009 Highland Games. These included Tossing the Caber and Putting the stone. The activities were specifically designed for children and included lessons on the history of the Highland games.

**Value of the project to participants and others**

Educational establishments including nursery schools, primary schools, secondary schools, youth and community groups and the general public were invited to participate in a programme which celebrates the diversity of Scottish culture, explored the notion of identity through the clan system and initiated further discussion on a number of topics related to Scotland's heritage and culture.

Approximately 3250 pupils participated in or attended these events between May - June. 75 sessions were delivered. This included: 6 nursery schools, 13 primary
schools, 1 secondary, 2 special educational needs schools. A further 45 schools attended the Edinburgh Youth Games which involved the highland games activities.

A further 1800 people (2/3rds of whom were children engaged with Mapland) and another 800 attended storytelling sessions during the Gathering 2009 event in July.

Involvement in the Gathering 2009 education programme had a number of direct benefits to pupils and schools who took part:

- there was no cost to schools or pupils involved therefore children from a wide range of social and economic backgrounds could participate
- it increased children's knowledge of their rich cultural heritage
- supported children through the use of arts and creativity to develop a greater understanding of the history of the Scottish clans and explore the notion of identity in today's society
- use a wide range of creative tools including dance, poetry, storytelling, mapland and Highland games to increase self confidence, working as part of a team and encourage literary skills.

Comments from teachers and staff include:

'The Mapland team spent the whole day at Drummond CHS delivering workshops to S1 pupils. From a visual perspective the map itself was impressive and really highlights the geographical and demographical characteristics of Scotland in a way that no textbook ever could. The mapland team allowed students to work collaboratively, exploring Scotland in a highly active and kinesthetic way. Would highly recommend mapland Scotland in any educational context'.

Drummond CHS.

'our teachers and pupils absolutely loved Maplands. It was geared perfectly to the kid’s age groups, especially the primary 4s, who are doing Scottish Geography this term as their project, so guess who will be asking them to come back next year! What an amazing map. Thanks again for contacting us. It was well worth it'.

Bruntsfield Primary

The children, some parents and all staff went to the Storytelling Centre at the Netherbow on 1st June where Senga Munro told us stories in Scots. Everyone was engaged and enthralled for the whole hour. For some of the children and adults English is an additional language. They thoroughly enjoyed their opportunity to listen to and use the richness of the Scots tongue.

In the nursery we celebrate the Scottish language and culture and in this year of the Gathering have also held a Burn’s Night Ceilidh and planted our garden with a Saltire and a French flag, in the manner of the floral clock, to celebrate our French immersion project.

We would like to thank all those involved in the organising of the school’s programme for our entertaining and educational day.

Grassmarket Nursery School
It was a great idea, and a great event. We managed down the High St with a group of nearly thirty three and four year olds, and the storyteller and staff at the story telling centre were very welcoming. She kept the children engaged with a rendition of ‘Three Craws’ then a lovely story which she seemed to weave out of answers they gave to questions she asked. Very special, very Scottish and very close, but for us, such a treat as usually we would have to ask each child to pay, and so we really valued this opportunity to take the whole group.

**Cowgate under 5s Centre**

Our children very much enjoyed the storytelling and the associated activities. Many of our children are bilingual and those that aren’t are aware that words can be said in different languages, so the style of story really supported the ongoing work at Hope Cottage.

**Hope Cottage Nursery**

On behalf of Liberton Primary School, I would like to thank you so much for providing our Primary 1 and 2 children with the Scottish Country Dancing sessions on Monday. Our PE Teacher greatly valued the opportunity of participating in the first session and observing how you organised and led the session. The feedback I got from the teachers was all very positive and one commented on how wonderful it was for the children to dance to music played by your pianist. The children loved the sessions and it was great to see how involved they were.

Thank you once again for giving the children such a rich learning experience.

**Liberton Primary**

**Effective use of resources**

Creating an educational and community based programme both in the lead up to and during the Gathering 2009 event developed from joint discussions with The City of Edinburgh Council’s Children and Families Department, Corporate Services Events Unit and The Gathering 2009

From the outset we were keen to ensure that we engaged as many children, young people and adults as possible in some aspect of the programme. In order to do this we set out to find the resources which would allow us to create a high quality programme of activities and events that was diverse in nature and would attract a wide range of participants from across Edinburgh.

Once the content and structure of the programme was identified we set out to find the financial and operational resources that were necessary to have in place before the project could take place.

The project was developed and managed by a member of staff from Schools and Community Services working with The Gathering 2009 in conjunction with Corporate Services Events Unit. Additional support was provided from the Arts and Learning Unit.

Funding was identified and secured for this one off project from: The City of Edinburgh Council’s Corporate Services Events Unit
The Scottish Government
The Heritage Lottery Fund
The John Watsons Trust

Other partners provided support and venues including;
The Scottish Poetry Library
The Scotsman
Edinburgh Leisure
The Scottish Storytelling Centre
Mapland Scotland
The International Federation of Highland Games
The Royal Scottish Country Dance Society (RSCDS)

Schools who took art included:
Grassmarket Nursery  St Leonards Nursery  High School Yards  Hope Cottage Nursery
Cowgate Under 5s  Stanwell Nursery

Abbeysthill Primary P1/2  Liberton Primary  Sciennes Primary  Royal Mile Primary
Craigentinny Primary  Leith Primary  Preston St Primary  Gorgie Mills  Redhall
(SEN) & Longstone Primary  Niddrie / St Francis Primary  Brunstane Primary
Bruntsfield Primary  Westburn Primary  Wardie Primary

Drummond Community High School

A further 46 primary and secondary schools took part in the Edinburgh Airport Youth Games which adopted the clans as a theme and Edinburgh Leisure worked with the Gathering 2009 to incorporate Highland games and Scottish country dance into the event

What makes this project unique

The programme was a completely new project that was created to specifically involve children, young people and adults in The Gathering 2009 and as a celebration of Homecoming Scotland.

The origins of Scottish clans stretch back beyond the Roman invasion of Britain almost 2000 years ago. Long before then they evolved among Scotland’s indigenous Pictish and Celtic inhabitants from whom whose ancient language comes the word clann: which means family

We wanted to make the project educational and inspirational – the challenge for us was how to do that in a stimulating and creative manner that would introduce elements of Scottish heritage and culture, initiate discussions and have a lasting impact on all those involved. We believed it was important to relate events of the past such as the history and geography of the clans, traditional Scottish Country Dance and Highland Games events to today’s society and use it to explore the the past and present of Scotland
'We made a huge shield to represent our clan, we decided to call ourselves Abernethy because we'd all been there. We're really from Deanpark Primary in Balerno.'

Pupil from Deanpark

'I tried lifting the big stone but I couldn't even get it off the ground. You are supposed to lift it on to a barrel.'

P7 pupil from Clan Kirkliston

'We had entries from all over Scotland and some of them have been stunning, especially among the 12-15 group. While adult entries, which came from as far as Canada and America, tended to focus on the clans, the young people were far more inventive, talking about various types of gatherings and their impact.'

The Scottish Poetry Library

The children’s learning experiences at Liberton Primary School have been greatly enriched through a wide range of educational initiatives as a result of the association we have had with The Gathering 2009. These experiences have included our first Highland Games, where children were able to watch professional athletes demonstrate these sports and participate in the games themselves; Shinty for P5-P7; Scottish Country Dancing from Nursery-P7; Story Telling for P1 and P3; Mapland for different age groups. In addition, children in P3-P5 took part in the Gathering Poetry Competition and one of our P5 children, Chloe Thorburn won the Under 12 category with her poem ‘Football Match’. We were extremely lucky to have Lord Jamie Sempill and Gavin Hastings at our Celebration Assembly on 29th May to talk to the children. Feedback from the children, the staff and parents has been incredibly positive and they have all greatly enjoyed the stimulating learning environment and celebrating our Scottish culture and heritage. We aim to continue to build on these experiences and links to further enrich our curriculum for the future.

Liberton Primary

The Gathering 2009 was an ideal opportunity to create a programme which stimulated children's interest in Scottish culture and heritage. It was a unique event which may never happen again and was the perfect opportunity to explore Scotland's cultural identity in a manner which was exciting, educational and fun.
Mr Jim Inch  
Director of Corporate Services  
City of Edinburgh Council  
Waverley Court  
4 East Market Street  
EDINBURGH  
EH8 8BG  

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
Howie J (Joanne)

From: Davies D (Diana) on behalf of First Minister  
Sent: 21 January 2010 10:18  
To: Pentland MK (Malcolm)  
Subject: FW: The Gathering Letter  
Attachments: Smith (Gathering).doc

Malcolm

Copy letter from Cllr Jenny Dawe

Diana

Diana Davies  
Correspondence Secretary  
Office of the First Minister  
+44 131 244 2527

The First Minister's preferences can be found at:
: http://intranet/InExec/AboutUs/MinisterialPrivateOffices/FirstMinister/Intro

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-----Original Message-----
From: Helen Johnston [mailto:Helen.Johnston@edinburgh.gov.uk]  
Sent: 21 January 2010 10:15  
To: Davies D (Diana)  
Subject: The Gathering Letter

Diana

Copy attached.

regards
helen johnston
529 3191

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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.
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
Howie J (Joanne)

From: Jamie Sempill [jamie@thegathering2009.com]
Sent: 04 January 2010 11:43
To: Carlin V (Vicky)

Attachments: Panalba Roadshow outline business plan.doc

Vicky

Happy New Year.
I hope that you had an enjoyable break. As you can imagine I had mixed feelings about welcoming in the New Year.

Anyway, I just hope that a final decision on The Gathering is made by the City within the next 2 weeks. I have been very concerned about how to ensure that the legacy is secured, and I have drafted an outline plan of how to build on the goodwill that the event created amongst the international clan networks.

I have had a meeting with Phillip Riddle, who suggested that I forward you a copy of the plan. I would be grateful for your initial reactions and would be keen to discuss it further with whoever you would recommend. Phillip made it very clear that there is no funding available from VisitScotland, but suggested that you may have some other leads that I could follow up.

I look forward to hearing from you.

Jamie Sempill
Director
The Gathering 2009
27 Queen Charlotte St
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14/12/2010
Panalba Roadshow outline business plan

Background

Panalba was initially set up in early 2009 as a social network for all those people around the world interested in their Scottish roots and heritage. Its 8000 plus membership was largely driven by the Gathering 2009. The directors always planned to run a series of events that would appeal to the membership, however, on closer examination of the membership profile it was felt that developing the North American market place would prove to be more commercially attractive.

The plan: Panalba Ltd is to visit between 10-20 Highland games in the USA and Canada during the course of 2010. The company will generate income through a combination of sponsorship fees and retail sales at the games. It will also build membership for the Panalba social network site.

The Panalba Roadshow is a promotional vehicle for Scotland. It is intended to structure a formal relationship with tourism and heritage organisations, plus a commercial arrangement with a select group of Scottish businesses.

Objectives

• To develop a profitable promotional business
• To promote ancestral tourism to Scotland
• To build the membership of Panalaba.com
• To build on the legacy of The Gathering

Positioning the Panalba Roadshow.

The Roadshow has to be seen as a genuine Scottish operation. It needs to have the full endorsement of the Scottish government and its appropriate agencies. It has to be seen as an additional attraction to the North American Highland Game circuit. It plans to represent organisations such as The NTS, The SCSC, and The National Archives (Scotland’s people).

This will enable the Roadshow to have a distinctive and important role, and will not be seen as just another vendor. JS (Lord Sempill) will act as an ambassador for Scotland. JS will undertake to deliver a series of talks, primarily on subject matters relating to Scottish Heritage and to visiting Scotland.

The Roadshow would be promoted through the Panalba website, building awareness as the tour progresses, and creating additional interest amongst the “Scottish American” community.

The operation

The tour would be co-ordinated by a small management team, based in Edinburgh and Charlotte, NC.

Panalba would structure a commercial relationship with Great Scot International, a privately owned American based company, specialising in supplying quality Scottish Food products to retail outlets in the USA. The tour would be based at their offices in Charlotte.

The tour would be staffed by 2 to 3 people, and would look to recruit volunteers at the Games.
Management team

Lord Sempill was a Director of The Gathering 2009 Ltd. He is on the executive of the Standing Council of Scottish Chiefs. He has over 32 years of commercial management experience in marketing and communications, having worked for major corporations at home and abroad. He has good experience of the Highland Game circuit in both the USA and Canada.

David McNicoll is a regular contributor to Panalba. Highly knowledgeable about Scotland. He has worked for one of the top tour companies and in 2004, decided to set up and run his own tour company - Scottish Routes. As well as his business, he is also an avid walker, follower of St Johnstone Football Club, and a member of the Duke of Atholl’s Private Army - the Atholl Highlanders.

Lucy-Rose Walker worked as the coordinator of The Gathering 2009. She studied Psychology at Glasgow University. Her first job took her around the highland games of North America promoting a Tartan Credit Card to the Scottish diaspora, alongside Lord Sempill. Having experienced the passion and enthusiasm for Scotland felt by so many North American Scots she went on to conceptualise & develop the board game Scottish Quest.

Budget

A cash flow projection is attached.

Initial cash flow shows an estimated cost of £57k to visit 10 major Highland Games between April and October.

The objective is to raise this money, probably as sponsorship, from the organisations and businesses that sign on for the initial tour. It is intended to raise further revenue from sales at the Games. These would be generated by sales of DVDs, books and merchandise.

However, income is also generated through the Panalba website. This income stream is highly dependent on the growth of the membership. Whilst the sponsors get the benefit of free advertising on the website throughout the tour, Panalba would actively seek advertising revenue from other companies. The site would also carry promo videos.

Next Stage

- To confirm the first commercial relationship
- To get the endorsement of VisitScotland and other gov. bodies eg Scottish Development International
- To raise seed funding
- To confirm partnership with Great Scot International
- To plan the itinerary and book into the games
- To promote the Roadshow
Howie J (Joanne)

From: Howie J (Joanne)
Sent: 21 January 2010 11:18
To: Pentland MK (Malcolm)
Subject: FW: The Gathering- report on IPR value
Attachments: The Gathering IP valuation (final signed).pdf

Malcolm,
Is this what you are looking for?
Frances

Frances Hepburn
Tourism Team
Promotion of Scotland & Tourism Division
Area 2J-North, Victoria Quay,
Edinburgh
EH6 6QQ
Tel: (0)131 244 2437 Fax: (0)131 244 1498
Email: Frances.Hepburn@scotland.gsi.gov.uk

Save a tree...don't print this e-mail unless you really need to

From: colin.tait@uk.pwc.com [mailto:colin.tait@uk.pwc.com]
Sent: 08 January 2010 17:34
To: jim.inch@edinburgh.gsx.gov.uk
Cc: Arnott RJ (Richard); Neilson K (Ken); Pentland MK (Malcolm); Carlin V (Vicky)
Subject: Re: The Gathering- report on IPR value

Dear Jim,

Further to Richard's e-mail, please find attached our signed valuation report regarding the intellectual property owned by The Gathering 2009 Limited. The hold harmless letter that we require to release our report was signed and returned to us in October and therefore nothing further is required by Edinburgh City Council. However, should you wish to pass our report on to any other party, including you advisors, we shall require a separate hold harmless letter from them.

If this is necessary, please can you send me the details of the company and who the letter should be addressed to and I shall arrange for this letter to be signed.

Kind regards.

Colin.

(See attached file: The Gathering IP valuation (final signed).pdf)

Colin Tait
Assistant Director
Valuations

PricewaterhouseCoopers LLP
Erskine House
68 – 73 Queens Street
Edinburgh EH2 4NH

Direct Line: +44 (0) 131 524 2440

08/12/2010
Jim Inch (City of Edinburgh Council)

Colin Tait, Price Waterhouse Coopers

This email is sent as I have been unable to contact both of you by phone - apologies.

Jenny Gilmour contacted this office to ask that we arrange for a copy of The Gathering IPR valuation be provided to CEC and its agents. At this time I cannot locate an electronic final version.

Price Waterhouse Coopers were commissioned by VisitScotland to carry out a valuation of The Gathering IPR in December 2009.

CEC has now asked for agreement for a copy of the valuation report to be provided to a third party - who may I understand then carry out further valuation work. I confirm that the VisitScotland has indicated to me that there is no objection to this report being passed on to CEC and the third party - as long as appropriate Hold Harmless correspondence with PWC has been completed.

I am therefore intending that between you (Colin and Jim- or your offices), you could make appropriate arrangements for release of the final report - following an exchange of correspondence between you. If necessary, Ken Neilson (VisitScotland) is willing to act as go between - as the original commissioner of the report.

I understood that CEC has already completed a “hold harmless” letter, but I am unable to locate a final version of the report. If the appropriate letter has been completed, I’d be grateful if Colin could provide a final version to Jim Inch directly. If not, Colin will need to contact Jim to arrange completion of the hold harmless letter by CEC - and presumably anyway by the third party.

I would be grateful if this could be carried as soon as possible.

I can be contacted as below if needed. Thanks for your assistance.

Richard Arnott

Tourism Team

Promotion of Scotland and Tourism Division

Culture, External Affairs and Tourism Directorate

Scottish Government

08/12/2010
Ext 41433 or 0131 244 1433

Area 2J (N) Victoria Quay, Edinburgh

richard.arnott@scotland.gsi.gov.uk

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-------------------- End of message text ---------------------

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08/12/2010
Howie J (Joanne)

From: Osowska F (Francesca) on behalf of Director for Culture, External Affairs and Tourism
Sent: 27 January 2010 10:42
To: Carlin V (Vicky)
Cc: Director for Culture, External Affairs and Tourism
Subject: FW: The Gathering
Importance: High
Attachments: Letter to Francesca Osowska img04068[1].pdf

Vicky,

To see attached. Grateful if you could use this as an update to Ministers.

Thanks.

Francesca
Director for Culture, External Affairs and Tourism
x40319

From: Jackie Wright [mailto:Jackie.Wright@edinburgh.gov.uk]
Sent: 27 January 2010 09:37
To: Director for Culture, External Affairs and Tourism
Subject: The Gathering
Importance: High

Ms Osowska

Please find attached letter from Jim Inch, Director of Corporate Services, in respect of the above.

Jackie

Jackie Wright / Executive Office Secretary / Director of Corporate Services' Office / Business Centre 2/7 / The City of Edinburgh Council / Waverley Court / 4 East Market Street / EDINBURGH EH8 8BG / Tel: 0131 469 3334 / Fax: 0131 469 3010

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This email has been received from an external party and
has been swept for the presence of computer viruses.

08/12/2010
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.

JIM INCH
DIRECTOR OF CORPORATE SERVICES
Business Centre 2/7, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG Tel 0131 469 3067 Fax 0131 469 3010
e-mail: jim.inch@edinburgh.gov.uk
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
Howie J (Joanne)

From: Osowska F (Francesca) on behalf of First Minister
Sent: 13 October 2009 12:33
To: Carlin V (Vicky)
Cc: First Minister; Cabinet Secretary for Finance and Sustainable Growth; Minister for Culture, External Affairs and the Constitution; Dickson DT (Darren); Minister for Enterprise, Energy and Tourism; Permanent Secretary; DG Economy; DG Finance and Corporate Services; Smith DR (Deborah); Richards M (Mark); Glover D (Derek); Brown S (Sheena); Baird A (Andrew); Robson J (Jane); Aberdein G (Geoff)
Subject: Restricted: commercial in confidence - The Gathering
Attachments: Meeting with EMT 12 October (4).doc

Vicky, copy as above,

Please note that this e-mail and attachment are marked restricted and should not be circulated further.

Please see attached note of meeting held last night to discuss The Gathering and list of actions below.

- Outcome of meeting to be discussed with Chief Executive of Historic Scotland (Permanent Secretary);
- Urgent work to explore any legal, financial and state aids implications of the proposal being taken to the EMT board on Wednesday (Vicky Carlin, Mark Richards, Derek Glover, Sheena Brown);
- Preparation / update of handling plans, planning for both EMT Board to approve the proposal and for the Board to reject the proposal (Andrew Baird, Jane Robson, Geoff Aberdein);
- Edinburgh Military Tattoo to be provided with a copy of the valuation of the intellectual property owned by the company (VisitScotland to provide);
- Further work relating to write off of public sector debt including exploring possibility of converting the debt to aid allowable within the temporary framework for state aid rather than writing it off (Derek Glover, Sheena Brown, Vicky Carlin).

Thank you, I would be happy to discuss.

Meeting with EMT
12 October (4...)

Francesca
Principal Private Secretary to the First Minister
x45218

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http://intranet/InExec/AboutUs/MinisterialPrivateOffices/FM/FirstMinister1/fmintroduction

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Meetings with representatives of the Edinburgh Military Tattoo, City of Edinburgh Council and VisitScotland – 12 October 2009, St Andrew's House

Attendees

First Minister

Richard Hambleton, Managing Director, Edinburgh Military Tattoo
Euan Loudon, Chief Executive, Edinburgh Military Tattoo
Donald McGougan, Director of Finance, City of Edinburgh Council
Cllr Steve Cardownie, City of Edinburgh Council
Jim Inch, Director of Corporate Services, City of Edinburgh Council
Philip Riddle, Chief Executive, VisitScotland
Marie Christie, Director of Homecoming, EventScotland
Sir John Elvidge, Permanent Secretary
Francesca Osowska, Principal Private Secretary to the First Minister
Geoff Aberdein, Special Adviser to the First Minister
Andrew Baird, Head of News, Scottish Government
Vicky Carlin, Deputy Director, Promotion of Scotland and Tourism

1. The First Minister outlined the very positive results from the independent economic impact analysis of The Gathering, which had been one of the signature events of Homecoming. The event had generated economic impact of £8.8m to Edinburgh and £10.4m to Scotland, with a 1:21 return on public sector investment and very high satisfaction rates. As a one-off event, it was one of the most successful that Scotland has seen. However, the financial management of The Gathering 2009 Ltd, the company behind the event, had not been as successful and had liabilities of around £600k. The company has realisable assets of around £100k, intellectual property worth £40k - £100k, but both would be diminished in the event of liquidation of the company.

2. The Scottish Government's aim was to ensure that the event was able to happen again and generate equivalent or greater economic impact, without tarnishing the goodwill that exists for the event. For this to happen, another operator of the concept would need to be found that could bring the necessary financial management and control to the event. The First Minister wanted to explore whether the Edinburgh Military Tattoo might be the organisation that could bring rigour to the management of the event, given its track record and its interest in expanding its range of activities.

3. Major General Euan Loudon noted that the Edinburgh Military Tattoo Board (which was meeting on 14 October) would need to approve any course of action. He noted that the strengths of the EMT lie in its connection to the military and the use of the diplomatic network, and that the EMT was itself entering a more complex stage of its organisational life because of the grandstand project and links to the 2012 cultural Olympiad. Euan Loudon noted that the issues likely to be discussed at the Tattoo Board meeting would include: the organisational capacity of the EMT to become involved; financial exposure were the EMT to become involved; and whether the Gathering could be core to the EMT's purpose.

4. Councillor Cardownie noted that from the City of Edinburgh's perspective, the administration was keen for the Gathering to remain in Edinburgh given the significant economic benefit to the City. The City of Edinburgh was committed to the event in the same way it had demonstrated commitment to the Tattoo over the years, and was keen to work together with the Government and the Tattoo to find a solution.

5. Richard Hambleton asked whether it was possible for a phased solution to be found, which might involve winding up The Gathering Ltd in its current form, and then moving on to the next phase which might involve EventScotland or another body taking the concept forward.
6. A range of options were discussed with the goal of preserving The Gathering brand for future events, but ensuring that the financial situation in which The Gathering Ltd currently found itself could be regularised.

7. The First Minister summarised the final position reached, noting that the EMT had agreed to take a proposal to its board involving:
   - Once the public sector had written off the amounts owed to it by The Gathering 2009 Ltd, the Edinburgh Military Tattoo would buy The Gathering 2009 Ltd for a notional £1, and in so doing, inherit its assets and liabilities;
   - The City of Edinburgh Council would provide organisational help to deal with assets and liabilities, and the Scottish Government would explore ways of ensuring that the EMT was not left financially exposed including through contingent liabilities;
   - The City of Edinburgh Council, VisitScotland and the Scottish Government would work together to develop a new delivery vehicle to deliver future Gatherings, and once this was in place, the EMT would sell The Gathering 2009 Ltd (again for a notional sum) to the new vehicle, with the EMT retaining a connection to the new vehicle, including the possibility of advising on the business model to ensure synergy between EMT and future Gathering events.

8. The Edinburgh Military Tattoo would report back after its Board meeting on Wednesday 14 October. In the meantime, all parties would refrain from public or media comment. The Directors of The Gathering 2009 Ltd would be invited to do likewise, restricting their comment to the fact that they were in discussions about their future and hoped to be able to comment later in the week.

13 October 2009
Promotion of Scotland and Tourism Division
Howie J (Joanne)

Vicky, all,

PLEASE NOTE RESTRICTED MARKING OF THIS E-MAIL

An update on where we are and resultant actions:

- We believe that there is a mechanism in place for the City of Edinburgh Council through Destination Edinburgh Marketing Alliance (DEMA) to purchase the Gathering. (Final confirmation still required.)
- The public sector debts would be written off at this point. **Action:** further investigation by Sheena and Aileen on the write off / state aids issue.
- DEMA would manage the private sector liabilities that they would inherit.
- DEMA, with potentially other public (including VisitScotland and the Edinburgh Military Tattoo) and private sector partners, would deliver future Gathering events.

Handling

Jane and Andrew to lead on handling plan whereby City of Edinburgh Council lead on making the announcement. Comment required from other public sector partners and the Government role explained.

Suggested timing for an announcement is Thursday morning. **Jane** - grateful if you could follow up with the City of Edinburgh Council and others.

The BBC have been in regular contact with The Gathering Ltd and it had originally been suggested that Jamie Semple from The Gathering Ltd could appear on GMS. This does not now seem to be necessary, although it may be helpful for the City of Edinburgh Council to trail an announcement to the BBC. **Jane** - could you follow up this point. If there is any press conference, it might be helpful if Jamie Semple was part of this.

For those at the recent meeting on this subject, I have clarified that the meeting of the Board of Trustees of the Edinburgh Military Tattoo will take place between 1000 and 1530 tomorrow.

Thank you, I would be happy to discuss.

Francesca
Principal Private Secretary to the First Minister
x45218

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http://intranet/lnExecl/AboutUs/MinisterialPrivateOffices/FM/FirstMinister1/fminroduction

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Please see attached note of meeting held last night to discuss The Gathering and list of actions below.

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Thank you, I would be happy to discuss.

<< File: Meeting with EMT 12 October (4).doc >>

Francesca
Principal Private Secretary to the First Minister
x45218

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http://intranet/InExec/AboutUs/MinisterialPrivateOffices/FM/FirstMinister1/fmintroduction

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Fiona

Here is the statement which Lothian & Borders police have released to the Scotsman, following the Scotsman’s query.

Kenneth

-----Original Message-----
From: trish.hanlon@lbp.pnn.police.uk [mailto:trish.hanlon@lbp.pnn.police.uk]
Sent: 16 October 2009 16:07
To: Hogg KJ (Kenneth)
Subject: FW: The Gathering costs
Importance: High

Kenneth - as discussed with Mike.

Trish

-----Original Message-----
From: Hanlon Trish (71179)
Sent: 16 October 2009 15:58
To: Media Relations
Cc: ACC McCormick (11351)
Subject: The Gathering costs
Importance: High

Robert - see below. This line has been agreed with DCC McCormick. If you wish to simply the language, feel free! As Mr Mc is leaving the office, please liaise by e-mail and copy me in. Ta.

Trish

Lothian and Borders Police can confirm that we had intended to seek to recover salary costs associated with some staff members working at the Gathering Event. This would be in line with our normal approach to the provision of police officers to support public order and safety at events organised on a profit-making basis. In respect of the Homecoming Event the Force has recently agreed not to seek payment in recognition of the unlikelihood of our being able to recover the sum involved. It is worth noting that it is not unusual for us to assist with public safety policing without recovering costs and this decision is considered on a case-by-case basis.

This email is privileged, confidential and subject to copyright. Any unauthorised use or disclosure of its content is prohibited. The views expressed in this communication may not necessarily be the views of Lothian and Borders Police.
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
Howie J (Joanne)

From: Pentland MK (Malcolm)
Sent: 22 October 2009 14:44
To: Smith DR (Deborah)
Subject: FW: Letter from Iain Smith MSP to the First Minister on the issue of The Gathering Ltd
Importance: High
Attachments: 091022 - First Minister on The Gathering.doc

To see.

From: Stanley E (Eleanor) On Behalf Of Carlin V (Vicky)
Sent: 22 October 2009 14:42
To: Pentland MK (Malcolm)
Cc: Arnott RJ (Richard)
Subject: FW: Letter from Iain Smith MSP to the First Minister on the issue of The Gathering Ltd

Hi Malcolm,

Are you able to take this forward?

Thanks,

Eleanor

Eleanor Stanley
PA/ Vicky Carlin
Promotion of Scotland and Tourism Division
Area 2-J North
Victoria Quay
Edinburgh
EH6 6QQ
0131 24 (41466)

From: Douse K (Karen) On Behalf Of First Minister
Sent: 22 October 2009 14:36
To: First Minister; Aberdein G (Geoff); Permanent Secretary; Minister for Culture, External Affairs and the Constitution; Cabinet Secretary for Finance and Sustainable Growth; 'Leon Thompson'; [Barbara.clark@visitscotland.com] Carlin V (Vicky); Baird A (Andrew); Watt K (Karen)
Cc: Naseem Z (Zarina)
Subject: FW: Letter from Iain Smith MSP to the First Minister on the issue of The Gathering Ltd

All,

We have received the attached letter from the Economy, Energy and Tourism Committee asking for written briefing from the Scottish Government on the situation surrounding the Gathering Ltd and reports in the media (particularly in light of recent Scotsman reports)

Briefing has been requested “as soon as possible” – I suggest a first draft by close on Monday

08/12/2010
for FM’s return from leave on Tuesday. This material will also be required for next week’s FMQ session.

Vicky can you lead on pulling together the requested written briefing, with a factual summary of our involvement to date, the role played by Scottish Government and its agencies and the future plans for the Gathering, including implications for the budget.

Happy to discuss

Regards

Karen

Karen Douse
Assistant Private Secretary to the First Minister
0131 244 2016

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http://intranet/InExec/AboutUs/MinisterialPrivateOffices/FM/FirstMinister/FMinroduction

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From: Stephen.Imrie@scottish.parliament.uk [mailto:Stephen.Imrie@scottish.parliament.uk]
Sent: 22 October 2009 12:11
To: First Minister
Cc: DL MSP’sEnterpriseandCultureCommittee@scottish.parliament.uk; Katy.Orr@scottish.parliament.uk; Janet.Anderson@scottish.parliament.uk; Naseem Z (Zarina)
Subject: Letter from Iain Smith MSP to the First Minister on the issue of The Gathering Ltd

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Please find attached a letter from the Committee Convener to the First Minister on the issue of The Gathering.

<<091022 - First Minister on The Gathering.doc>>

Janet - to log on correspondence file

Kind regards,

Stephen Imrie
Clerk to the Economy, Energy and Tourism Committee
The Scottish Parliament
Tel: 0131 348 5207
Mob: 0771 306 3680
www.scottish.parliament.uk

08/12/2010
Dear First Minister,

The Gathering Ltd

I write to you given your reported involvement in the discussions with representatives of The Gathering Ltd to ask for a written briefing from The Scottish Government on the situation surrounding the company behind this year’s events and the reports in the media about the transfer of the debts owed by the company to various national public sector organisations and local authority bodies.

It was suggested in The Scotsman that the Scottish Government and various NDPBs such as VisitScotland, Historic Scotland, Homecoming Scotland and Scottish Enterprise have written off the finance provided to The Gathering Ltd. It was also suggested that a proportion of the debts have been transferred to the Destination Edinburgh Marketing Alliance. However, today, The Scotsman is suggesting that board members of the Destination Edinburgh Marketing Alliance do not wish this body to take on the debt.

I would be grateful if you could arrange to provide me with a briefing as soon as possible on the latest situation, the part played by the Scottish Government and its agencies to date and any plans for the future and, in particular, the financial implications for the Scottish budget both now and for future years. This will assist the Committee with its current deliberations on the draft 2010-11 budget as well as its more general responsibility for scrutiny of the tourism portfolio.

Kind regards,

Iain Smith MSP
Convener

c. Members of the EET Committee
McGeown D (David)

From: Nicholson MM (Mags) on behalf of Minister for Culture, External Affairs and the Constitution
Sent: 17 November 2009 11:34
To: Ministerial Correspondence Unit
Cc: Carlin V (Vicky); Pentland MK (Malcolm)
Subject: FW: The Gathering/DEMA

For MCS please.

Thanks

Mags Nicholson
Correspondence Secretary
Minister for Culture, External Affairs and the Constitution
17 November 2009

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From: Smith DR (Deborah)
Sent: 17 November 2009 10:56
To: Minister for Culture, External Affairs and the Constitution; Director for Culture, External Affairs and Tourism
Cc: Carlin V (Vicky); Pentland MK (Malcolm)
Subject: RE: The Gathering/DEMA

Yes I think so but Vicky and Malcolm will want to see now to be working on a response… It is also useful to see as the tone is not particularly helpful of the DEMA response and I will mention this if I speak to Jim Inch over the next couple of days.

Deborah Smith
Deputy Director: International Culture, External Affairs & Tourism Directorate
Scottish Government
0131 244 5504

From: Dickson DT (Darren) On Behalf Of Minister for Culture, External Affairs and the Constitution
Sent: 16 November 2009 20:29
To: Director for Culture, External Affairs and Tourism; Smith DR (Deborah)
Cc: Minister for Culture, External Affairs and the Constitution
Subject: FW: The Gathering/DEMA

Deborah

17/11/2009
Grateful for your thoughts on how to handle this correspondence. Acknowledge and put to MCS in the normal way?

Thanks

Darren

DARREN DICKSON
Private Secretary to the
Minister for Culture, External Affairs and the Constitution
Scottish Government
2N.05
St Andrews House
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From: Martin Hunt
Sent: 16 November 2009 17:22
To: mark.maddiehan@scottish.parliament.uk
Cc: Minister for Culture, External Affairs and the Constitution
Subject: PM: Gathering/DEMA

I have just received the out of office reply from the Minister please could you bring the following to his attention.

Kind regards

Martin

MARTIN HUNT
MANAGING DIRECTOR

17/11/2009
From: Martin Hunt
Sent: 16 November 2009 17:14
To: [Michael.Russell.msp@scottish.parliament.uk]
Cc: Ann Mitchell
Subject: The Gathering/DEMA

Dear Mike,

It was a great pleasure to see you on Friday night at the Consular Corps Dinner, an excellent speech and very good to see you.

I am writing to you however about the Gathering.

I am now seriously concerned about the level of debt owed to us for our work on the Gathering, you will see below the response to my Director, Ann’s email (see below) to Kenneth Wardrop of DEMA which frankly distresses me in its tone and nature.

We like many other small businesses embraced the whole Homecoming concept and the reality is that it now looks increasing like a political game of football is being played to the detriment of those who in the current climate least deserve it.

I would welcome your observations as it now appears everyone is “passing the buck”.

Yours sincerely

Martin

-----Original Message-----

From: Kenneth Wardrop [mailto:Kenneth.Wardrop@edinburgh.gov.uk]
Sent: 16 November 2009 15:00
To: Ann Mitchell
Subject: RE: The Gathering 2009 Limited

Ann

Confirm DEMA has not taken on responsibility for the gathering 2009 ltd debts contrary to media coverage.

Regards

kenneth

Kenneth Wardrop BA (Hons) MBA MTS Head of Destination Edinburgh Marketing Alliance Ltd

www.edinburgh-inspiringcapital.com

Sent from my Palm® Treo™ smartphone.

17/11/2009
From: Ann Mitchell
Sent: 16 November 2009 13:28
To: Kenneth.Wardrop@edinburgh.gov.uk
Cc: Martin Hunt
Subject: The Gathering 2009 Limited
Importance: High

Dear Mr. Wardrop,

I write to you about the recent press coverage regarding the outstanding debts to creditors of The Gathering 2009 Limited and the subsequent involvement of DEMA.

Tartan Silk Limited is a creditor of The Gathering and we have received assurances from Lord Sempill that this debt would be honoured. To date we have not been contacted or received any correspondence to say the contrary, however we are increasingly anxious about the entire situation.

Are you able to advise of when we can expect payment, or, who to contact in order to get an indication of when the remittance will be released?

Thank you.

Yours sincerely,

Ann E Mitchell

ANN MITCHELL
DIRECTOR OF FINANCE
Ar fáidhle/Our ref: 2009/0035334OR  
23 November 2009

Dear Mr Hunt

Thank you for your e-mail of 16 November 2009 to Michael Russell MSP, Minister for Culture, External Affairs and the Constitution, concerning The Gathering 2009. I have been asked to reply on the Minister’s behalf.

Thank you for the support that Tartan Silk has shown of Homecoming Scotland and the Gathering event in particular. The Gathering in July attracted 47,000 visitors from around the world and an independent report produced by EKOS Ltd shows that the event delivered a massive £10.4 million to Scotland’s economy.

Unfortunately, while The Gathering event was a success, it became apparent after the event that the company delivering the event, The Gathering 2009 Ltd, had encountered serious financial difficulties. However, on 15 October the City of Edinburgh Council announced that Destination Edinburgh Marketing Alliance was taking over The Gathering 2009 Ltd given the positive economic impact of the event and the potential of future events. It also stated that DEMA would be taking on The Gathering 2009 Ltd’s remaining private sector obligations.

Our understanding is that the creditors of The Gathering are to be paid although we understand discussions are on-going at the City of Edinburgh Council.

Yours sincerely

Carol Walsh
Tourism Policy Officer
Since sending up the letter and report below, the Perm Sec has asked that the letter and report emphasise the point that the debts due by The Gathering were irrecoverable and that this was the deciding factor in writing off the public sector debt. I understand that the previous versions of the letter and report have not been sent and am attaching slightly revised copies of both for FM's signature.

Thank you
Malcolm
From: Douse K (Karen) On Behalf Of First Minister
Sent: 22 October 2009 14:36
To: First Minister; Aberdein G (Geoff); Permanent Secretary; Minister for Culture, External Affairs and the Constitution; Cabinet Secretary for Finance and Sustainable Growth; 'Leon Thompson'; Barbara.clark@visitscotland.com; Carlin V (Vicky); Baird A (Andrew); Watt K (Karen)
Cc: Naseem Z (Zarina)
Subject: FW: Letter from Iain Smith MSP to the First Minister on the issue of The Gathering Ltd

All,

We have received the attached letter from the Economy, Energy and Tourism Committee asking for written briefing from the Scottish Government on the situation surrounding the Gathering Ltd and reports in the media (particularly in light of recent Scotsman reports).

Briefing has been requested "as soon as possible" – I suggest a first draft by close on Monday for FM’s return from leave on Tuesday. This material will also be required for next week’s FMQ session.

Vicky can you lead on pulling together the requested written briefing, with a factual summary of our involvement to date, the role played by Scottish Government and its agencies and the future plans for the Gathering, including implications for the budget.

Happy to discuss

Regards

Karen

Karen Douse
Assistant Private Secretary to the First Minister
0131 244 2016

First Minister’s preferences can be found at:
http://intrane/inExec/AboutUs/MinisterialPrivateOffices/FM/FirstMinister1/fmintroduction

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08/12/2010
Please find attached a letter from the Committee Convener to the First Minister on the issue of The Gathering.

<<091022 - First Minister on The Gathering.doc>>

Janet - to log on correspondence file

Kind regards,

Stephen Imrie
Clerk to the Economy, Energy and Tourism Committee
The Scottish Parliament
Tel: 0131 348 5207
Mob: 0771 306 3680
www.scottish.parliament.uk
Dear Mr Smith

Thank you for your letter of 22 October regarding The Gathering 2009 Ltd and the article in The Scotsman of the same date.

The Gathering event staged in Holyrood Park in July was a great success and a fantastic addition to the year long programme of over 400 events taking place in our Homecoming Year. An independent economic impact assessment carried out by EKOS Ltd has shown that the Gathering attracted 47,000 people from around the world to Edinburgh and generated £10.4m in revenue for Scotland and £8.8m for Edinburgh.

Unfortunately, the company delivering the event, The Gathering 2009 Ltd, have encountered serious financial difficulties. Given the circumstances of the company, the judgement was taken that the debts were irrecoverable. As a result, Scottish Government, along with a number of other public sector creditors, took the decision to write off the amounts owed by The Gathering 2009 Ltd, with the additional intention that this might help secure the future of The Gathering as an event and the associated benefits to the Scottish economy that future events would present.

This action, along with their recognition of the enormous potential of future Gathering events, has resulted in the City of Edinburgh Council and DEMA taking steps to take over The Gathering 2009 Ltd so that the city can host similar spectacular events in the future. We understand that discussions are ongoing at the council.

As requested, I am enclosing a two page briefing that sets out in detail the situation regarding The Gathering 2009 Ltd.

ALEX SALMOND
• The Gathering 2009 Ltd is a private limited company that delivered The Gathering event on 25 and 26 June 2009.

• A range of public sector partners provided grant support to The Gathering event in order to increase its economic impact. Specifically, public sector support was:

  Scottish Government - £100K;
  EventScotland - £100K;
  Homecoming Scotland 2009 - £80K;
  City of Edinburgh Council - £100k;
  Scottish Enterprise - £100k;
  Heritage Lottery Fund - £10.5k.

The Scottish Government’s decision to support The Gathering event was taken by Ministers on the basis of a detailed proposal submitted to the Scottish Government by The Gathering 2009 Ltd in June 2008. This detailed proposal included budget projections. The grant offer letter for the £100k Scottish Government funding was sent to The Gathering 2009 Ltd on 15 December 2008 and payment completed from the Europe and External Affairs – Major Events and Themed Years budget line on 3 February 2009.

• On 28 April 2009 the Directors of The Gathering 2009 Ltd met with the Minister for Culture, External Affairs and the Constitution to discuss issues relating to the broadcasting of The Gathering event. At that meeting the Directors reported that they were experiencing cash flow difficulties due to WorldPay (WorldPay is the payment processing business of The Royal Bank of Scotland Group) holding income from ticket sales until after the event had taken place.

Short-term practical solutions to address the cash flow issues were explored and in June 2009 The Gathering 2009 Ltd was provided with a loan of £180k from Scottish Government. The Gathering 2009 Ltd agreed to the terms of the loan on 5 June 2009.

• The Gathering event attracted 47,000 visitors from around the world and an independent report produced by EKOS Ltd (available on EventScotland’s website) shows that the Gathering delivered a massive £10.4 million to Scotland’s economy (£8.8m to Edinburgh). This represented a return on the public sector investment of £21 for every £1 invested. The Evaluation also demonstrated that 73% of the 47,000 visitors to the Gathering event this year would be likely to return to a future event within the next four years.

• Although The Gathering Event was a success, it first became apparent within three weeks after the event that The Gathering 2009 Ltd had encountered serious financial difficulties. The full extent of these difficulties – debts to the
public sector of £331k and the private sector of £341k - emerged in the weeks following that.

- Discussions took place between a number of the public sector partners involved in The Gathering event and the judgement was taken that the debts were irrecoverable. As a result, and in the light of the economic impact study, public sector creditors including the Scottish Government, Historic Scotland and the Scottish Ambulance Service took the decision not to recover the amounts they were owed. The additional intention behind this decision was that it may help ensure the future of the Gathering as an event and the associated benefits to the Scottish economy that future events would present. This decision was taken in line with Scottish Public Finance Manual procedures. Lothian and Borders Police have also taken the decision not to seek to recover the amounts owed to them.

- On 15 October 2009 the City of Edinburgh Council (CEC) issued a news release on behalf of the Destination Edinburgh Marketing Alliance (DEMA). That release stated that DEMA was taking over The Gathering 2009 Ltd given the positive economic impact of the event and the potential of future events. It also stated that DEMA would be taking on The Gathering 2009 Ltd's remaining private sector obligations. We understand discussions are on-going.

- The Scottish Government has written to CEC stating its policy intention is to provide financial support to a future Gathering event or related events subject to the submission of a satisfactory business plan and the agreement of Scottish Ministers.

Culture, External Affairs and Tourism Directorate
23 November 2009
Please find attached a short note updating you on developments in relation to The Gathering 2009 Ltd.

Malcolm
1. You will recall that the City of Edinburgh Council (CEC) issued a news release on behalf of Destination Edinburgh Marketing Alliance (DEMA) on 15 October, announcing that DEMA was taking over The Gathering Ltd and was taking on the company's remaining private sector obligations. That transaction has yet to take place and the purpose of this note is to update you on your return to the office regarding developments in relation to The Gathering 2009 Ltd.

2. The First Minister wrote to Cllr Jenny Dawe on 28 October signalling the Scottish Government’s gratitude to CEC for the continued co-operation between the two organisations in relation to the future of The Gathering.

3. Deborah Smith, Derek Glover, Mark Richards and I met with Jim Inch, Director of Corporate Services at CEC and Karen Kelly, Head of Financial Services at CEC on 4 November to discuss the future of The Gathering.

4. In follow up to that meeting, Deborah Smith wrote to Jim Inch (12 November) setting out the Scottish Government’s policy intention to provide financial support to a future Gathering or related events, subject to our receiving a satisfactory business plan and the agreement of Scottish Ministers. That correspondence set out that it would be reasonable for CEC to assume that Scottish Government financial support would be no less than the £80,000 actual support provided in various ways by the Scottish Government and its funded bodies for the original event. The letter was also clear that a case for a higher level of financial support would be likely to be sustainable given the scope for a second Gathering event to generate larger and wider net economic benefits than the original.

5. To date we have had no response from CEC to the 12 November letter but understand that assurances of intended support from Scottish Government in relation to the staging of a future Gathering event may not be sufficient for CEC and DEMA to proceed with the take over of The Gathering 2009.

6. Iain Smith MSP of the Economy, Energy and Tourism Committee wrote to the First Minister on 22 October seeking a briefing on The Gathering 2009 Ltd. The First Minister wrote to Mr Smith on 24 November.

7. You will also wish to be aware that on 10 November Kenneth Wardrope, Head of DEMA, issued a statement that DEMA’s Chair, Norman Springford, had
indicated his intention to resign from the Board at its meeting in December. Media reports at the time linked Mr Springford's resignation to the announcement about The Gathering but the statement from DEMA was clear that his decision to resign was taken because of the increasingly time consuming nature of the role of chair and his not having the capacity to give this his full commitment given his other business commitments.

8. We updated the First Minister and the Minister for Culture, External Affairs and the Constitution on the situation with regard to The Gathering 2009 Ltd on 24 November. That minute is being passed to the new Minister for Culture and External Affairs.

Malcolm Pentland
10 December 2009
From: Douse K (Karen) on behalf of First Minister
Sent: 27 January 2010 11:50
To: Carlin V (Vicky)
Cc: First Minister; Minister for Enterprise, Energy and Tourism; Minister for Culture and External Affairs
Subject: Gathering 0- Ministerial Responsibility

Vicky

FM has confirmed that he is content for the Gathering to move into Mr Mather’s portfolio

Best regards

Karen D

Karen Douse
Assistant Private Secretary to the First Minister
0131 244 2016

First Minister’s preferences can be found at: http://intranet/InExec/AboutUs/MinisterialPrivateOffices/FirstMinisterIntro

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