

Housing and Economy Committee

10.00am, Thursday, 21 March 2019

Marketing Edinburgh Update

Item number	8.9
Executive/routine	
Wards	All
Council Commitments	46

1. Recommendations

- 1.1 Committee is asked to:
- 1.1.1 Approve the service level agreement and strategic objectives between Marketing Edinburgh and the City of Edinburgh Council for 2019/20;
 - 1.1.2 Note that grant funding award of £590,000 for Marketing Edinburgh was approved as part of the Council's budget decision on 21 February 2019;
 - 1.1.3 Note Marketing Edinburgh's performance for quarter 3 (September to December 2018);
 - 1.1.4 Note that an annual performance report from Marketing Edinburgh for 2018/19 will be presented to Housing and Economy Committee on 6 June 2019;
 - 1.1.5 Note that a progress update on the development of the future business plan will be presented to Committee on 6 June 2019;
 - 1.1.6 Note the importance of convention and film to the city. Proposals for their future arrangements, which will ensure their sustainability, will be reflected in the business plan when presented to Committee in June 2019.

Paul Lawrence

Executive Director of Place

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Marketing Edinburgh Update

2. Executive Summary

- 2.1 Marketing Edinburgh is an arm's length company of the Council whose stated mission is to promote the city to visitors, tourists and investors.
- 2.2 As part of the Council's recently approved budget a grant award of £590,000 was agreed for 2019/20. As part of the implementation of the Council's budget motion, it has been agreed that Marketing Edinburgh will develop plans to be financially sustainable from April 2020.
- 2.3 In line with the management of all Council Companies, a service level agreement (SLA) should be agreed by the relevant Executive Committee which sets out the governance, financial and strategic priorities for the organisation. The proposed SLA and strategic objectives for Marketing Edinburgh for 2019/20 are attached in appendix 1. This builds on last year's agreement but sets clearer and more measurable targets where possible whilst recognising the significant reduction in grant funding from the council (£0.3m).
- 2.4 Marketing Edinburgh's performance update for quarter 3 (September to December 2018) is attached in appendix 3.

3. Background

- 3.1 City of Edinburgh Council agreed to set up a new destination promotion body for the Council – Marketing Edinburgh – on [18 November 2010](#).
- 3.2 The business case supporting the creation of this new body was also approved by the City of Edinburgh Council on [18 November 2010](#). Fundamental to the business case was integration of the Destination Edinburgh Marketing Alliance, Edinburgh Convention Bureau, and Edinburgh Film Focus, into a single official, promotional body for Edinburgh - to be known as *Marketing Edinburgh* - with a remit to promote the city to visitors, tourists and investors.
- 3.3 Marketing Edinburgh under the Film Edinburgh brand work to attract and facilitate film and television productions to Edinburgh. They provide a film office service, promoting Edinburgh as a filming destination and dealing with all filming enquiries to facilitate filming in the city. As a result, this encourages more production within the city driving wider economic benefit through greater activity and the support of the

local production community. Within the SLA Marketing Edinburgh's target for additional economic value is £5m.

- 3.4 Edinburgh's convention bureau works to persuade major associations and corporate conferences to the city with a targeted economic benefit of £65m. To achieve this ME bid for conferences and wider events – providing convention and accommodation support as part of the process.
- 3.5 Since being established, Marketing Edinburgh has operated under an SLA with reducing annual funding from the Council.
- 3.6 In 2018/19 Marketing Edinburgh received £890,000 grant funding from the City of Edinburgh Council. On [21 February 2019](#) the Council approved an allocation of £0.590m funding for Marketing Edinburgh in 2019/20.
- 3.7 Tourism is an important sector of the Edinburgh Economy and represents 8% of our total GVA. The city currently receives 4.6 million tourists and 646,000 business visitors.
- 3.8 The current [Tourism Strategy 2020](#) was developed and agreed by Edinburgh Tourism Action Group (ETAG). The overarching aim of this strategy was to increase the total number of visitor numbers from both a tourist and business traveller perspective.
- 3.9 A new [tourism strategy 2030](#) for the city is currently being developed. The new strategy should be in place for 2020 and will focus not only promoting the city but also on how tourism is managed in a sustainable and joined up way to ensure that the benefits of the city are spread equitably across the city. The development of the strategy is being led by a Strategic Implementation Group which is chaired by the Chief Executive of the Council and has Elected Member representation. As the strategy evolves, relevant Council Committees and working groups will be kept updated and will have the opportunity to input to the strategy as it is developed. The funding of the strategy is split equally between the City of Edinburgh Council, ETAG and Scottish Enterprise. The agreed contributions are £20,000 split over two financial years from each of the three organisations.
- 3.10 The Coalition Budget motion which was agreed on 21 February 2019 stated that 'a total of 153 participants contacted the Council during phase two to oppose the change to Marketing Edinburgh and following review of their counter proposal, the Council have agreed to reinstate £0.267m subject to the development of a business plan which outlines a detailed strategy for transition to zero funding from the Council. This will include outcomes and targets to show that progress is on track, and scrutiny at a six-month review point'.

4. Main report

Marketing Edinburgh Service Level Agreement 2019/20

- 4.1 On the basis of the Council's budget decision, strategic objectives have been drafted with Marketing Edinburgh for 2019/20 and are appended to this report (appendix 1). This builds on the SLA for 2018/19 and seeks to, as much as possible, provide clear targets and Key Performance Indicators (KPIs). The revised KPIs also take account of the reduction in Council funding. Changes to the SLA from last year are highlighted for ease.
- 4.2 The main changes to the SLA are:
- 4.2.1 Acknowledgement of the reduction in grant funding and the requirement to produce a plan which sets out how Marketing Edinburgh will become financially sustainable by 31 March 2020;
 - 4.2.2 Nine Strategic Objectives proposed (there are 13 strategic objectives in the 2018/19 SLA);
 - 4.2.3 The Marketing Edinburgh Board will meet bi-monthly and will submit bi-monthly performance reports to the Council;
 - 4.2.4 The commitment by Marketing Edinburgh to pay the Living Wage;
 - 4.2.5 That Marketing Edinburgh will monitor its finances closely to ensure it has adequate funds to ensure an orderly winding up process should that be necessary; and
 - 4.2.6 That provision of £0.267m of grant funding is conditional on the development of a business plan and detailed strategy for Marketing Edinburgh to be financially sufficient by April 2020.
- 4.3 These conditions will be monitored and discussed as part of the ongoing scrutiny process between Marketing Edinburgh and the Council – including updating Committee on a regular basis. Given the wider challenges facing Marketing Edinburgh it is felt that the targets and KPI's included in appendix 1 are reasonable.

City Tourism Strategy 2030 and Transient Visitor Levy (TVL)

- 4.4 The process of developing a new tourism strategy for the city is already underway. The first phase of this work which ran from June to December has gathered the existing research base of tourism in the city. The high-level findings of this phase are included in the links within this report. The next stage is to consult actively with industry and wider stakeholders. Detailed engagement and consultation will also be conducted with elected members. The intention is then to produce a draft strategy in the autumn which will be launched at the ETAG conference in January 2020.
- 4.5 The Scottish Government budget for 2019/20 includes a commitment to consult on principles of a locally-determined transient visitor levy and to introduce legislation thereafter.

Marketing Edinburgh Future Plan for financial sufficiency

- 4.6 The Council has requested that Marketing Edinburgh develop a business plan which outlines a detailed strategy for transition to financial self-sufficiency over the next 12 months.
- 4.7 It is important that the business plan recognises and addresses the importance of convention and film to the city economy.
- 4.8 The process of developing the business plan and beyond includes three key stages:
- 4.8.1 Taking steps to reduce expenditure to account for the reduction of £0.3m Council funding in 2019/20;
 - 4.8.2 The Council undertaking an early review of the Cultural Venues function which Marketing Edinburgh currently undertakes on behalf of the Council; and
 - 4.8.3 To develop a sustainable business plan, taking account of the wider strategic context and the significant reduction in funding from the Council from 2020/21.
- 4.9 Marketing Edinburgh will explore options and develop a model which will provide Edinburgh with a Destination Marketing and Management Organisation that meets the city's and its stakeholders needs.
- 4.10 They are intending to source some external capacity to help co-ordinate and facilitate the development of the required business plan and detailed strategy for transition to a self-financing model.
- 4.11 An independent advisory board is to be established to support the development and implementation process. This board recognises the significant independencies in the industry and the wide range of potential partners going forward.
- 4.12 The Chief Executive of Marketing Edinburgh will attend Housing and Economy Committee on 6 June 2019 to update Elected Members on progress with the development of the new business plan. In response to the feedback to the Council budget consultation, by June 2019, Marketing Edinburgh have been asked to develop detailed plans which give particular focus to the future arrangements for film and the convention. If insufficient progress has been made by June, officers will consult with Elected Members on the next steps taken by the Council.

Marketing Edinburgh SLA 2018/19 – Quarter 3 Performance Update

- 4.13 An update on Marketing Edinburgh's performance in 2018/19 is provided in appendix 2. As requested by Committee on 24 January 2019, work has continued between Council officers and Marketing Edinburgh to develop targets where these did not previously exist.
- 4.14 Up to quarter 3, the information provided indicates that there are eight targets on track, with one completed, with four slightly behind target.

- 4.15 Additional work has been undertaken to identify targets where these did not previously exist, and these are included in appendix 2.
- 4.16 Council officers will continue to work with Marketing Edinburgh on these targets up to the end of the financial year. A full annual report of performance will be presented to Committee on 6 June 2019.

5. Next Steps

- 5.1 Council Officers will work with Marketing Edinburgh to monitor performance against the new SLA and to support them in the development of their strategic plans for 2020 and beyond.
- 5.2 The Marketing Edinburgh Annual Report for 2018/19 will be presented to Committee on 6 June 2019 together with a progress update on their future plans.

6. Financial impact

- 6.1 ME received £890,343 in 2018/19 to deliver against the KPIs agreed by the Council in June 2018. This was met from the Place directorate revenue budget
- 6.2 The Council approved a reduction in funding to Marketing Edinburgh in 2019/20 of £300,000. This means the grant allocation will be £590,000.
- 6.3 As part of the SLA marketing Edinburgh have committed to ensure ongoing prudent financial management including the consideration of potential orderly winding up of the company.

7. Stakeholder/Community Impact

- 7.1 This new SLA has been developed with Marketing Edinburgh officials and representatives of the Board.
- 7.2 Significant stakeholder engagement will be undertaken by Marketing Edinburgh as part of plan development process.

8. Background reading/external references

- 8.1 Marketing Edinburgh SLA 2018/19 – Housing and Economy Committee [7 June 2018](#).
- 8.2 Marketing Edinburgh SLA Update – Housing and Economy Committee Business Bulletin [1 November 2018](#).
- 8.3 Marketing Edinburgh – Six Month Performance Update – Housing and Economy Committee [24 January 2019](#).

8.4 SIG Members <https://www.etag.org.uk/edinburgh-2020/2020-sig/sig-members/>

9. Appendices

1. Marketing Edinburgh Draft SLA 2019/20.
2. Marketing Edinburgh Performance Update – September to December 2018.

SERVICE LEVEL AGREEMENT
BETWEEN
THE CITY OF EDINBURGH COUNCIL
AND
MARKETING EDINBURGH LIMITED

FOR THE PERIOD 1 April 2019 TO 31 March 2020

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 2019 to 31 March 2020 and will be further informed by the Council’s Economic Strategy 2018 – 22.
- 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.
- 1.3 The Service Level Agreement acknowledges the decision of Council on 21 February 2019 on the grant allocation to Marketing Edinburgh. The approved coalition motion stated:
- ‘a total of 153 participants contacted the Council during phase two to oppose the change to Marketing Edinburgh and following review of their counter proposal, we have agreed to reinstate £0.267m subject to the development of a business plan which outlines a detailed strategy for transition to zero funding from the Council. This will include outcomes and targets to show that progress is on track, and scrutiny at a six-month review point’*
- 1.4 This Service Level Agreement will be presented to Housing and Economy Committee on 21 March 2019 for approval.

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 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, a destination for business tourism and a visitor destination.

4 STRATEGIC OBJECTIVES

4.1 The strategic objectives of MEL are as follows:

1. Maintain an official, arms-length agency, dedicated to promoting Edinburgh to the world.
2. Provide a constant stream of up to date content for use across numerous owned, earned and paid channels. Create campaigns to promote the city across all agendas, focused mainly on visit agenda (leisure and business) with clearly identified target markets and audience segments.
3. Convince Edinburgh to continue to persuade major association and corporate conferences to come to the city and to enable the visitor economy to maximise the benefits.
4. Provide convention and accommodation services to members under the established and recognised Convention Edinburgh brand, while generating additional revenue.
5. Continue to provide the city's film office service via the established Film Edinburgh brand. Work to attract and facilitate film and television productions to Edinburgh.
6. Provide promotional support to the major attractions, festivals, events and cultural/arts community, through collaborative partnerships and, where appropriate, integrate with other city promotional activity.
7. Seek additional private sector commercial income.
8. Work with the Council on an early review the Cultural Venues promotional function which MEL currently performs on behalf of the Council.
9. Reduce Chief Executive Officer (CEO) and Senior Management Team (SMT) time and input into core CEC activities, in order to focus on delivering a new, zero publicly funded model for the business.

- 4.2 The KPIs which Marketing Edinburgh will be working on in financial year 2019/2020 are set out in appendix i of this document. Declaring, for the avoidance of doubt, that MEL shall not be restricted from funding and/or resourcing the activities inclusive itself, provided that such funding or resource is not delivered in any way from the Financial Transfer, or interest, capital or revenue accrued therefrom.

4.3 DELIVERY GUIDELINES

- 4.3.1 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:
- 4.3.1.1 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;
 - 4.3.1.2 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;
 - 4.3.1.3 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.
 - 4.3.1.4 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.

5 GOVERNANCE

Relationship with the Council

- 5.1 The Executive Director of Place, and /or his representative will meet at least bi-monthly with the CEO 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 Executive Director of Place with bi-monthly 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 as required, but at least on a bi-monthly 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 4.1) 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 6.4);
 - c) Financial accounts and statements (as set out in clause 7);
 - d) A record of all supplier contracts awarded (as set out in clause 6.7);
 - 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.
 - g) A full copy of MEL’s employment policies
- 5.11 MEL will prepare bi-monthly reports for the Housing and Economy Committee within three weeks of the end of the reporting period:
 - 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.
- 6.5 MEL should also ensure that the Council's Code of Conduct for volunteering at the city's festivals and events and the Edinburgh's Festivals Workers Welfare Commitment are recognised and adhered for all events and festivals which MEL are involved in promoting.

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 Resilience team. 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 MEL will be required to monitor the financial performance of the business and ensure it has adequate funds to effect an efficient and orderly wind up process during 2019/2020 should that be necessary
- 7.4 As noted at point 1.3, a detailed business plan for Marketing Edinburgh will be developed (as outlined in the approved Council budget motion).

- 7.5 The Council will not provide additional funding in the event of overspend by MEL while delivering services in pursuit of the objectives, subject to paragraph 6.10.
- 7.6 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.
- 7.6.1. 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
- 7.6.2. 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.
- 7.6.3 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

- 7.7 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.
- 7.8 MEL will provide the Council with a copy of the relevant policies and evidence of the payment of premiums on request.
- 7.9 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

- 7.10 MEL will produce full annual financial accounts and statements.
- 7.11 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.

7.12 MEL will retain 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.

7.13 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 7.5

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 Other Service Level Agreements

9.1 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.

Appendix i

	and cultural/arts community, through collaborative partnerships and, where appropriate, integrate with other city promotional activity.	Edinburgh Royal Military Tattoo Edinburgh's Christmas Edinburgh's Hogmanay	47K. 46K. 6.5K. (Results subject to advertising rates negotiated with event organisers).	59K. 58K. 8K.													
7.	Seek additional private sector commercial income.	Digital advertising revenue on TIE channels. Build upon the partnership programme and develop partner campaign opportunities. City Pass reseller arrangements. Edinburgh Trams advertising revenue.	£60K. £75K partner income (partly subject to Cultural Venues agreement). £7K. £65K.	£60K. £658K* £1.6K. £65K.	HoCM HoMP HoMP CEO												
8.	Work with the Council on an early review the Cultural Venues promotional function which MEL currently performs on behalf of the Council	The Council will undertake an early review of the cultural venues promotional activity which is currently undertaken by MEL on behalf of the Council. MEL will be involved in all aspects of this review.	The review will be completed by 30 June 2019 and the outcome will determine the next steps for promotion of the Council's cultural venues.	N/A	Executive Director of Place and MEL CEO												
9.	Reduce CEO and Senior Management Team (SMT) time and input into core CEC activities, in order to focus on delivering a new, zero publicly funded model for the business.	Create a brief, appoint external consultant and drive the process for a new transformational plan, under the guidance of ME Board/CEO/SMT. Creation of an Advisory Board and Industry Consultation Group to assist with governance and industry buy-in.	Adoption of the new business model.	N/A.	CEO												

Key	
CEO	Chief Executive
OM	Operations Manager
HoMP	Head of Marketing & Partnerships
HoCM	Head of Commercial & Membership
HoBT	Head of Business Tourism
HoF	Head of Film
*	Forecast Figure

Appendix 2

Marketing Edinburgh Strategic Objectives and KPI Progress Update

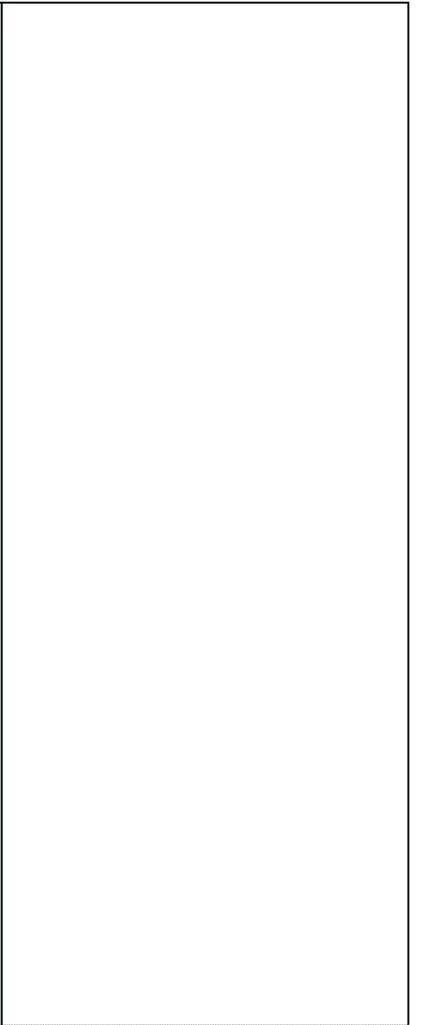
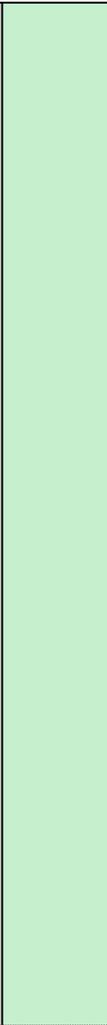
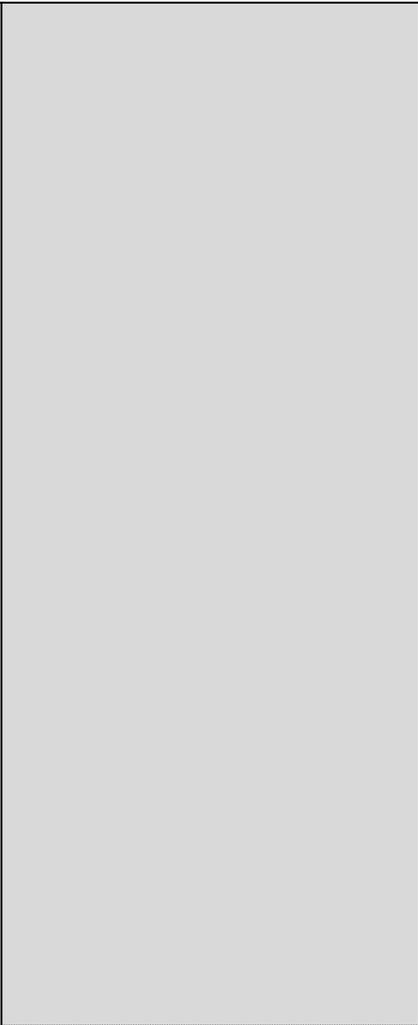
October to December 2018

No.	Strategic Objectives	Priorities	Context	Full-year target (2018/19)	Target to End Dec 2018	Actual performance (YTD)	Status	Notes
						Up to end Dec 2018		
1	<p>Within the context of the Edinburgh 2020 Tourism Strategy, this strategic objective requires Marketing Edinburgh to continue to create and develop an official city promotion body dedicated to promoting Edinburgh to the world.</p> <p>The on-going development of the organisation should be focused on ensuring that it continues to be an organisation with clout, credibility and confidence whose objectives will be detailed and monitored in its business plan.</p>	<p>Year round visitor destination.</p> <p>Visitor dispersal throughout the city.</p> <p>Promotional activity deployed in line with Edinburgh 2020 Tourism Strategy, VisitScotland Themed Years, Edinburgh Economy Strategy.</p>	<p>The 2020 Edinburgh Tourism Strategy which concentrates on:</p> <ul style="list-style-type: none"> - increasing the number of visits and visitors by one third by 2020, from 3.27 million to 4.39 million visitors per annum, generating an additional 4.15 million visitor nights. This equates to an increase of 3% per annum; - Generating an extra £485 million per annum by 2020, taking the total visitor spending from £1.015bn to £1.5bn in 2010 prices; - Achieving 50% of additional visits during the months of October to March and reduce the current 40:60 split in visitors to 43:57 between October to March and April to September. 	<p>See context for Edinburgh 2020 Tourism Strategy targets.</p> <p>In addition, Marketing Edinburgh was asked to work with ETAG and VisitScotland and others to build on Edinburgh's reputation as a place to visit, developing and championing compelling messaging around sustainable/responsible tourism and income spend; to work more closely with the Council and other tourism bodies around issues of Destination Management; to develop of a city brand in line with the further development of the 2050 City Vision.</p>	<p>This objective can only be confirmed when the full financial year is complete.</p>	<p>Edinburgh currently attracts over 4.5m visitors contributing £1.5bn + to the economy, employing c. 35,000 people in the tourism and related sectors.</p>		<p>An annual report on the overall performance of Marketing Edinburgh will be reported to Housing and Economy Committee in June 2019. Based on the performance report provided below, it is considered that Marketing Edinburgh continues to perform well against the overall objective to promote the city and to develop as an organisation.</p>
2	<p>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.</p>	<p>Full resident engagement and leadership of communications.</p> <p>Lead on building pride in the city, getting behind the city brand and encouraging local ambassadors.</p> <p>Work alongside CEC and other partners to ensure that Edinburgh is accessible and inclusive, with equal opportunities and benefits available for all.</p>	<p>Using their understanding of the most effective ways to engage residents and visitors, Marketing Edinburgh have developed the 'This is Edinburgh/Edinburgh.org' websites which host the main content for promoting the city.</p> <p>Marketing Edinburgh work to ensure that there is a consistency of message between the digital and traditional provision of information and to ensure information is accessible.</p> <p>The targets for this objective are focused on the digital channels as effective monitoring tools currently exist.</p>	<p>This is Edinburgh / edinburgh.org (digital channels)</p> <p>2M website sessions</p> <p>475K social followers</p> <p>32K eNews subscribers</p> <p>900M PR OTS</p> <p>China Ready Social Media</p> <p>75K combined Weibo and WeChat followers</p>	<p>1.5M website sessions</p> <p>457K social followers</p> <p>30.6K eNews subscribers</p> <p>675M PR OTS</p> <p>56.3K</p>	<p>1.36M</p> <p>446K</p> <p>12.2K</p> <p>383M</p> <p>73.6K</p>		<p>Performance on this objective is currently behind target. Marketing Edinburgh have confirmed that the reasons for this include: a number of campaigns which Marketing Edinburgh have been involved with are hosted on other sites and are therefore not counted in this data; and GDPR has also had a significant impact on eNews subscribers.</p> <p>When data from other campaign sites is included, performance exceeds the targets set.</p> <p>The Council and Marketing Edinburgh will ensure that future objectives and targets recognise that website sessions, social media and PR OTS are not the only methods used to monitor performance. In addition, a new approach will be developed to recognise the impact of GDPR legislation.</p>

3	<p>Continue to support the Council's invest agenda and implement an effective digital strategy that will deliver partnership and city promotional opportunities.</p>	<p>Assisting with communicating Edinburgh as a powerhouse in which to carve out a career with jobs for all.</p> <p>A city that is accessible and inclusive, with equal career opportunities and benefits available for all.</p> <p>Assumption and implementation of the marketing activity which supports the City of Edinburgh Council's invest agenda domestically and internationally.</p>	<p>Edinburgh is currently 3rd in the UK for Inward Investment, behind London and Manchester and the convention market in the city is strong.</p> <p>The Invest agenda is critical to the future economic prosperity of the city, and as an inherent element of the City Region Deal and is currently led by the Council, with support from Marketing Edinburgh.</p> <p>Recent data indicates that Edinburgh has attracted the 2nd most foreign direct investments (29) in the UK this year.</p> <p>As well as publishing three editions of Invest Edinburgh magazine each year, Marketing Edinburgh also uses Edinburgh.org to direct investors within the city.</p>	3 issues of Invest Magazine funded	2 issues of Invest Magazine funded	2 issues delivered, one to follow		<p>The Council are responsible for the messaging and the investment promotion agenda for the city. Marketing Edinburgh fund the publication of Invest Magazine and work in partnership with the Council as appropriate.</p>
4	<p>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.</p>	<p>Promote Edinburgh as a leading business tourism destination to the global market focusing on the city's sectoral strengths, infrastructure and inclusion.</p>	<p>Convention Edinburgh is responsible for promoting the city as a destination for business tourism (conferences, meetings, corporate incentives and other corporate events). It is a significant contributor to the Edinburgh economy with delegates spending double that of a typical leisure tourist and critically coming out with the busy summer months, thereby helping to sustain a year round tourism sector.</p> <p>Business tourism also stimulates the knowledge economy which drives economic growth and social progress in Edinburgh. As host city, this is a unique opportunity for our local specialists to showcase their research and Edinburgh's strength in that field, resulting in collaborative research, investment and ultimately jobs.</p> <p>To secure association conferences a city bid is usually required which presents the whole city proposition for that particular conference - Convention Edinburgh is the lead on such bids. In addition to the presenting the event logistics (venues, accommodation, transport,</p>	<p>Confirmed Conferences £75M economic impact</p> <p>Membership & Commercial £335K membership revenue</p> <p>£50K digital advertising revenue</p> <p>£95K accommodations services commission</p>	<p>£56.25M</p> <p>£292,679</p> <p>£37,494</p> <p>£71,244</p>	<p>£43.5M</p> <p>£295,311</p> <p>£53,712</p> <p>£99,575</p>		<p>Currently tracking behind conference target - this is attributable to losing two of the sales team for two months in the autumn. It is testament to the strength of the new sales team, that these losses are not greater.</p> <p>ME has achieved at end of December its full year targets for Digital and Accommodation Services.</p> <p>Membership income target is on track for December and forecasts full target met by 31st March 19.</p> <p>Sponsorship Income and Event Income are yet to hit cashflow in the period Jan to March 2019</p>

catering etc), Convention Edinburgh plays a pivotal role in building the city proposition by demonstrating the city's strength in that field (key influencing factor).

We work closely with 500+ academic and business leaders in the city (Ambassadors), supporting them to champion these bids. In 2017/18 Convention Edinburgh confirmed 108 conferences with an economic impact of £72M.



5	Continue to provide the city's film office service, working to attract and facilitate film and television producers to Edinburgh.	Exploit film locations as a means to drive additional visitor numbers and spend. Continue to facilitate filming in the city as a way of promoting Edinburgh to the world.	<p>2017 was an exceptional year with Avengers Infinity War filming in the city, so our economic target for 2018 returned to the total for 2016.</p> <p>Every individual film/tv production that contacts Film Edinburgh is logged as a single enquiry, with each production potentially resulting in hundreds of contact hours. Conversion rate is from enquiry to completed filming.</p> <p>Film revenue is funding of Film Edinburgh from other local authorities (East Lothian & Scottish Borders for a film office service) and private sector businesses in Midlothian & West Lothian that wish Film Edinburgh to promote them as filming services.</p> <p>Film Edinburgh organises industry networking events for Edinburgh-city region based production services and crew to build confidence and awareness, and also supports training workshops in Edinburgh for crew and new entrants.</p>	<p>£7M economic impact</p> <p>500 enquiries</p> <p>60% conversion rate</p> <p>£12K film revenue</p> <p>2 industry workshops</p>	<p>£5.7 M economic impact</p> <p>481 enquiries</p> <p>66% conversion</p> <p>£11.6K revenue</p> <p>4 industry workshops</p>	<p>£5.7M economic impact</p> <p>481 enquiries</p> <p>66% conversion</p> <p>£11.6K revenue</p> <p>4 industry workshops</p>	<p>Film Edinburgh operates on a calendar year rather than financial year.</p> <p>Economic impact was lower than anticipated. The city is currently relying on locations to attract productions and this can often mean that the city does not have any suitable settings for the films being produced.</p> <p>Enquiries were a little below target. This is partly due to a change in the processes for organising parking which would previously have been directed through Film Edinburgh.</p> <p>Conversion is above target, with highlights for the year including Clique series 2 which filmed and based itself in Edinburgh for six months, as well as a few days of filming for feature films Mr Jones and The Sopranos, TV dramas The Victim and Outlander and Portuguese soap opera A Teia.</p> <p>Revenue is a little below target.</p> <p>Film Edinburgh ran 2 industry events for local crew/services; supported 1 x new entrants 'runner' training programme, bringing 10 young people in to the industry as crew; and supported 1 workshop for tourism businesses, in partnership with VisitScotland, raising awareness of the opportunities presented by recent film successes in the capital.</p>
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6	<p>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 (ETAG).</p>	<p>Support with identifying, bidding for and promoting the right type and size of event.</p> <p>Successfully secure and promote events that local residents are proud of and believe make the city a better place in which to live.</p>	<p>This aligns to Council Commitment 46: Continue to support the city's major festivals which generate jobs and boost local businesses and increase the funding for local festivals and events.</p> <p>Edinburgh's events and Festivals are world class and assist in positioning the city as a premium world class destination and is an active unique selling point.</p> <p>ME continues to give high prominence to events, festivals and attractions through its digital consumer channels in order to build interaction and ticket sales.</p> <p>ME is also creating a new campaign with Edinburgh Cultural Venues Group (ECVG) and ETAG to promote Edinburgh's here-all-year cultural assets during the quieter off season - launching in March 2019.</p>	<p>Measured via campaign metrics (see 7 below)</p>	<p>See 7 below.</p>	<p>See 7 below.</p>	<p>In addition to the metrics below, Marketing Edinburgh have worked with partners to create a new brand for Culture Edinburgh. This is aimed at business to business audiences from within events and cultural communities. www.cultureedinburgh.com.</p> <p>ME CEO attends Strategic Implementation Group (SIG), ETAG Full Group and Steering Group and is a Director of ETAG Limited.</p> <p>ME Head of Marketing & Partnerships works closely with ETAG and other groups to create joint campaigns and projects.</p>
7	<p>Seek additional funding from the private sector and from other city partners by building on its partnership scheme and through development of campaign opportunities.</p>	<p>Work more closely with the CEC and other tourism bodies around issues of Destination Management.</p> <p>Partner engagement to secure emotional and financial investment in city campaigns.</p> <p>Work more closely with the CEC and other tourism bodies around issues of Destination Management.</p> <p>Partner engagement to secure emotional and financial investment in city campaigns.</p>	<p>ME Head of Marketing & Partnerships and Marketing team continue to work on new and existing partnerships, to secure private sector funding into collaborative campaigns that drive additional economic benefit across the city and in line with strategic priorities. The main focus for visitor promotion is on off season focus (shoulder months) and business tourism (higher value per visitor plus generally off season).</p> <p>in addition to this ME is focussed on managing existing visitors and dispersing them via neighbourhoods and wayfinding projects www.edinburgh.org/neighbourhoods</p>	<p>£613K partner investment</p> <p>4 new partners</p> <p>80% partner retention rate</p>	<p>£546.4K</p> <p>4 new partners</p> <p>80% partner retention rate</p>	<p>£580.2K</p> <p>5</p> <p>100%</p>	<p>To date ME is ahead of target for securing investment and retaining partners and on target to secure 4 new partners.</p> <p>All partner investment into campaigns is recycled into campaign activity, with no retained fee.</p> <p>Numerous partnership campaigns have been created, managed and delivered by ME with a variety of campaign specific KPIs as follows:</p>

8	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.	Support with identifying, bidding for and promoting the right type and size of event. Successfully secure and promote events that local residents are proud of and believe make the city a better place in which to live.	Edinburgh's events and Festivals are world class and assist in positioning the city as a premium world class destination, and is an active unique selling point. ME continues to give high prominence to events, festivals and attractions through it's digital consumer channels in order to build interaction and ticket sales. ME is also creating a new campaign with Edinburgh Cultural Venues Group (ECVG) and ETAG to promote Edinburgh's here-all-year cultural assets during the quieter off season - launching in March 2019.	Measured via campaign metrics (see 7 above)	N/A	New brand identity created and website launched (Jan 19) by ME for Culture Edinburgh (www.cultureedinburgh.com) aimed at B2B audiences from within events and cultural communities.		ME CEO and Head of Film Edinburgh both attend regular Event Management Group meetings.
9	Create an annually agreed set of delivery programmes with partners, including the Council, detailed in the Business Plan.	Continue to publish an Annual Business Plan and Annual Review.	It is correct that Marketing Edinburgh submits a annual plan to CEC with detailed KPI's and measurement targets to ensure that the business is appropriately monitored. In conjunction with CEC activities are to be priorities to fit with the broader Economy Strategy for good growth.	Business Plan	N/A	Complete		Presented annually by ME CEO to Housing & Economy Committee.
10	Work closely with Edinburgh Airport and the Economic Development Service to provide city promotion support for new air route development into the city.	Work with the airport to secure investment in new routes with city partners and airlines, supporting at city level at events such as Routes Conference and on joint marketing campaigns for new and existing routes.	Securing new air routes and developing existing routes is paramount to the city's success across live, work, study, visit and invest agendas. EDI is included within most partner campaigns delivered by ME.	New routes Increasing passenger no's on existing and new routes	New routes Increasing passenger no's on existing and new routes	23 new routes launched, inc. Beijing (Hainan) and Dubai (Emirates) 14.3M passengers by end Dec (up 6.5% on 2017)		Routes Europe conference hosted and attended jointly by EDI and ME, in addition to supporting joint partnership campaigns - Edinburgh Wows and Make it Edinburgh. Current performance and feedback from Airport and CEC Officers indicates that this partnership is strong, with ME playing an active and key role.
11	Work to promote the city's Museum and Galleries and Usher Hall functions and examine other opportunities to work closer with the Council on other commercial opportunities.	Promotion of CEC's Cultural Venues (Museums & Galleries Edinburgh (M&GE) and Usher Hall (UH)) and examine additional revenue generating opportunities – working closely with CEC.	ME is ideally placed to provide expert marketing and commercial advice and management of CEC's Cultural Venues. The joint arrangement provides efficiency of resources while also maximising returns (footfall and revenue).	£2.31M UH income £1.245M M&GE income 764K M&GE footfall	N/A N/A N/A	UH Income: £1.95M M&GE Income: £607K (to end Nov) M&GE Footfall: 564K (to end Nov)		On track to make global income targets. Two members of CEC staff seconded to ME and working from ME's offices, under ME line management.

12	Display value for money via the SLA and identify areas where potential savings can be made.	Continuous and regular review of business and departmental budgets	Reviewing value for money is a natural approach to any business and more in focus as a result the nature of public funding, particularly at a time of significant Local Authority budget reductions	Annual budget to return zero profit Savings achieved while activity levels maintained	N/A	Ongoing budget reviews. Savings already made across all depts. mid 2018/19.		Reviewed bi-monthly by ME Board.
13	Place significant focus on lower carbon tourism in Five Year Strategy.	Work with appropriate third party agencies to assist in developing strategy with lower carbon impact.	As Edinburgh's visitor numbers continue to increase (numbers of visitors and spend) it is ever more important to manage the success story to ensure financial, environmental sustainability.	N/A	N/A	ME's Head of Marketing & Partnerships met with the Innovation Manager at The Edinburgh Centre for Carbon Innovation on 7 September 2018. Support provided to create a plan for a five year strategy. ME's Head of Marketing & Partnerships also met with Cllr Claire Miller on 9 January 2019 - advised to develop stepped plan in order to deliver against the motion. Green Party happy to share insight and resources going forward.		Further work planned to progress this in 2019/20. ME's Head of Marketing & Partnerships will ensure low carbon tourism is managed within the new 2030 Edinburgh Tourism Strategy - currently being created for SIG by ETAG, ME, VS and CEC