

Economy Committee

10am, Friday 13 February 2015

Investor Support Update

Item number	7.10
Report number	
Executive/routine	
Wards	All

Executive summary

This report covers the activity of the Investor Support team to attract investment into Edinburgh and create jobs in line with the Economic Strategy “A Strategy for Jobs 2012–2017”. Highlights include:

- Edinburgh was placed in the top three in Europe for ‘Overall Mid-sized and Small Cities’ by fDi magazine;
- The new Invest Edinburgh website was launched;
- StartEDIN was launched, a campaign promoting Edinburgh’s tech sector;
- Edinburgh was promoted to property investors at EXPO Real and MIPIM UK;
- An Edinburgh Investment & Innovation Showcasing Mission took place in Beijing and Shenzhen; and
- The Director of Project Operations from Shenzhen Creative Investment Group was hosted on secondment to the Economic Development Service.

The report also includes an update on the work of Marketing Edinburgh and seeks Committee’s approval of an amendment to the Service Level Agreement with Marketing Edinburgh to explicitly cover adherence to EU State Aid regulations.

Links

Coalition pledges	P15
Council outcomes	CO7 , CO8 , CO9
Single Outcome Agreement	SO1

Investor Support Update

Recommendations

- 1.1 The Committee is asked to:
- Note the progress being made by the Investor Support team and the contribution the team is making to deliver the Council's Economic Strategy "A Strategy for Jobs 2012 –2017";
 - Note the update from Marketing Edinburgh;
 - Approve the amended SLA with Marketing Edinburgh to explicitly cover adherence to EU State Aid regulations.

Background

- 2.1 This report provides an update on the work of the Investor Support team in delivering the Council's Economic Strategy "A Strategy for Jobs 2012 – 2017". This report covers the activity of the Investor Support team to proactively attract investment. This is done by targeting investors in specific sectors and geographies. These have been selected as they are deemed to offer the best potential for success.
- 2.2 The Investor Support team uses a range of methods to target potential investors including attending or hosting sector events, engaging with existing contacts and building on civic links to raise Edinburgh's profile in important markets.

International target markets

London

- 2.3 According to data from FDi Markets, London is the largest source of FDI in the world. Over the last ten years investments originating from London have created over one million jobs. Edinburgh's close ties with London present an excellent opportunity to capture some of this investment. However it is a highly competitive market. The majority of major international companies and investors across a range of sectors have offices in London. They are likely to use these offices when considering investment opportunities within the UK. Therefore engaging with London offers the potential to reach an audience of global investors.

Munich

- 2.4 During 2014 Edinburgh and Munich celebrated the 60th anniversary of their twinning connection. In recent years the Investor Support team has been building on this civic link to grow economic ties with Munich, including in the

green economy via links to its Energy Company (Stadtwerke). Munich is the one of the most successful city regions in Europe and is home to several of Europe's largest companies including BMW, Siemens, Audi, Munich Re, MAN, Adidas and Puma. In addition to these companies it is also home to Germany's largest Biotechnology cluster and a vast network of property and private equity investors.

Middle East

- 2.5 The Gulf States have been identified as a potential source of large scale investment, especially Qatar. Qatar is developing a strategy to diversify its economy beyond hydrocarbons and they are investing heavily in science and technology research. Edinburgh has strengths in many of areas of interest to Qatar including health and science. The recently established direct flight to Doha is attracting more students from Qatar and this will help to build long-term connections in areas of expertise. Edinburgh's links with the Gulf will be further strengthened when the direct Etihad flights to Abu Dhabi start on 8 June 2015.

China

- 2.6 Chinese government and businesses have been increasing their outbound investment in the past decade and Europe is one of their top investment locations. Due to the size, complexity and cultural differences of the Chinese investor market, the Investor Support team has adopted a focused and proactive approach to ensure a positive outcome. Shenzhen, a city with which the Scottish Government has established links, has been identified as a target market. Shenzhen is one of China's Special Economic Zones with the 4th highest GDP in the country. It has also been designated 'Design City'. Edinburgh is focusing on inward investment from the creative industry and in property development. A [recent report](#) by law firm Pinsent Masons highlights the scale of potential Chinese investment into UK infrastructure.

North America

- 2.7 The United States is an important source of investment in several key sectors in Edinburgh including Financial Services (e.g. StateStreet) and Technology (e.g. Amazon and Microsoft). The US is the largest source of FDI into the UK. During 2014 there were 379 investments by US companies into the UK, accounting for 39% of all FDI projects. The most popular destination was London which received 160 projects; Edinburgh was the third most popular UK destination with 11 projects (Belfast received 18). Targeting US based investors will help to draw more investment into Edinburgh. This has involved using targeted promotional films such as the tech film which has had over 1,000 views in the US.

Key sectors

Property

- 2.8 Attracting investment to develop new hotels and Grade A office space is important for the future growth of the Edinburgh economy. The Investor Support team works closely with colleagues to gather information on the latest opportunities, such as the Edinburgh 12, and these are promoted to a network of investors. This network of investors is regularly developed by attending property exhibitions, running events in key markets such as London and hosting investor visits.

Technology

- 2.9 The Investor Support team has been working closely with the tech sector for over 12 months to encourage growth in the sector. There is a high level of global demand for the best technical talent and the majority of Edinburgh's tech companies are recruiting. To help grow the sector in Edinburgh the Investor Support has been working on talent attraction. This involved running the 'Tech Jobs Scotland in London' event that involved taking 13 Edinburgh companies to recruit in London and the establishment of [StartEDIN](#) in partnership with Skyscanner and Scotland IS. The majority of funding for StartEDIN is coming from the private sector.

Life Sciences

- 2.10 The Life Science sector in Edinburgh is highly specialised and has the potential to grow. However, the nature of investment within the sector has changed in recent years as large pharmaceutical companies are now out-sourcing more R&D. There is now increased focus on collaborations between academics and business. The Investor Support team have been working with the Edinburgh BioQuarter team to explore new collaborations between the BioQuarter and international markets such as Germany.

Financial Services

- 2.11 The Financial Services sector is a large employer and Edinburgh's expertise is attractive to investors. Due to the well developed nature of the sector the majority of activity is around the continued promotion of Edinburgh to an established network of contacts. Close links are also maintained with the office of the Lord Mayor of the City of London. The Lord Mayor is responsible for promoting the whole of the UK's financial services sector and he has a programme of international visits. An annual visit is hosted in Edinburgh.

New Invest Edinburgh website (September 2014)

- 3.1 A new Invest Edinburgh website was launched following the closure of the Inspiring Capital website. The new website is specifically targeted towards an investor audience and hosts many features including a regular blog, a map of companies and range of information relevant to investors. The website can be found at <http://www.investinedinburgh.com/>. Work is currently underway on the foreign language sections.

fDi Award for Edinburgh (December 2014)

- 3.2 Edinburgh has been ranked as the third small and mid-sized city globally in fDi Magazines GlobalCities of the Future awards 2014/15. Edinburgh was also a top city for Business Friendliness and Human Capital and Lifestyle. The city was recognised in the top ten for numerous other categories. The fDi ranking uses official statistics and expert opinions to rank the European cities and regions with the best prospects for inward investment, economic development and business expansion.

Lord Provost of Edinburgh's Qatar visit (October 2014)

- 3.3 The Lord Provost of Edinburgh visited Qatar as a guest of the CEO of Qatar Airways to promote Edinburgh's new connection with Qatar. During the visit he met with several senior business figures and a local high school as attracting university students from Qatar forms part of the strategy to build a long-term connection with the Gulf State. The Lord Provost is planning a visit to Ajman in the United Arab Emirates in March 2015 to promote Edinburgh further.

Showcasing Mission to Beijing and Shenzhen (November 2014)

- 3.4 The Edinburgh Investment & Innovation Showcasing Mission led by Councillor Ross visited Beijing and Shenzhen. The delegation consisted of 11 companies in the creative and tech sector and property development sector. Three investment and innovation promotion seminars were held during the visit as well as various press activities. High level dialogues with Shenzhen government were held to progress the joint creative industries incubator project. Appendix 1 provides a report of the visit.

Shenzhen Creative Incubator (December 2014)

- 3.5 The Economic Development Service hosted a secondment programme for Ms Jiebei Fu, the Director of Project Operations from Shenzhen Creative Investment

Group. The Director worked with the Investor Support and Enterprise and Innovation teams to prepare for the opening of the Edinburgh-Shenzhen Creative Industries Incubator in both cities in 2015. The opening of the Edinburgh incubator in Shenzhen is scheduled for May 2015. This visit built on the Memorandum of Understanding (MOU) between Edinburgh and Shenzhen and the 2014 secondment by the Deputy Director of the Shenzhen Municipal Administration of Culture, Sports and Tourism. Both individuals will be instrumental in helping Edinburgh target Shenzhen companies to set up in Edinburgh and will be responsible for managing the Edinburgh incubator arrangements in Shenzhen.

Expo Real trade fair, Munich (October 2014)

- 3.6 In order to encourage infrastructure investment in sites such as the 'Edinburgh 12' the Investor Support team exhibited at Expo Real in Munich. This provided a platform to update European investors on the latest investment opportunities in Edinburgh. Networking events were hosted in partnership with the City of Munich to commemorate the 60th twinning anniversary. This gave the Edinburgh team access to a wider network of German investors.

MIPIIM UK, London (October 2014)

- 3.7 The Investor Support team joined the Scottish Cities Alliance (SCA) stand at MIPIIM UK in London to promote Edinburgh's investment opportunities. Exhibiting alongside the SCA meant that the majority of costs were covered through the Scottish Government's funding of the SCA. The event proved to be a good opportunity to engage with investors and agents in London. At the event Sue Bruce was awarded City Leader of the Year which further raised the city's profile. THI Henderson also exhibited the St James development and joined the SCA panel events to showcase public private sector partnership working.

International Hotel Investment Forum, Berlin (March 2015)

- 3.8 The Investor Support team will exhibit at the International Hotel Investment Forum (IHIF) 2015. The event is attended by over 1,900 hospitality and tourism professionals from over 70 countries. The IHIF attracts senior representatives from nearly every major hotel chain and it provides an opportunity to showcase Edinburgh's hotel investment propositions. Attendance will be in partnership with Scottish Development International who secured sponsorship and exhibition space at the event. The event will be used to launch the updated Hotel Prospectus which highlights the latest opportunities in Edinburgh.

Lord Mayor of the City of London visit (April 2015)

- 3.9 The Investor Support maintains close ties with the City of London and has arranged visits for the Lord Mayor of the City of London over the last three years. These visits offer an opportunity to discuss issues of particular importance to Edinburgh's Financial Services sector. A visit for Lord Mayor Alan Yarrow will be held during April 2015 and guests from Edinburgh's Financial Services sector will be invited to join the discussions, providing an opportunity to showcase Edinburgh's financial services companies and assets. .

Ethical Finance Hub (January 2015)

- 3.10 In order to further explore the potential offered by the Ethical Finance sector the Investor Support co-funded the development of a business case with the Scottish Government. The business case explored the creation of a Scottish Ethical Finance Hub. The creation of an Ethical Finance Hub in Edinburgh would add to the ethical investment sector following the placement of the Green Investment Bank in the city. Discussions are now underway with various private sector organisations to understand what financial and in-kind support might be available to develop the Hub.

Edinburgh-Munich Life Science exchange (October - November 2014)

- 3.11 Collaboration visits between life science researchers from Edinburgh and Munich took place during October and November. These visits were coordinated by the Investor Support team with input from the Edinburgh BioQuarter, BioM (the Bavarian biotechnology cluster coordinator) and the Foreign and
- 3.12 Commonwealth Office in Munich. Bavaria is home to Germany's largest Biotech cluster and this connection builds on the 60th Anniversary of the Edinburgh-Munich Twinning link. Initial collaboration opportunities have already been identified and it is hoped that this will lead to further activity in 2015.

German Renewable Energy firm opens Edinburgh office (November 2014)

- 3.13 The Investor Support team have been working closely with BayWa to support the opening of their Edinburgh office. The BayWa group are based in Munich and they operate across several sectors employing over 15,000 people. The Edinburgh team will focus on the development and operations management of wind and solar projects. This investment is an important addition to the city's renewable energy network following Enercon's investment in 2012. The BayWa investment further strengthens the economic ties between Edinburgh and twin city Munich.

Launch of StartEDIN (December 2014)

- 3.14 Following engagement with several technology companies in Edinburgh the Investor Support team launched StartEDIN, a campaign to promote the technology sector in Edinburgh. StartEDIN has been funded by both CEC and several private sector companies including Skyscanner, MiiCard, Head Resourcing and Scotland IS. The official launch was on 3 December 2014, hosted by Councillor Ross. The website can be found at www.startedin.com

StartEDIN job fair in Krakow (November 2014)

- 3.15 As part of the StartEDIN campaign to attract more talented tech workers to Edinburgh an exhibition stand was taken at a career event in Krakow, Poland. It presented a good opportunity to promote Edinburgh's tech scene in a city with a strong base of skilled tech people. The Amazon Development Centre Scotland sent two members of staff to meet with potential candidates on the stand.

New tech talent film (December 2014)

- 3.16 To help promote the tech sector further afield a new film has been created by the Investor Support team and launched online. The film features people from Skyscanner, Amazon, FanDuel, FreeAgent, Craneware and Kotikan talking about why they benefit from being based in Edinburgh. It was very well received by the tech industry and TalentScotland are now using the film on their software page. The film can be found [here](#).

Tech alumni event in London (March 2015)

- 3.17 There are a large number of graduates from Edinburgh's universities currently working in London. Many of them moved to London after graduation and may be unaware of the opportunities now available within Edinburgh's tech sector. The Investor Support team will be hosting an event in partnership with the universities to inform their graduates of the latest developments within the tech sector. The event will feature key note speeches from two industry leaders and will be followed by a networking session.

Promotional activity

Heathrow Express

- 3.18 In October 2014 a month long London promotion campaign targeted the Heathrow Express terminals and its international travellers in which 35 light-boxes were used to highlight Edinburgh as a global investment location. This received very positive coverage on social media. (below)

Invest Edinburgh retweeted



Mally Graveson @mallygraveson · Nov 27

Great to see my home city promoted all over Heathrow!

@InvestEdinburgh @edinburgh



[View more photos and videos](#)

easyJet In-flight Traveller magazine (Monthly)

- 3.19 The easyJet Traveller is an in-flight magazine, mixing informative destination guides with reportage and lifestyle, all of which provide the airline with a rich source of material for their social media feeds. EasyJet is Scotland's largest airline carrier. The team took out a series of adverts for 2014/15 and received further complimentary editorial features and boarding pass adverts. The easyJet network reaches 4.6 million passengers every month across 182 aircraft operating 500+ routes in 28 countries.

Qatar Airways (Monthly)

- 3.20 Advertising was taken within the Qatar Airways in-flight magazine to support the launch and promotion of the Edinburgh to Doha flight route. During 2014 Qatar Airways, a five-star airline, carried almost 22 million passengers to its growing network that currently connects to over a 160 worldwide destinations. The magazine is available in every seat pocket on all flights and in Qatar Airways airport lounges the magazine reaches a continually growing potential readership of over 2.2 million passengers per month. The readership profile consists of business decision makers, tourists, high net worth Qatari citizens and foreign expatriates. We took out a series of adverts for 2014/15 and received further complimentary editorial features.

Marketing Edinburgh

- 3.21 Convention Edinburgh is on track to achieve its target of £91.5m of economic income, and has been nominated as a finalist in the category for 'best convention bureau in the UK' in the M& IT Awards for the first time.

- 3.22 Membership of Marketing Edinburgh is at an all time high at 236 members, aided by the introduction of a Rewards Programme for conference delegates – this is a first in the UK conference market.
- 3.23 The results of the first wave of the city centre campaign 'This Is Edinburgh' have been extremely positive with all metrics over achieved. Footfall is 3.32% ahead of the rest of the UK (the target was an increase of 2%) and retail spend was up 3.5% (the UK average was 0.4%). This campaign moves into year two with TV/outdoor advertising from February and a fashion event in March. Digital followers are now at over 120,000, from a standing start twelve months ago.
- 3.24 Film Edinburgh has achieved 545 film enquiries (the target was 525), and has generated £4.5m worth of economic benefit to the city.

State Aid – Tourism Destination Agencies

- 3.25 Following receipt of a letter to all local authorities and tourism bodies from Fergus Ewing MSP, Minister for Energy, Enterprise and Tourism, advising of the importance of adherence to State Aid when granting public funding to tourism, and subsequent guidance from the Scottish Government's State Aid Unit, the Council's Legal Services and Marketing Edinburgh have proposed an amendment to the current Service Level Agreement.. The amendment explicitly limits the use of the Council's grant to Marketing Edinburgh (Financial Transfer) to ensure compliance with EU State Aid regulations.
- 3.26 The revised SLA is attached as Appendix 2 for reference and approval.

Measures of success

- 4.1 Companies investing in Edinburgh creating new jobs within the city.

Financial impact

- 5.1 The activities reported in this report have been met from the Economic Development Service budget 2014-2015.

Risk, policy, compliance and governance impact

- 6.1 There are no significant risks associated with this report.

Equalities impact

- 7.1 The Investor Support team's work programme focuses on the 'Support Inward Investment' strand of the Council's Economic Strategy. As part of the process of

writing the Economic Strategy, and the Economic Review which informed it, a full Equality Impact Assessment was undertaken.

Sustainability impact

- 8.1 The City of Edinburgh Council determined (in consultation with Historic Scotland, the Scottish Environment Protection Agency and Scottish Natural Heritage) that the Economic Strategy did not require undergoing a Strategic Environmental Assessment.

Consultation and engagement

- 9.1 The Strategy for Jobs aims to achieve sustainable growth through investment in jobs. Working with current and potential investors is essential to ensure the delivery of these jobs. The Investor Support team regularly engages with investors to support their needs and ensure Edinburgh remains an attractive location for investment.

Background reading/external references

The following background reading is relevant to this report:

- A Strategy for Jobs: The City of Edinburgh Council's [Economic Strategy 2012-17](#)

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Links

Coalition pledges	P15 - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors.
Council outcomes	CO7 - Edinburgh draws new investment in development and regeneration CO8 - Edinburgh's economy creates and sustains job opportunities CO9 - Edinburgh residents are able to access job opportunities
Single Outcome Agreement	SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all

Appendices

1. Edinburgh Investment & Innovation Showcasing Mission to China (17-21 November 2014)
2. Marketing Edinburgh SLA – amended version January 2015

Appendix 1 – Edinburgh Investment & Innovation Showcasing Mission to China (17-21 November 2014)

Report of the Visit

Visited cities: Beijing & Shenzhen

Mission Statement:

Promote Edinburgh as one of Europe’s most inspiring, creative and innovative cities to invest and do business with.

Objectives:

- Promote Edinburgh as an investment destination for the creative & digital industries; hotel sector; real estate development.
- Showcase Edinburgh’s high-growth and open innovation companies.
- Action the MOU with Shenzhen to establish joint International Creative Industry Incubation Centres in Edinburgh and Shenzhen.
- Promote and assist companies ready for the Chinese market and facilitate take up of incubator space in Shenzhen.
- Provide opportunities for Edinburgh companies to have 1-2-1 dialogue with potential Chinese partners/clients.
- Ensure the benefits of collaboration, through effective engagement with Shenzhen secondment opportunity (February-March 2014).

1.1

Sector focus: Digital technology & creative industries, hotel & real estate development

Programme

Saturday, 15 November 2014

Depart for Beijing

Sunday, 16 November 2014

Arrive in Beijing

Monday, 17 November 2014

am	‘Doing business in China’ briefing with Scottish Development International and UK Trade & Investment
pm	Edinburgh showcasing seminar and one-to-one meetings with Chinese creative & tech companies
evening	Business reception (guests included potential investors, Chinese businesses in creative sectors, university alumni and government officials)

Tuesday, 18 November 2014

am Visit Investor Group and member companies
pm Depart Beijing for Shenzhen (3 hours' flight)

Wednesday, 19 November 2014

am Meeting with Shenzhen government officials and briefing on Shenzhen business opportunities
pm Edinburgh showcasing seminar and one-to-one meetings with Shenzhen creative & tech companies
evening Business reception (guests included potential investors, Chinese businesses in creative sectors, university alumni and government officials)

Thursday, 20 November 2014

am Visit [Yantian International Creative Harbour](#) and [F518 Creative Business Park](#), two potential locations of the Edinburgh Creative Incubation Centre in Shenzhen and lunch with companies in the business parks.
pm Visit China Hi-tech Fair

Friday, 21 November 2014

am Meeting with Shenzhen Cultural Bureau/ companies' individual appointment
pm Depart Shenzhen for Guangzhou (1.5 hours by coach) and evening flight to Edinburgh

Outcome of the Visit

1. Media Coverage and City Profile Raising In China

The Edinburgh Showcasing events were positively reported by 22 internet media and 2 Shenzhen newspapers in China. The readership is estimated to have reached over 1 million.

2. Strengthening of Edinburgh - Shenzhen Cooperation

Cllr Ross met with Mr LIU Jun Vice Chairman of the Standing Committee of the People's Congress as well as a number senior government officials responsible for foreign affairs and culture and creative sectors. The meeting helped to secure endorsement from senior level government officials in Shenzhen for the Edinburgh-Shenzhen joint creative industry incubation centre project, which have ensured sufficient support from Shenzhen on the opening of the Edinburgh incubation centre in Shenzhen.

Elaine Ballantyne, Head of External Relations & Investor Support, Jim Galloway, Head of Enterprise & Innovation and Wendy Liu, Senior Economic Development Officer had a meeting with the Director of Shenzhen Sports, Culture and Tourism Bureau to discuss the details of the incubation project. It was agreed that the Edinburgh incubator in Shenzhen will be opened in May 2015 and the Shenzhen incubator in Edinburgh will be opened in September 2015. Edinburgh was given a significant space at the Shenzhen F518 Creative Business Park, which will be furnished and fitted by our partner in Shenzhen for the opening. The Shenzhen incubation centre in Edinburgh will be based at the Creative Exchange in Leith.

With the backing of the Shenzhen government, the Shenzhen Creative Investment Group will set up a company in Edinburgh to manage the Shenzhen incubator.

3. Attracting New List of Potential Investors / Companies in China Interested In Working In/ With Edinburgh

The Council together with 11 Edinburgh businesses successfully held 3 well attended Edinburgh Showcasing events in Beijing and Shenzhen to promote the investment and partnership opportunities in Edinburgh in the property development and creative industry.

We have received positive feedback from Chinese companies attending our events. Edinburgh company delegates are also following up business leads generated from the trip. The Council will organise a range of follow up activities in Edinburgh to bring interested Chinese investors to Edinburgh.

The Investor Support team also arranged a 10 day secondment programme for a representative from Shenzhen Creative Investment Group in December to ensure understanding of the business operation in Edinburgh and to meet creative sector contacts in Edinburgh.

4. Team Scotland Approach to Ensure a Maximum Result of Our Activities in China by Working with Scottish Government and SDI

During our visit to Beijing and Shenzhen, we received support from the Scottish Government, Scottish Affairs Office in British Embassy and Scottish Development International to ensure the team Scotland message was delivered in China. UK Trade & Investment and the British Council were also introduced to the delegation.

Appendix 2 – Marketing Edinburgh SLA amended version January 2015

SERVICE LEVEL AGREEMENT BETWEEN
THE CITY of EDINBURGH COUNCIL &
MARKETING EDINBURGH LIMITED
FOR THE PERIOD 1 April 2014 TO 31 March 2017

1 **INTRODUCTION**

- 1.1 This Agreement sets out the scope of the partnership between the City of Edinburgh Council (“the Council”) and Marketing Edinburgh Limited (“MEL”) and the terms under which the Council will make funding available to MEL to deliver services to meet its strategic objectives around the marketing of Edinburgh. This agreement covers the period 1 April 2014 to 31 March 2017 and is informed by the Council’s Economic Strategy 2012-17.
- 1.2 This agreement reflects the principles of the “Service Level Agreement” agreed by the Economy Committee of the Council on 19 November 2013, and meets the Council’s corporate requirements in relation to the governance of the Council’s arms length companies and the Council’s audit requirements.

2 **VISION**

- 2.1 The Council’s vision for MEL is:
- “...An official city promotion body dedicated to promoting Edinburgh to the world. An organisation with clout, credibility and confidence. A well run organisation that is efficient with its resources, and is trusted by everyone that matters in the city because it delivers what they want. An organisation that looks and feels like a city promotion body. An organisation that measures its impact on the city and the wider city region economy.”
- 2.2 The four “ingredients of success” for MEL are identified as:
- a) “An explicit mandate from the City of Edinburgh Council” – MEL should have the backing and endorsement of the Council, with commensurate funding;
 - b) “A commercial culture” – MEL should have a commercial culture, operate at arm's length from the Council and demonstrate a return on investment for its funders;
 - c) “A city promotion plan shared by key stakeholders” – MEL should cultivate strong relationships with its funders and other important stakeholders;
 - d) “An outstanding chief executive” – the chief executive of MEL should possess the necessary skills in strategising, marketing, relationship building, team building.

3 ROLES AND RESPONSIBILITIES

The City of Edinburgh Council

- 3.1 The City of Edinburgh Council (“the Council”) is the local authority for Edinburgh, constituted under the Local Government, etc (Scotland) Act 1994.
- 3.2 Part 3 of the Local Government in Scotland Act 2003 confers on the Council the power “to do anything which it considers is likely to promote or improve the well-being of its area and persons within that area”.
- 3.3 In 2009, the Council opted to take greater control over the marketing and promotion of Edinburgh. In 2011, the Council formed an arm’s length company, Marketing Edinburgh Limited, with the remit of promoting Edinburgh.

Marketing Edinburgh Limited

- 3.4 Marketing Edinburgh Limited (“MEL”) is a company limited by guarantee without share capital (registered number SC392580) wholly owned by the Council. MEL has lead responsibility for the promotion of Edinburgh as a world-class destination to visit, invest, live, work and study.
- 3.5 MEL incorporates the functions of the former Council arm’s length companies Edinburgh Film Focus and the Edinburgh Convention Bureau as well as the activities performed by the Destination Edinburgh Marketing Alliance. It therefore has lead responsibility for the promotion of Edinburgh as a filming location and a conference destination.

4 STRATEGIC OBJECTIVES

- 4.1 The strategic objectives of MEL are as follows:
- a) Work to create an official city promotion body dedicated to promoting Edinburgh to the world. It will build an organisation with clout, credibility and confidence and its objectives will be detailed and monitored in its business plan;
 - b) Work to create synergy between the Visit, Invest, Live, Work and Study markets by creating innovative, cross-sector, integrated campaigns to promote city brand awareness amongst relevant target groups by providing a constant stream of news stories for the media and by the smart use of digital media;
 - c) Continue to support the Council’s invest agenda and implement an effective digital strategy that will deliver partnership and city promotional opportunities;
 - d) Continue to provide convention services to be offered under the established and recognised “Convention Edinburgh” brand. The convention team will continue to persuade major association and corporate conferences to come to the city and to enable the visitor economy to maximise the benefits and will also seek to maximise the opportunities provided by the National Bid Support Fund;
 - e) Continue to provide the city’s film office service, working to attract and facilitate film and television producers to Edinburgh;

- f) Provide support to the major attractions and festivals through collaborative partnership opportunities and if relevant integrate with other city promotional activity and lead on the co-ordination and promotion of the Edinburgh Tourism Action Group's winter product development campaign;
- g) Seek additional funding from the private sector and from other city partners by building on its partnership scheme and through development of campaign opportunities;
- h) Support the Council's Events service on the coordination, creation, bidding and promotion of major sporting, cultural and business events which support the city's brand positioning;
- i) Create an annually agreed set of delivery programmes with partners, including the Council, detailed in the Business Plan;
- j) Work closely with Edinburgh Airport and the Economic Development Service to provide city promotion support for new air route development into the city.

4.2 In meeting the Strategic Objectives, MEL and the Council agree that no part of the Financial Transfer or Council resources shall be used for the purposes of:

- 4.2.1 carrying out or financing any commercial activity which is not undertaken primarily (or at all) to carry out the UK authorities' public purpose of providing tourist information and promoting Edinburgh and which does or may compete with activities carried out by private sector organisations in the tourist industry, including booking facilities, buying and selling holidays and holiday accommodation, and advertising;
- 4.2.2 facilitating or financing in any way the provision of accommodation booking facilities online either wholly or partly and which could be deemed to compete with activities carried out by private sector organisations;
- 4.2.3 facilitating or funding any activities which could potentially be seen to advertise one or more commercial products over and above other commercial products, in any way which is not part of that function.
- 4.2.4 In seeking and choosing commercial organisations as cooperative partners or suppliers, MEL agree not to use selection criteria which are biased towards certain organisations in the sector in question.

4.3 Declaring for the avoidance of doubt that MEL shall not be restricted from funding and/or resourcing the activities set out in clause 4.2 inclusive itself, provided that such funding or resource is not derived in any way from the Financial Transfer, or interest, capital or revenue accrued therefrom.

5 GOVERNANCE

Relationship with the Council

- 5.1 The Director, and /or his representative will meet at least bi-monthly with the Chief Executive of MEL to share the progress of the MEL Business Plan and the Council's strategic objectives, expenditure updates and KPIs. A record will be kept of monthly meetings including a Status Report. In addition, MEL will provide the Director of Economic Development with quarterly updates for the Economy Committee, in particular in relation to MEL's KPIs.
- 5.2 MEL will inform the Council first point of contact as soon as practically possible of any incidents with the potential to have a significant impact on the ability of MEL to achieve its strategic objectives or to attract significant public and media interest, including any significant changes to the financial position or prospects of MEL.

Board of Directors

- 5.3 MEL will recruit a Board of executive and/or non-executive directors with the requisite skills and experience to enable the Board to fulfil its leadership and oversight role.
- 5.4 MEL will make appointments to the MEL Board via a clear and transparent selection process.
- 5.5 No members of the MEL Board will receive any remuneration from MEL.
- 5.6 The MEL Board will be convened quarterly each financial year.
- 5.7 The Council will retain the right to immediately dismiss any director who is judged to have acted dishonestly or negligently in a fashion that the Council deems likely to bring the reputation of the Council into disrepute.
- 5.8 Three elected members of the Council will be appointed by the Council to the Board of MEL. One Council employee will attend MEL Board meetings as a non-voting observer. Council employees will also attend any sub-committees formed by the MEL Board at the discretion of the Council.

Reporting

- 5.9 MEL will monitor its performance against the objectives set in clause 4.1 throughout the funding period.
- 5.10 MEL will prepare an annual report for the Council within three months of the end of the financial year, to include:
- a) An update on progress towards meeting each strategic objective (as set out in clause 4 and the KPIs set out in the MEL Business Plan;
 - b) An update on measures taken to comply with Council employment policies (as set out in clause 6.3);

- c) Financial accounts and statements (as set out in clause 7);
- d) A record of all procurement contracts awarded (as set out in clause 6.6);
- e) A general review of operational matters over the course of the year, to include a narrative of the main initiatives taken forward, a summary of staffing changes, and a forward-looking “SWOT” analysis for MEL;
- f) An outline of MEL’s plans for the following financial year.

5.11 MEL will prepare quarterly reports for the Council within three months of quarter, to include:

- a) An update on actions taken in pursuit of each strategic objective (as set out in clause 4.1) using the key performance indicators developed by MEL (as set out in the MEL Business Plan);
- b) A summary of income and expenditure over the period;
- c) A summary of staffing changes;
- d) A general review of any significant matters arising.

5.12 MEL will endeavour to provide the Council with any other information and/or documentation reasonably required for monitoring purposes.

6 OPERATIONAL CONDUCTS

General conduct

- 6.1 MEL will comply with all relevant laws and applicable codes of practice and will notify the Council immediately of any violations.
- 6.2 MEL will put in place robust policies and procedures for managing and resolving conflicts of interest.
- 6.3 MEL will inform the Council immediately in the event that it finds that any information it has previously provided to the Council is misleading or inaccurate.

Policies

- 6.4 MEL will adhere to the following employment policies of the Council, except where this impedes the ability of MEL to deliver its objectives:
 - a) The living wage;
 - b) The Edinburgh Guarantee;

- c) Modern Apprenticeships.

Staffing

- 6.5 All vacancies advertised by MEL for a post with a contract length of six months or more must be publicly advertised.
- 6.6 All salaries and other employee benefits offered by MEL will reflect competitive market rates and not be unduly generous.

Procurement

- 6.7 When procuring goods and services, MEL will observe the principles of fairness, openness and transparency. MEL will maintain a log of all contracts awarded to supply goods and services to MEL to include a record of how the contract was tendered, the rationale for awarding the contract to the supplier in question, and the name of the employee awarding the contract.

Publicity

- 6.8 MEL will consult with the Council before entering into any sponsorship agreements involving branding or naming rights. The Council will retain the right to veto any such agreements at its discretion.
- 6.9 MEL and the Council will comply with any reasonable requests from the other party for information, multimedia, quotes and practical assistance relating to the delivery of the strategic objectives.

Contingency planning

- 6.10 MEL will assist the Council with any contingency planning requirements as directed by the Council's emergency planning officer. The costs of the assistance will be charged to the Council.

Confidentiality

- 6.11 The Council and MEL will respect the confidentiality of all intellectual property and other commercially sensitive information shared with the other party and neither party will disclose this information without the express written permission of the other party except where it has a statutory obligation to do so.

Freedom of information

- 6.12 MEL will provide any information requested by the Council to meet its obligations under the Freedom of Information (Scotland) Act 2002 no more than five working days after receiving a request. The Council will be solely responsible for determining whether any information supplied by MEL is exempt from disclosure according to the terms of the Act.

7 FINANCIAL ARRANGEMENTS

Financial Transfers

- 7.1 The Council will determine on an annual basis no later than 15 March the level of annual payment for transfer to MEL ([Financial Transfer](#)). This sum will be made available to MEL in two equal tranches payable on the first day of April and October except where a deviation from this schedule is agreed by both parties.

Conditions of funding

- 7.2 All funding provided to MEL by the Council will only be used to deliver services in pursuit of the objectives set out in clause 4.1, except with the prior written consent of the Council.

- 7.3 Any funding paid to MEL by the Council in error will be promptly repaid by MEL.

- 7.4 The Council will not provide additional funding in the event of overspend by MEL while delivering services in pursuit of the objectives.

- 7.5 MEL confirm that the Council's Financial Transfer and any Council resources applied to the Partnership between MEL and the Council does not constitute a State Aid.

7.5.1 in the event that any aspect of this Agreement is challenged in relation to a State Aid breach, or perceived State Aid breach, procurement breach or challenge in respect of a defective procurement process, MEL will provide the Council with all necessary assistance and information in order for the Council to respond to any such challenge, whether such is by the national courts or the European Commission; and

7.5.2 in such an event, MEL will bear an equal apportionment of the Council's proper and reasonable costs, including legal costs, borne in dealing with such a challenge.

7.5.3 in the event that the Financial Transfer and resources applied to MEL under this Agreement is successfully challenged by the national courts or the European Commission, and in the event that the Council is ordered to recover such Financial Transfers and quantified costs of the resources ('the State Aid'), MEL shall in such an event immediately repay the State Aid to the Council including all proper and reasonably incurred costs of the Council referred to in 7.5.1 and 7.5.2 and including the full liability for any penalty imposed on the Council arising from a successful challenge.

Insurance

- 7.6 MEL will effect and maintain insurance policies in respect of all risks that it may incur, to include:

a) Public liability insurance with a limit of indemnity of not less than £5,000,000;

- b) Employer's liability insurance with a limit of indemnity of not less than £1,000,000.
- 7.7 MEL will provide the Council with a copy of the relevant policies and evidence of the payment of premiums on request.
- 7.8 The Council will accept no liability for the actions of MEL. MEL will indemnify and hold harmless the Council, its employees, agents, officers and sub-contractors with respect to all claims, demands, actions, costs, expenses, losses, damages and all other liabilities relating to the actions of MEL.

Accounting requirements

- 7.9 MEL will produce full annual financial accounts and statements.
- 7.10 MEL will submit draft annual accounts by 30 April each year and audited annual accounts by 15 August each year, or any other such deadline as advised by the Council to meeting statutory financial reporting deadlines.
- 7.11 MEL will retain separate, accurate and up-to-date accounts relating to the expenditure of the funding provided by the Council – along with invoices, receipts and any other relevant documentation – for a minimum of six years following the receipt of funding from the Council. The Council will retain the right to review these records at its discretion.
- 7.12 MEL will provide the Council's auditor with full access to its financial records as required.

8 TERMINATING THE AGREEMENT

- 8.1 The agreement may be abrogated by the Council for any reason with six months' written notice.
- 8.2 The agreement will automatically be terminated in the event that MEL breaches a statutory duty or becomes insolvent. [Notwithstanding condition 8.1, and declaring for the avoidance of doubt, the Council shall be entitled to immediately terminate this Agreement without notice in the event that this Agreement is successfully challenged by the national courts or European Commission as set out in conditions 7.5.3 and 7.6.](#)
- 8.3 The Council may instantly terminate the agreement in the event of any the following:
 - a) MEL commits any act that is illegal in the UK;
 - b) MEL acts dishonestly or negligently in a fashion that the Council deems likely to bring the reputation of the Council into disrepute;
 - c) MEL is placed into administration or receivership, or otherwise becomes insolvent;
 - d) MEL knowingly provides misleading or inaccurate information to the Council;

- e) MEL uses funding provided by the Council for purposes other than the delivery of services in pursuit of the objectives set out in clause 4.1 without the express written consent of the Council;
- f) MEL is determined by the Council to have made unsatisfactory progress towards the strategic objectives set out in 4.1 and fails to remedy this within 30 days of receiving written notice detailing the issue in question;
- g) MEL breaches any of the conditions of this agreement and fails to rectify this breach to the satisfaction of the Council within 30 days of receiving written notice detailing the breach.

9 The Council reserves its right to enter into contracts and other Service Level Agreements with other third parties and nothing in this Agreement shall imply any exclusivity in favour of MEL in terms of the Strategic Objectives to be delivered by MEL.

10 **AFFIRMATION**

Signed on behalf of the City of Edinburgh Council

Printed name: Greg Ward

Title: Director of Economic Development

Signature:

Date:

Signed on behalf of Marketing Edinburgh Limited

Printed name: John Donnelly

Title: Chief Executive

Signature:

Date:

Witness

Printed name:

Title:

Signature:

Date: