



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

### **PUBLIC AUDIT COMMITTEE**

Wednesday 3 November 2010

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**PUBLIC AUDIT COMMITTEE**

**18<sup>th</sup> Meeting 2010, Session 3**

**CONVENER**

\*Hugh Henry (Paisley South) (Lab)

**DEPUTY CONVENER**

\*Murdo Fraser (Mid Scotland and Fife) (Con)

**COMMITTEE MEMBERS**

\*Willie Coffey (Kilmarnock and Loudoun) (SNP)

\*George Foulkes (Lothians) (Lab)

\*Bill Kidd (Glasgow) (SNP)

\*Mr Frank McAveety (Glasgow Shettleston) (Lab)

\*Anne McLaughlin (Glasgow) (SNP)

\*Nicol Stephen (Aberdeen South) (LD)

**COMMITTEE SUBSTITUTES**

Derek Brownlee (South of Scotland) (Con)

Linda Fabiani (Central Scotland) (SNP)

James Kelly (Glasgow Rutherglen) (Lab)

John Farquhar Munro (Ross, Skye and Inverness West) (LD)

\*attended

**THE FOLLOWING GAVE EVIDENCE:**

Tom Aitchison (City of Edinburgh Council)

Councillor Steve Cardownie (City of Edinburgh Council)

Councillor Jenny Dawe (City of Edinburgh Council)

Jim Inch (City of Edinburgh Council)

**CLERK TO THE COMMITTEE**

Jane Williams

**LOCATION**

Committee Room 4



## Scottish Parliament

### Public Audit Committee

*Wednesday 3 November 2010*

[The Convener *opened the meeting in private at 09:32*]

10:02

*Meeting continued in public.*

### Decision on Taking Business in Private

**The Convener (Hugh Henry):** I welcome everyone to the public part of the 18<sup>th</sup> meeting in 2010 of the Public Audit Committee. I remind committee members, members of the public and others who are attending to ensure that all electronic devices are switched off so that they do not interfere with the recording equipment.

Do we agree to take items 5 and 6 in private?

**Members** *indicated agreement.*

**The Convener:** Thank you.

## Section 23 Reports

### “The Gathering 2009”

**The Convener:** Before we commence this part of our business, I remind members that the issues of sub judice still apply and the advice from the Presiding Officer is still relevant. Members need to exercise their own judgment to ensure that they do nothing that would prejudice any action that is still under way in the courts.

Item 3 is the section 23 report “The Gathering 2009”. With us this morning are Councillor Dawe, who is leader of the City of Edinburgh Council; Councillor Steve Cardownie, who is the deputy leader of the council; Mr Tom Aitchison, who is the chief executive of the council; and Mr Jim Inch, who is the director of corporate services of the council. I welcome them all to the committee.

We want to explore a number of issues. I will explain how we are going to structure the session. Going back to front, we will come finally, at the end of our session, to the issue of the letter to Mr Springford of Destination Edinburgh Marketing Alliance that Councillor Buchanan drafted. Before that, we will look at the issue of the press release and the events that surrounded it. Prior to that, we will consider the attempts to save the company, but we will start with some discussion about the steering group. Before we do that, does any member of the panel wish to make an opening statement? If not, I will ask the first question. I do not know whether it is for Councillor Dawe or for one of the officers. How did the City of Edinburgh Council see the role of the steering group? Was it an advisory steering group? Did it have specific functions and responsibilities?

**Councillor Jenny Dawe (City of Edinburgh Council):** Personally, I did not know anything about the steering group. I learned of it through the evidence that has been given to the committee as much as anything else. It was not a group on which councillors were represented. As far as I am aware, it was an officer group, so it would probably be better for either Jim Inch or Tom Aitchison to answer the question. As councillors, we tend not to get involved in the operational delivery of matters, for obvious reasons.

As I understand it, the steering group was not something that I would have expected anybody other than officers to be involved in. I cannot really help you on what I thought its role was, because I have learned what I know about it since then. I think it was mentioned in the Audit Scotland report, and it has certainly been mentioned in evidence to your committee over the last while.

**The Convener:** Just before the officers come in, can I pick up on that? It is astonishing that the

leader of one of the largest local authorities in Scotland, and certainly the one that attracts the most international interest in terms of tourism and related events, was not told by her officers about a significant initiative to promote tourism. Was that the only time that you were kept in the dark by your officers or is it custom and practice that your officers do not tell you and other councillors about what is going on in the council?

**Councillor Dawe:** There are two issues there. One is about the specific steering group. I would not have expected to be made aware of it. The council's involvement with The Gathering 2009 Ltd at the time was that we had taken a decision to give it a grant, as had other public bodies. In terms of the grants that the council gives, it was not a huge sum of money, and I would not expect to be personally involved in day-to-day operational matters such as that, so I am not surprised.

As for whether I am kept in the dark, obviously, if I am kept in the dark, I do not know that I have been kept in the dark. You will be aware that, on some aspects of the matter, I certainly felt at times that I was not given due information. However, once I became aware of what was going on, I made absolutely sure that I was totally informed from then on as to discussions and so on.

**The Convener:** I entirely accept what you say about not being involved in day-to-day operational matters. It is important that councillors and officials are clear about the proper lines of demarcation. It is sometimes too easy for councillors to interfere in proper management decisions; equally, officials should not engage in decisions that are properly within the remit of councillors. However, is there not an issue here? Although you are not involved in day-to-day issues, should not your chief officers make you aware of what they are doing in making decisions about things that could well have significant political implications? I find it astonishing, and indeed a bit disappointing, that your officials do not bother to tell you how they are handling such major events.

**Councillor Dawe:** I become involved and am given information when the events planning operations group, which involves the police, the fire service, the national health service and a range of other people who deal with major events in the city, comes into being. I am made aware of the fact that the group has met and of its discussions. The most recent example of that concerned the papal visit, when I was aware of what was taking place. That is the level at which I am involved. When an event has the potential to have an adverse impact on the city or to bring in tourists, I am kept aware of what is happening.

I would genuinely not expect to be made aware of all of the meetings that our officers attend. I am the leader of the council and, at the end of the

day, the buck stops with me, but bear in mind that we also have a convener of culture and leisure and that Councillor Cardownie is responsible on the elected member side for events and festivals. There are occasions when it may be appropriate for them to be aware of what is happening. If there are issues of concern, I expect them to make me aware of them. I understand that, when the steering group met, there were not issues of concern that I would have expected to be brought to my attention.

**The Convener:** Was Councillor Cardownie aware of the steering group's existence?

**Councillor Steve Cardownie (City of Edinburgh Council):** I was not aware that it had called itself a steering group. I was aware that officials were meeting other officials, as I would expect and as Jenny Dawe has indicated, to get on with the day-to-day running of business and to look at issues relating to events.

We work with a number of organisations, and our officials are well versed in dealing with such matters. We put on a huge number of events, including 12 major festivals, throughout the year. I assumed that the officials would organise themselves. We wanted to see what would come out of that organisation, to receive reports and to be asked to make political decisions about whether we should go ahead. I did not think that there was anything sinister or duplicitous about officers meeting in that fashion. They do so on a daily basis, come to us when they have reached conclusions and ask us for a political steer. If they wanted to set themselves up as a steering group, I was not going to lose any sleep over that.

**The Convener:** No one is suggesting for a minute that there was anything sinister or duplicitous about it; we are merely trying to find out whether councillors had been informed of what was happening. You say that you were aware of the fact that meetings were taking place but not of the fact that those involved had called themselves a steering group. If you were aware of the fact that officials were meeting, did you think that the group of individuals involved was merely an advisory body, or did you think that it had a formal role in a decision-making process?

**Councillor Cardownie:** Such groups are prohibited from making decisions—matters must be referred to the leader and to councillors so that decisions can be made. Officials work up proposals, discuss the ramifications, consequences, funding and so on, and tell us what they have concluded and what they recommend. We then meet in our respective groups and as a coalition to reach a view on the officials' recommendations. They are charged with the responsibility of working up recommendations; our responsibility starts when they need a political

decision to be made. Officials are not empowered to make decisions on behalf of councillors; we make the final decision, and our officials know that. That is what happens—or should happen—in all 32 local authorities in Scotland.

**The Convener:** I do not know whether Mr Aitchison or Mr Inch were involved in arranging the meetings to which Councillor Cardownie has referred.

**Jim Inch (City of Edinburgh Council):** I am probably best placed to address the issue. It is our common practice when staging events in the city to set up a group such as the one that participated in the gathering. There were differences in this instance, because the group was purely advisory. In normal circumstances, the groups that we set up are more steering groups than advisory groups, because most of our events are funded jointly with other public bodies, such as EventScotland, VisitScotland and Scottish Enterprise. Most of the big events in the city involve a collaboration of interests to deliver one event. In those circumstances, it is much more important that we operate in a directive fashion.

10:15

The gathering was signed off way back in March 2007 by the then executive of the council, who gave support to homecoming Scotland and the gathering. The committee report gave the go-ahead for the work to proceed. I guess that that took its normal course.

The advisory group, which some of my officers participated in, was influential at certain times, as problems were seen to be identified. In particular, the phasing of the release of the funds was changed in order to help with the cash flow problems that The Gathering 2009 was experiencing. That is not to say that people went beyond the bounds of the money that had been approved. Rather, the money was re-engineered to provide for better cash flow. While the group was advisory, it had an important role in trying to keep the show on the road as problems began to emerge.

**The Convener:** You say that the group was advisory and influential and helped to keep the show on the road. Did you tell the councillors that there was an advisory group doing that work?

**Jim Inch:** As Councillor Cardownie mentioned, it is custom and practice in the council to operate in that fashion. It would be wholly inappropriate for us to report back on every group that we set up. We were working within the boundaries that were set by the council in terms of delivering—or assisting to deliver—an event. In this instance, the event was very much run by the Scottish Government, and a private operator was involved.

That was somewhat unusual in terms of the normal way of running events in the city.

**The Convener:** We accept that it was somewhat unusual. You have indicated that there were issues about funds, that there was a need for your officials to try to influence matters to keep the show on the road and that you were aware of the significance of the event to the council and the Scottish Government, yet are you saying that you did not tell the councillors that there was an advisory group?

**Jim Inch:** As Councillor Cardownie explained, he understood that such a group would be operating.

**The Convener:** He might have understood that, but you did not tell him that an advisory group had been set up.

**Jim Inch:** Had the advisory group come to a view that a particular event was becoming a major problem, that would of course have been reported back to elected members.

**The Convener:** But you said that you were trying to keep the show on the road.

**Jim Inch:** Yes, and that is normal practice when managing an event such as the gathering. However, the advisory group was not aware that the Scottish Government had put in an additional £180,000, so when the group was considering the actions that needed to be taken, along with the directors of the company, it did not take that into account.

**The Convener:** Was it not disrespectful, and perhaps a bit dangerous, that key members of the advisory group, who were the ones who advised councillors who made the decisions, were not aware of a significant loan that had been made by the Scottish Government?

**Jim Inch:** It was very disappointing.

**The Convener:** And did you articulate that disappointment?

**Jim Inch:** It was articulated as the problems of The Gathering 2009 Ltd emerged.

**The Convener:** It was articulated to the Scottish Government by you.

**Jim Inch:** It was reported to the council as part of the wash-up following the gathering event.

**The Convener:** When did you become aware that the loan had been made?

**Jim Inch:** I have never formally been advised that the loan was made. My awareness of it came probably after the rescue package—if we may call it that—had been put in place.

**The Convener:** Right. Let us leave aside the loan issue for a moment. Did you ever tell Councillor Dawe about the discussions that took place? Did you ever advise or brief her on any matters relating to the gathering? Did you tell her about the meetings that your officials were having?

**Jim Inch:** No, I certainly did not, and it was not reported to me that a problem was emerging of a nature and scale that would require me to report back to the leader or deputy leader of the council.

**The Convener:** The event ran into difficulties, but it was seen as a major event for the city of Edinburgh. Councillor Dawe said that she was informed of the discussions about the papal visit. The First Minister certainly saw the gathering as a significant event, but you did not tell the leader of the council that your officials were meeting in a group that had an advisory function, and you did not give her any briefings about developments. The leader of the council found out about some things only through newspapers and post events. Is that not astonishing? Does it not pose fundamental questions about councillors' relationships with officials and others?

**Jim Inch:** No. I simply do not accept that that is astonishing. What happened was quite normal in how the council operates. In recommendations in our wash-up report in the name of the chief executive, we referred to the need to tighten up on some aspects. However, in terms of how we have conducted the very successful events programme in the city, that has not been a necessity.

**The Convener:** So it is quite normal for the City of Edinburgh Council to keep its leader in the dark about major events, progress on them and officials meeting other agencies. In effect, councillors are treated like mushrooms—they are best kept in the dark.

**Jim Inch:** I totally refute that. That is simply not how things happen. The City of Edinburgh Council did not run the event; it was run by the Scottish Government. It was distinctly different from the events that the council operates. We did not have an EPOG. Councillor Dawe mentioned that she gets reports on EPOG-type activities. The papal visit is a good example of an event in which we had a real grip on what was happening. The gathering was promoted by the Scottish Government and operated by an independent company with two directors. We simply had an advisory role at the back of that.

**The Convener:** The Scottish Government kept officers of the City of Edinburgh Council in the dark, and they clearly kept the leader of the council, Councillor Dawe, in the dark.

**Jim Inch:** The only thing that I would have to accept that we were kept in the dark about was the £180,000 loan.

**The Convener:** That was the only thing. So you were fully aware of the attempts that were made to sell the company.

**Jim Inch:** The attempts to sell the company were made at a later date. We are getting the chronology out of sync.

**The Convener:** I accept that, but you said that the loan was the only thing that you were not aware of. You were aware of the later attempts to sell the company.

**Jim Inch:** Absolutely.

**The Convener:** Okay. We will come back to that. That is helpful.

Do members want to ask any other questions about the steering group?

**Nicol Stephen (Aberdeen South) (LD):** You have said that the steering group acted in a purely advisory capacity, but we have been told that it received financial reports from the company's directors. What was the nature of that financial reporting? Were you satisfied with the reports that were given to you at the crucial time in the run-up to the event?

**Jim Inch:** I was not personally part of that advisory group, but my feedback was that the information that was coming back from the directors was good-quality information. When further information was requested—when the advisory group was not wholly satisfied that it was getting all the information—the directors returned with the necessary information to satisfy the group. Only in that way was the advisory group able to participate in sorting out some of the cash flow problems that were clearly materialising. There was very close monitoring of ticket sales and of the fact that income was not coming forward at the anticipated pace.

On reflection, and as the advisory group concluded, some of the company's projections were more than optimistic, even in the later stages, when it was apparent that the recession had kicked in, that ticket sales were not materialising and that sponsorship was not coming forward as had been anticipated. Some of the later projections were still optimistic.

**Nicol Stephen:** We have been told that the biggest gap was in sponsorship, which is normally put in place quite early in the process of a major event. It has become clear to us that, without the £180,000 loan from the Scottish Government, the event could have been jeopardised. Were you, as someone in the council and a member of the steering group, aware of that?



**Jim Inch:** The short answer is no, we were not aware of the £180,000.

**Nicol Stephen:** Indeed. That is why I am pressing you on the matter of the quality of the financial information. If you were not told about a £180,000 loan, which was crucial for the event, it seems that you in the steering group were not being given adequate financial information. Does one not follow from the other?

**Jim Inch:** I take your point. There is no doubt that there is a connection between the two. The advisory group, and indeed the directors, had always anticipated that it was unlikely that the event would wash its face in any case. It was a first stab at putting on a very ambitious event. According to the norms for event planning and event development, in the first year of such an activity it is quite common to take a loss. I guess that the advisory group understood that there was likely to be a loss with the first iteration of the gathering event. The intention had always been to hold subsequent events.

I cannot remember from having gone through the *Official Report* whether or not Lord Sempill said this, but in conversations with me he advised me that if he did the event again he would do it somewhat differently, and that he would change a number of things about the way in which the exercise was undertaken. That learning—that intellectual property—is just something that we have to accept in the first instance.

**Nicol Stephen:** Was the City of Edinburgh Council ever asked for a loan or for additional grant to help to resolve the financial difficulties that the company was facing?

**Jim Inch:** The council was not asked, but EventScotland put an extra £80,000 on the table to assist with the marketing of the event at a later stage, as it became apparent that ticket sales were not going as anticipated. EventScotland came to the table with those additional funds; the council did not. We made it very plain that we were working within fixed boundaries.

**Nicol Stephen:** Did you have one official who attended all the steering group meetings? How were you represented on the steering group?

**Jim Inch:** I would have to check whether it was just one official, but it was mainly one official, although there might have been occasions when that official was not able to attend a meeting. The advisory group had been set up jointly, although it was EventScotland that took the lead role on the group.

**Nicol Stephen:** Who was the official?

**Jim Inch:** It was a member of my events team.

**Nicol Stephen:** Can we have the name of that person?

**Jim Inch:** Her name is Jane Bremner.

**Murdo Fraser (Mid Scotland and Fife) (Con):** I wish to clarify a point that you made earlier. In response to questions from the convener, I think you said a couple of times that the event was run not by the City of Edinburgh Council but by the Scottish Government. That was not the case, though, was it? The event was actually run by a private company called The Gathering 2009 Ltd. The Scottish Government might have been a funder, to an extent, but it did not run the event. Can you confirm your understanding of who was in charge?

**Jim Inch:** The Gathering 2009 Ltd ran the event. The fact is that the company saw itself as reporting to the Scottish Government and not to the City of Edinburgh Council.

**Murdo Fraser:** So your perception, as it was represented on the steering group, was that the Scottish Government was in the driving seat.

10:30

**Jim Inch:** The Scottish Government set up The Gathering 2009 Ltd. It was the Government that appointed the company in the shape of Lord Sempill and Jenny Gilmour. The City of Edinburgh Council had nothing to do with that.

**George Foulkes (Lothians) (Lab):** My question follows on from that. The steering group was formed from three public sector bodies—EventScotland, the council, and Scottish Enterprise Edinburgh and Lothians. Is that right?

**Jim Inch:** Correct.

**George Foulkes:** You are involved with SEEL as well, are you not?

**Jim Inch:** SEEL is a separate entity.

**George Foulkes:** The steering group was formed with company directors. The Scottish Government was not represented on it at all.

**Jim Inch:** That is correct.

**George Foulkes:** Even when the Government put a £100,000 grant into the project, it did not seek to have a representative on the steering group.

**Jim Inch:** That is my understanding.

**George Foulkes:** How can you therefore say quite unequivocally that the event was run by the Scottish Government, which is quite unusual for an event in Edinburgh?

**Jim Inch:** I have corrected that somewhat, on the back of Mr Fraser's question. The event was

run by The Gathering 2009 Ltd. There can be no doubt about that. However, The Gathering 2009 Ltd was promoted by the Scottish Government. The Gathering 2009 Ltd saw itself as answerable to the Scottish Government because the gathering was part of homecoming Scotland's overarching programme of events. The Scottish Government, I think, accepted that it would have overarching ownership of The Gathering 2009 Ltd.

**George Foulkes:** So the steering group was just your way of keeping in touch with what was happening, but Jamie Sempill and Jenny Gilmour were directly responsible to the Scottish Government for what they were doing.

**Jim Inch:** They were primarily operating on a budget that was set by the Scottish Government.

**George Foulkes:** Did they feel that they had any responsibility or did they, because it was a private company, feel that they were not responsible to the Scottish Government?

**Jim Inch:** You would have to ask them that. My perception is that they would have seen themselves as answerable to the Scottish Government in the first instance, primarily because the gathering was a major element of the homecoming Scotland programme.

**George Foulkes:** Jane Bremner was on the steering group, and she kept you in touch with what was happening and the problems that were coming up in relation to the gathering.

**Jim Inch:** Jane Bremner is a senior events officer. She reported to a more senior officer and, on occasion, he came to tell me what was happening with the advisory group. There were probably only two occasions when it was clear that the release of money needed to be changed—he wanted my approval for that—and we had to change the dates. We set up a programme of dates for the release of money, which we had to change in order to deal with the emerging cash flow problem.

**George Foulkes:** In April 2009, the then Minister for Culture, External Affairs and the Constitution was involved in a meeting. In May 2009, people were so worried about the situation that the steering group started to meet every week instead of every month. Did you know that?

**Jim Inch:** I knew that it had quickened the frequency of the meetings to try to get a better grip on what was happening.

**George Foulkes:** Did you not think it necessary to inform Councillor Cardownie or Councillor Dawe that there was a looming problem?

**Jim Inch:** There was a possibility of a looming problem—only a possibility. At no time was I going to go back to Councillor Dawe or Councillor

Cardownie seeking additional moneys. We were working within the parameters of the budget.

**George Foulkes:** No—I was talking about alerting them to the problem. When I was the chairman of an Edinburgh council committee many years ago, I expected the officers to tell me what was coming up and whether there was a problem looming, but you did not see fit to do that. Did you tell Tom Buchanan or any other councillor?

**Jim Inch:** It did not go to elected members because, although what you point out was certainly a change in direction in terms of the advisory group, that sort of adjustment is not unusual through the course of an event of the gathering's nature.

**George Foulkes:** In July, The Gathering 2009 Ltd had to get an overdraft facility and the WorldPay money was not being released. The situation was getting critical, but you still kept Jenny Dawe and Steve Cardownie in the dark on all those events.

**Jim Inch:** None of those events was triggering sufficient concern for us to request a review of our position with regard to the gathering. The council was committed to the gathering within the parameters that it had set. The problem that we had with the event was that delivery was through a private sector organisation. The advisory group existed to advise and seek information to satisfy itself that things could still be delivered. Indeed, they were delivered. The proof of the pudding is that The Gathering 2009 Ltd delivered the gathering event. It did so with serious financial consequences, of course.

**George Foulkes:** Ministers in the Scottish Government were informed. They knew what was happening. They knew the problems, that the steering committee was meeting more frequently, that the overdraft had to be found and that they had to put in £180,000. They were kept informed, but you did not see fit to inform the council leader or deputy leader.

**Jim Inch:** No—I have to go back to the fact that the Scottish Government was not represented on the advisory group. Therefore, some of the information that you suggest that the Scottish Government knew was not known to the advisory group.

**George Foulkes:** Councillor Cardownie, did you know through other channels about the financial problems that were looming with The Gathering 2009 Ltd?

**Councillor Cardownie:** No.

**George Foulkes:** You were not aware of them in any way.

**Councillor Cardownie:** No.

**The Convener:** Mr Inch, you said that the Scottish Government was not involved in the steering group so you would have no way of knowing about the looming problems. Scottish Enterprise Edinburgh and Lothian was represented on the group and it is a moot point whether it was aware of any problems. EventScotland was on the group and it is a moot point whether it knew. Are you saying that neither EventScotland nor Scottish Enterprise Edinburgh and Lothian reported to the steering group the fact that there were developing financial problems?

**Jim Inch:** We had an open discussion with the steering group. EventScotland eventually put £80,000 of additional money into the event to assist with the marketing. At a certain level, there was an understanding that problems were emerging. My point—

**The Convener:** I am not asking that. I am asking whether those organisations reported to the steering group about developing financial problems.

**Jim Inch:** It is self-evident that that was discussed in the advisory group.

**The Convener:** How is it self-evident?

**Jim Inch:** The advisory group changed the payment profile. Therefore, it is clear that the group discussed difficulties.

**The Convener:** So the advisory group was aware of developing problems and you were aware that the issue was discussed at the advisory group.

**Jim Inch:** That is correct.

**The Convener:** So you were aware of developing financial problems. At this stage, though, you were not discussing whether to pull the rug from under the event; as you said, you were not going to advise councillors to withdraw from it. However, even though you knew about the developing problems, you did not think to tell the councillors about them. Is that correct?

**Jim Inch:** That is not correct.

**The Convener:** So you told the councillors.

**Jim Inch:** What I meant is that your suggestion that I did not tell councillors—

**The Convener:** I am sorry, but let us be quite clear. You told us that you were aware of developing financial problems through what was said at the steering group. My question is whether you told councillors that there were developing financial problems.

**Jim Inch:** No.

**The Convener:** Why not?

**Jim Inch:** Because I did not think that the developing financial problems were of a scale that necessitated such a move, although of course that is not what came out at the end of the day. As I said earlier, it is not uncommon in the development of a complex programme of events such as the gathering for financial difficulties to emerge and for people to change tack and alter and adjust the original planned approach. In fact, it is probably very common in events programming and planning and does not necessitate going back to elected members. Given that I was not going outwith the council's financial commitment to the gathering, I did not feel it necessary to report the matter back. Of course, we did not have certain information—about the £180,000, for example—that might have caused more alarm and would inevitably have caused more alarm bells to ring in the advisory group.

**The Convener:** The question we are trying to pursue is not whether you thought it proper to go back to the councillors to ask for more money. Like George Foulkes, I have been a councillor; indeed, I have been a council leader. There were times when the chief executive would say to me, "Look, there's a problem developing. We're not going to bring it to committee just yet, but you need to be aware that this is happening". Likewise, each of my conveners on the council would often be told by their director, "We're not ready to bring this to you formally, but you need to be aware that a problem is developing." However, you, as the key official, knew that a financial problem was developing but did not think to say to Councillor Cardownie or Councillor Dawe, "Watch out—a problem's developing. We'll tell you if it becomes critical." You just did not bother telling them at all.

**Jim Inch:** It is true that I did not tell either Councillor Cardownie or Councillor Dawe of my belief that a problem was emerging with the gathering. Day and daily, I advise members of difficulties and issues that are arising. I do so on a proportionate basis, by which I mean that I raise not every issue that is going around but issues that are, in my view, material. As a local government officer of 37 years' service, I think that I know my way round the local government scene and have managed things pretty well. In this particular instance, I did not think that the issues arising with the gathering, as we in the advisory group understood them, were material.

**The Convener:** Did you tell Mr Aitchison that a problem was developing?

**Jim Inch:** No.

**The Convener:** So he did not know either.

**Jim Inch:** No.

**The Convener:** Apart from your official, you were the only one on the council who was aware of the developing problem.

**Jim Inch:** That is correct.

**The Convener:** Okay.

**Nicol Stephen:** On that point, do you believe that you and other members of the advisory group were misled about the company's financial position at that time?

**Jim Inch:** I believe that we were not aware of loans being made to the company, The Gathering 2009 Ltd, which meant that our position and our advisory group were compromised.

10:45

**Nicol Stephen:** You are very careful in the wording that you have used, but you have not answered my question. Do you believe that you were misled at that time in relation to the financial position of the company?

**Jim Inch:** I would have to continue to say that I think that our position was compromised. I am not sure whether we were misled. I believe that we were let down by not having all the information to hand. However, I am not sure that having all the information to hand would have made a lot of difference, because the advisory group's role did not enable it to take any more radical action.

**Nicol Stephen:** Would you have told the councillors and your chief executive if you had known the full extent of the position?

**Jim Inch:** Yes.

**Nicol Stephen:** Thank you.

**The Convener:** You said that you were let down. By whom were you let down?

**Jim Inch:** In most other instances in all my dealings with them, the directors of the company were very open, straightforward and helpful, but they did not convey to me or the advisory group that little gem of information about the loan.

**The Convener:** There were a number of things of which the directors were not aware either. For example, they did not know that the First Minister was trying to sell the company.

**Jim Inch:** I cannot comment on that.

**Bill Kidd (Glasgow) (SNP):** On the advice that the advisory group was giving you—given its place in the steering of the gathering—were you being told about the achievements that The Gathering 2009 Ltd was delivering on the ground and how it was keeping up with the plan that had been laid before EventScotland and the City of Edinburgh Council at the beginning?

**Jim Inch:** I am sure that that would have been part of the discussions in the advisory group, because I think that the pattern was that Jamie Sempill or Jenny Gilmour reported to the advisory group in the first instance on progress being made and issues arising. As I said, I did not participate directly in any of those group meetings, but I know that that was the pattern and the process that was adopted.

**Bill Kidd:** Thank you.

**Mr Frank McAveety (Glasgow Shettleston) (Lab):** You said that an issue would have to be of material interest before you would determine that other people would have to be kept informed, whether that was your chief executive or senior members of the council. It strikes me that a £180,000 loan would be of significant material interest. You have affirmed that if you had known about it, you would have had to address a number of issues with your chief executive and elected members. Given the good relationship that you understood you had with The Gathering 2009 Ltd, why do you think that it did not tell you about it?

**Jim Inch:** I cannot answer that. I simply do not know.

**Mr McAveety:** Have you asked?

**Jim Inch:** No, because the latter discussions with the directors of the company were very much to do with trying to find a way forward—a rescue package. We did not look backward; we tended to look forward.

**Mr McAveety:** Did you get the impression that the directors of the company were not willing to tell you because perhaps they were told not to tell you?

**Jim Inch:** I have no knowledge whatever of where the two directors were coming from in not conveying that information. A simplistic view would be that, at that time, they did not see the materiality of the information. That might sound odd, but I think that the directors had some odd financial management ideas.

**Mr McAveety:** In your years of experience in local government and running events—I have been involved in a number of these things over the years in different capacities and I know that they are fraught with potential difficulties—have you ever experienced anything similar?

**Jim Inch:** No. I have had a lot of exposure to events over the years, but this was the first time that I had been involved in an event that was being run by a private company, that had significant Scottish Government involvement and in which we were being asked to participate in a rather unusual way—we were asked to perform an advisory as opposed to a more hands-on role. That was a unique arrangement in my experience,

and it is not something that I would suggest should be treated as a formula for the future.

**Mr McAveety:** So the lesson that you learned is not to put together an event in that fashion ever again—although you did not put it together; other people did.

**Jim Inch:** I think I mentioned earlier that the council received a report from the chief executive that identified a number of actions with regard to lessons learned from our experience of involvement in the gathering. One or two of those referred to the need to be a little more careful about events that have private company involvement.

**Mr McAveety:** Has the council explored that model before? I concede that it was not your event, but you are one of the largest authorities in Scotland and you have significant experience of putting on highly innovative events. As I said at our previous meeting, as a Glaswegian it is hard for me to concede this, but the City of Edinburgh Council's track record in putting on a range of events such as the hogmanay celebrations, and the MTV Europe awards—which were held when I was the minister with responsibility for culture, so I know what a critical partner the council was—is exemplary. I acknowledge the hard work that you do. You are saying that you would never consider using the structure that was used for the gathering as a model for putting together future events.

**Jim Inch:** I do not think that I would never consider using it, but I would be extremely careful about how it would be taken forward and I would ensure that the governance arrangements were more robust than they were with the gathering.

**Mr McAveety:** Given your accountability to the elected members who are seated beside you, would it have been courteous and helpful to you if a Government minister had informed you about the Government's loan to The Gathering 2009 Ltd?

**Jim Inch:** I think that that responsibility lay with the directors of the company.

**Willie Coffey (Kilmarnock and Loudoun) (SNP):** I invite the council's chief executive, Mr Aitchison, to comment on the two issues that have arisen so far. The first is whether the existence of all sub-groups, advisory groups and steering groups is known to elected members of the City of Edinburgh Council or, indeed, of any local authority. The second is the issue of the shortfall in funding or the £180,000, and how significant that turned out to be for the council's participation in the project. Can you give us an overview of those points?

**Tom Aitchison (City of Edinburgh Council):** I will do my best to help you.

Your first question goes back to the convener's question about officer-member relationships in the City of Edinburgh Council. I like to think that, as my colleague Jim Inch said, there is pretty much daily contact at senior level between members and council officers. This might not be a good example to give, but members of the committee have probably read the article on the front page of today's *Scotsman* about the Edinburgh tram project. I have been speaking to members of the council about it for the past week or so. Last night, I got hold of all the group leaders to brief them on the story before it hit the press. I would not want us to convey to you that there is not an intensive relationship between officers and members, both formally and informally.

Mr Inch has tried to explain the unique nature of the event that we are talking about. When the council is in sole charge of an event, the position is quite clear cut. A report would go to a committee, a budget would be allocated and monitoring reports would be produced. If things were not going well, they would be reported to the council and corrective action of one sort or another would be taken. The situation surrounding the gathering was, as has been brought out in discussion over the past 10 or 15 minutes, very unusual all round.

As council officers, we are trying to say to you that had we formed a judgment about the severity of the problem, that would have been conveyed informally to the leader and deputy leader of the council. That, in turn, begs the question what corrective action, if any, the council would have been asked to take. That is speculative, so there is no point in going into the mayes and mightes of that.

In 2009, we were trying to control our budget tightly. To my knowledge, we received no further requests to put additional moneys into the project. It was clearly seen as an event within the 12-month event of the homecoming programme as a whole, which tracks back to the previous Government. There was a report to our council in March 2007 to articulate that and to explain that the gathering was one of the key cornerstones of that event. In terms of elected member reporting, we can point to some factual information on that. All I can do is to reinforce Mr Inch's comments. We know more about it now than we did at the time, and I would not want to be in a situation in which a similar set of circumstances was coming together.

As Mr McAveety said, we have a long, proud track record on events in Edinburgh. It probably sounds a bit vain to say it, but we are recognised throughout the country as one of the best events planning teams anywhere in the United Kingdom. The team is multi-agency—it works with the police. There is a clear distinction between what needs to

be reported politically and the executive authority that is given to council officers. We all understand that. We are politically astute in the council—we have political nous. We know when things have to be reported to councillors. I have had a long career in local government and I find it quite extraordinary in its circumstances.

Your second point was about the £180,000. Council colleagues and I probably did not know about that until it came out in the Audit Scotland report. It was completely new to all of us.

**Willie Coffey:** I am trying to get a handle on how significant the £180,000 was for the City of Edinburgh Council. As I understand it, the liability for that would not have fallen on the council. Is that a possible explanation for why that information was not circulated around the council to elected member or senior officer level?

**Tom Aitchison:** Again, I cannot really speak for other people in that situation. If it had been known to us at the time, it would have been a fairly clear signal that something could be going badly wrong, which may or may not have triggered action on the council's part. However, that revelation was made to us after the event rather than before it.

**Anne McLaughlin (Glasgow) (SNP):** I was going to ask Jim Inch about that, although either he or Tom Aitchison could answer my question. What would you have done had you known that the Government had given a £180,000 loan? Why would you have wanted to know? I guess that the reason that you would have wanted to know is that, as you have just said, it would have been a clear signal that the event was in more trouble than you had realised.

Mr Inch said that it might have caused alarm. Is that perhaps why the directors did not tell the steering group? The event was so close that, had word got out that it had required a loan of £180,000, companies that were crucial to the running of the event, and participants, might have been put off attending. Companies might have been less likely to become involved for fear that the event would not go ahead. Is that a possible reason why the directors did not let the steering group know?

**Jim Inch:** That is a kind of double-edged sword. You could argue it the other way and say that the Government coming in with £180,000 would have given confidence to promoters and others who were participating in the event. It would have signalled to the advisory group that what we believed to be a financially awkward and difficult project was more difficult than we had anticipated.

I do not know what we would have done about that. It was probably too late in the day to do very much. I cannot imagine that it would have changed the direction of travel. In such situations,

information is all. The more information that we had had, and the more that people had been involved in finding solutions, the better. There were elements of the gathering programme that could have been reviewed if that information had come on stream earlier. It might have enabled us to be a bit more efficient.

**Anne McLaughlin:** I take your point about the double-edged sword. It could have given comfort; it could have caused alarm. I suppose that there was a judgment to be made.

We more or less accept that, had the loan that was given not been forthcoming, there would have been a danger that the gathering would not go ahead. What would have been the implications for the city of Edinburgh of the gathering not going ahead?

11:00

**Tom Aitchison:** There was probably a combination of factors. First, the reputation of the city would have been damaged, not the reputation of the City of Edinburgh Council. That relates to the point that I made earlier about Edinburgh's national and international reputation as a venue for events.

Secondly, there would have been an effect on small businesses in the city of Edinburgh and the surrounding area, which we may discuss later. Post the event, rather than before the event, that became a prime consideration for us. Many—perhaps most—of the companies that were involved were local companies, and they were the ones that would have suffered financially from that. That would have been a direct concern of the City of Edinburgh Council.

So, there would have been a financial impact on our community and a wider strategic impact on the city's reputation in the events field. That is where some frustration comes in that the gathering was not a City of Edinburgh Council event. It was an event that was organised by others—by an advisory group, not a group over which we had executive authority. You probably understand our point from the various comments that I and my colleagues have made. That is where a degree of frustration comes into our dealings with the gathering.

**George Foulkes:** I would like clarification. Tom—you had regular meetings and regular contact with Sir John Elvidge: you now have such contact with his successor. I presume that Jim Inch has regular contact with his counterpart in the Scottish Government. Was neither of you informed by Sir John Elvidge or any officials about the £180,000 loan?

**Tom Aitchison:** No. My contact with Sir John Elvidge emerged after the event—not before it—in October last year.

**Jim Inch:** Likewise.

**George Foulkes:** Are you disappointed that they did not tell you about the Government's £180,000 loan and the circumstances?

**Tom Aitchison:** The answer must be yes. There was meant to be a spirit of partnership and joint working. In my experience, that works best when it is based on trust, and that trust must sometimes be exercised confidentially, in a restricted way. We have said it two or three times now, but it was a bit of a revelation to find out after the event that the £180,000 loan had been granted. It would have been nice to know that in advance—if nothing else, just as a courtesy between two major public sector partners.

**George Foulkes:** You would have kept the information confidential, as you keep confidential many other things that you are told.

**Tom Aitchison:** I would have told the council leader.

**Mr McAveety:** Would she have kept it confidential?

**Councillor Dawe:** Absolutely.

**The Convener:** Let us move on to the next section, which deals with attempts to save the company. When did the council first become involved in discussions about the future of The Gathering 2009 Ltd and who exactly was involved in those?

**Tom Aitchison:** I can help with that initially, convener. I received a phone call from Councillor Cardownie on—I hope that I get the date right—the afternoon of Friday 9 October. I was not in the office when I took that phone call. Councillor Cardownie explained that there was a real risk of the company going into administration and a risk, therefore, to small businesses in Edinburgh. I phoned my colleague, Jim Inch, from outwith the office to get him thinking about it on that Friday afternoon, so that he could perhaps try to gather some information over the subsequent weekend. I got the chance to see Councillor Dawe at about 8.30—first thing—on the Monday morning and began to brief her on what had happened over the weekend. That is the chronology—for me, personally, and, I think, for the City of Edinburgh Council—according to which the events started to unfold in October last year.

**The Convener:** So, the Scottish Government officials did not contact you to tell you that there had been discussions about the future of The Gathering 2009 Ltd.

**Tom Aitchison:** It did not contact me on that particular Friday.

**The Convener:** Councillor Cardownie, who told you about it?

**Councillor Cardownie:** I got a phone call from the First Minister on the Friday afternoon. I remember it well because I was in the Cask and Barrel in Broughton Street at the time and was surprised to be taking a call from the First Minister. He told me that there was an issue surrounding the gathering. As I was the festivals and events champion for the city, he wanted to alert me to that and asked whether I would be able to come along to a meeting that was due to be convened, I think, the following Tuesday afternoon, bringing the appropriate official with me. I then passed on the content of that telephone call to Tom Aitchison, the chief executive.

**The Convener:** Is not that highly unusual? The First Minister has this army of highly paid expert officials. Something is going wrong. He knows that a steering group has been set up, in which EventScotland and Scottish Enterprise are involved along with the council, but he does not ask Scottish Government officials to contact City of Edinburgh Council officials. We know that, because you told us that you knew nothing about what was going on. The First Minister of Scotland picks up the phone to a councillor who is having a pint to ask, "Can you fix this, or can you help us to fix it?" You then have to quickly finish your pint and contact the chief executive, and then the chief executive has to get his officials involved, although poor old Councillor Dawe does not find out until a few days later. What kind of country are we running?

**Councillor Cardownie:** I have several points on that. First, I did not finish my pint—

**The Convener:** It was so urgent that you left it.

**Councillor Cardownie:** I went back in and finished it. I immediately went outside and phoned the chief executive. In a previous life, when I was a member of the Labour Party, I used to get calls from ministers such as Frank McAveety and others on my mobile phone asking me for my view on certain matters, so I did not regard that as unusual. I have known Alex Salmond since I became a member of the SNP.

**The Convener:** Hold on, Councillor Cardownie. The phone call was not asking you about your views. The First Minister was asking you to fix something and to get the chief executive to line up a series of players for a meeting on the Monday.

**Tom Aitchison:** It was the Tuesday.

**The Convener:** Sorry, the Tuesday.

**Councillor Cardownie:** He did not ask me to fix anything. He said that there were issues surrounding The Gathering 2009 Ltd and he wanted to discuss them. He asked whether I, or whoever, would be able to come along to represent the City of Edinburgh Council on the following Tuesday.

**The Convener:** So—he did not want the chief executive; he wanted you.

**Councillor Cardownie:** I beg your pardon. I have been corrected—the meeting was on the Monday.

**The Convener:** I thought so.

**Councillor Cardownie:** I am sorry. That was my fault.

The First Minister contacted me, as festivals and events champion who had overall responsibility for festivals and events in the city. I presume that the First Minister would not know who the most appropriate official was in that regard.

**The Convener:** The permanent secretary and his officials would have known that, would they not?

**Councillor Cardownie:** I would have hoped that they would, but I do not know whether they did.

The First Minister contacted me and I immediately contacted the chief executive and left the matter in his hands. As you know, a meeting was convened on the Monday afternoon, which Jim Inch and I attended.

**The Convener:** So the first inkling that you had that the company was about to go belly up was the phone call from the First Minister.

**Councillor Cardownie:** I had no idea that the company was going to go belly up, because I had no idea what the First Minister wanted to discuss. He said that there was a meeting to discuss The Gathering 2009 Ltd and asked us to come along on that Monday afternoon. The First Minister did not apprise me over the telephone as to what the issue was.

**The Convener:** So it could have been that the First Minister was bringing you in to say, “This is one of the biggest success stories we’ve ever handled, and it’s so good that we want you to be part of selling the success story.” That was one option. The other option is that he thought, “We’ve got problems—we’d better phone Steve Cardownie and see if he can sort it out.” He told Sir John Elvidge, “Don’t you bother your backside, because you’ve got more important things to do. Don’t get your officials involved because, all the way along the line, they haven’t been telling the council what is going on. I’ll sort it out with Steve,

and then Steve can get the chief exec to sort out the mess.”

**Councillor Cardownie:** That is not true. The First Minister called me and told me that there were issues surrounding The Gathering 2009 Ltd. Obviously, I had been involved for a long time, so I knew that the meeting was not going to involve passing round ice cream and celebratory slaps on the back. I knew that something must be amiss. He asked me whether I was free on the Monday afternoon to come to a meeting that would be convened in St Andrew’s house. I immediately contacted the chief executive to let him know, and he then contacted Jim Inch. I would have contacted Jim Inch, but I went through the proper chain—I went through the chief executive first. The chief executive also alerted Jenny Dawe, as the council leader, to the fact that the meeting was taking place. I knew that Jim Inch was the one who would perhaps have the information that would be required at that meeting on the Monday afternoon. Because the chief executive is not involved directly in events and festivals but Jim Inch is, Jim was the most appropriate senior official to take with me.

**The Convener:** Mr Aitchison, did you or Mr Inch prepare a briefing for the councillors ahead of the meeting?

**Tom Aitchison:** No. As I said, the sequence of events was that I spoke to Councillor Dawe first thing on the Monday morning. The meeting took place, I think, early in the afternoon that same day. Over the weekend, my colleague Jim Inch went through the files to gather background information where appropriate. I guess that, until my colleagues got to the meeting on the Monday afternoon, the exact scale of the problem was not defined.

**The Convener:** Which officers attended that meeting?

**Tom Aitchison:** Councillor Cardownie and Mr Inch attended that meeting on behalf of the council.

**The Convener:** Was the suggestion made at that meeting that DEMA might be a potential purchaser of the company?

**Jim Inch:** No.

**The Convener:** What was said at that meeting?

**Jim Inch:** There was a variety of representatives at that meeting, including a large number of civil servants, the First Minister and the permanent secretary. A number of representatives from Royal Edinburgh Military Tattoo Ltd were there, together with the council’s director of finance, Donald McGougan, who is also involved with the tattoo and was there in that capacity. I think that the purpose of the meeting was to tell



the assembled group about the scale of the problem that was emerging in relation to The Gathering 2009 Ltd. None of us was aware of it until that point. It was also to suggest that the Royal Edinburgh Military Tattoo might like to consider whether it would be the proper vehicle for carrying on with the gathering.

**The Convener:** Was that asked at that meeting?

**Jim Inch:** Yes.

**The Convener:** The First Minister had made a phone call to the Royal Edinburgh Military Tattoo about that.

**Jim Inch:** I do not know that.

**The Convener:** It is mentioned in the Audit Scotland report.

At that meeting, the First Minister suggested that the tattoo organisation might be interested. What did its people say?

**Jim Inch:** There was a discussion about the pros and cons of the Royal Edinburgh Military Tattoo taking over the gathering, but it is fair to say that the tattoo was not overwhelmed by the prospect. That is probably the way things were left.

**The Convener:** At what point did it emerge that DEMA might be a suitable vehicle?

**Jim Inch:** That emerged on the day after the meeting on 12 October, which we have just been talking about. I attended a meeting with the permanent secretary to discuss the available options. The permanent secretary had concluded from the earlier meeting on the Monday that the tattoo option was not going to fly. The suggestion had not been dismissed completely, because the tattoo board had to consider it, and I recollect that it still had to meet that week.

The meeting that I had with Sir John Elvidge was to explore whether there were options other than the tattoo. The conversation was in two parts. Sir John Elvidge explained to me why the Scottish Government could not just deal with the matter directly. He told me that there were issues around state aid and other difficulties with the Scottish Government dealing with the problem, so it was important to find some other way forward.

It was also accepted that there was common cause between us. The City of Edinburgh Council would like to see the gathering repeated at some future date, and we were obviously keen to find a way of protecting the large number of creditors, many of whom were based in the city of Edinburgh. So there was a mutuality around our discussion.

The permanent secretary had a notion that the council had delegated authorities to deal with matters of this type, but I had to advise him that that was not the case, that the council would have to approve an investment of that sort, and that there was a process that had to be followed. The council was meeting on Thursday 15 October, so it was far too late for anyone to make a report to the council with any such suggestion. Also, given that the council was dealing with difficult financial issues at the time, it would have been difficult for it to endorse expenditure of that nature out of the blue, so the idea that the council could have dealt with the situation was highly unlikely.

11:15

**The Convener:** As far as the sequence of events is concerned, the meeting took place on 12 October, which was a Monday. There was a discussion about the Royal Edinburgh Military Tattoo taking over the gathering but, by Wednesday 14 October, someone from the council contacted DEMA to find out whether it would be interested in taking the event on.

**Jim Inch:** I was just about to close my discussion about the meeting on the Tuesday—

**Nicol Stephen:** Which was 13 October, or the following day.

**Jim Inch:** That is correct.

**Nicol Stephen:** That is a very important meeting, but it is not on the timeline that we have.

**Jim Inch:** On 13 October, I met Sir John Elvidge.

**Nicol Stephen:** Just the two of you?

**Jim Inch:** Yes. We went through the various options, Sir John exploring with me how the City of Edinburgh Council could assist in this matter. I pointed out to him that we did not have delegated authority and all the rest of it; however, as we were closing the meeting, the possibility of DEMA participating in something like this occurred to me and I mentioned the prospect to him. As DEMA is an arm's-length limited company, it would not have been at all appropriate for me to have said to Sir John that DEMA would take the event on. Indeed, it would have been entirely inappropriate. However, I said that I would go away and explore whether it was an appropriate vehicle for taking matters forward.

I did so, and I phoned Sir John back on 14 October—which was the Wednesday, I think—to say that I had contacted certain individuals in the council who had a role in relation to DEMA and that they had said that they were interested in following up the matter. They were not grasping the nettle—they were simply interested in following

things up. In particular, DEMA was interested in participating in the development of the gathering brand for some future event; clearly, it was not comfortable with the prospect of swallowing the debts of The Gathering 2009 Ltd. It was by no means a done deal, if you like, in relation to DEMA.

**The Convener:** Let us be clear on the timeline. On 12 October, the City of Edinburgh Council met the First Minister, Scottish Government officials, VisitScotland and the Royal Edinburgh Military Tattoo to discuss whether it would take on the ownership of the event. The same day, the First Minister phoned the chief executive of Scottish Enterprise to ask how it could facilitate the purchase of the company. The next day, there was a private meeting between you and Sir John Elvidge, who was under the mistaken impression that you had the power to exercise delegated authority and buy the company without telling councillors. He asked you to facilitate the purchase of the company, presumably without necessitating having to go to the councillors. Is that correct?

**Jim Inch:** Sir John was not suggesting that we find some clandestine way of doing this; he simply asked whether there was some way that the council could step in and acquire the company without having to go through what I would regard as due process in the form of a council committee meeting to endorse such a venture.

**The Convener:** So Sir John thought that City of Edinburgh Council could take over the company without reporting back to the full council. Is that what he wanted?

**Jim Inch:** Yes. That is what he was exploring with me.

**The Convener:** Obviously you disabused him of that notion. You then floated the idea that DEMA might take the gathering on. At what point did all that firm up? When was it agreed that DEMA would take over the company?

**Jim Inch:** That was never firmed up. In fact, that was the source of a lot of the subsequent difficulty. DEMA showed interest in participating in taking forward the gathering but, as I mentioned earlier, it is a private company limited by guarantee, and with a board of directors. It also needs to go through due process in determining whether it has an interest in such matters. Soundings were taken from DEMA to find out whether it was interested. The feedback was that it was interested in developing the gathering, and on the Wednesday information was given back to Sir John Elvidge that there was a possibility that DEMA might be interested.

**Murdo Fraser:** I want to pursue this important issue a little bit further. Last week, we took

evidence from DEMA's chair, Norman Springford, who told us that

"in a phone call on probably 13 October"

he was given

"the first indication ... that DEMA was being invited to the party."—[*Official Report, Public Audit Committee*, 27 October 2010; c 2039.]

Who else were you speaking to in DEMA?

**Jim Inch:** I can confirm that that is the likely date. On the Tuesday morning, I came back from my meeting with Sir John Elvidge and immediately contacted our director of city development and our head of economic development—the officers who were instrumental in setting up DEMA and who had the greatest involvement with it—and asked them to pursue the matter with the DEMA board. I knew that some of the board were not available, but I suggested that they pursue the matter with Norman Springford. I understand that they did so on Tuesday afternoon.

**Murdo Fraser:** As far as we understand it, Mr Springford got the phone call and said, "We might be interested in this as a general idea. Let's pursue it further." Were you aware that a substantial liability of what we understand to be around £300,000 was attached to this?

**Jim Inch:** Yes. We were made aware of that at the Monday meeting. However, we were also aware of the creditor problem; indeed, that problem had reached a critical point and a number of creditors were pursuing the company for settlement, with the real prospect of their carrying on with those actions and bringing the company down before we had the opportunity of exploring the possibility of some intervention.

**Murdo Fraser:** In your discussions with the Scottish Government, what was your understanding of how the liability would be dealt with? Was it your understanding that the City of Edinburgh Council or DEMA was to assume that liability?

**Jim Inch:** The matter was very clear. In discussions with the council leader and deputy leader, it was made quite explicit that the council was interested in being helpful and trying to find a way forward but was not prepared to take on any costs. The notion that the council would take on the costs associated with settling creditors was simply not on the table.

**Murdo Fraser:** That is very helpful.

**Nicol Stephen:** Murdo Fraser has asked exactly the question that I wanted to ask. There was an agreement with the permanent secretary that you would explore the possibility of DEMA taking on responsibilities for The Gathering 2009

Ltd, but was there any discussion of the private sector liabilities at that meeting?

**Jim Inch:** Norman Springford was probably made aware of the liabilities, but his interest did not lie in dealing with them. I, too, have read the *Official Report* of his evidence and he quite clearly thought that the council and the Government were doing something to resolve the private sector liabilities and that DEMA was interested in taking forward the gathering brand to some future event.

**Nicol Stephen:** Exactly. I am anxious to press you on whether the council and the Scottish Government discussed the public sector and private sector liabilities of The Gathering 2009 Ltd and, if so, what those discussions were.

**Jim Inch:** In my discussion with Sir John Elvidge, I made it clear to him that the council would not step in to take over costs associated with the creditors.

**Nicol Stephen:** You know that if you take over a company you take on its liabilities.

**Jim Inch:** Yes—if you take over a company.

**Nicol Stephen:** That is the issue that was being discussed. You have given evidence that DEMA was being asked to take over the company.

**Jim Inch:** Yes—DEMA was being asked to take over the company, and it was understood that there were liabilities. To be fair to Norman Springford, he believed that a deal had been struck that would somehow resolve those liabilities, because DEMA never had the cash to deal with them. In my discussions with Sir John Elvidge, I said that we were prepared to participate in resolving the matter. The concern that he expressed to me was that the Scottish Government could not do what it would like to do because of state-aid issues and other matters, so it needed a third party to assist it.

**Nicol Stephen:** Did he explain what those state-aid issues were and what the block was?

**Jim Inch:** He did not go into detail, but he mentioned state aid. On the Monday, the First Minister also mentioned state aid as an issue that affected the way in which the matter was being handled. It was made clear in the discussion with the Government that we were happy to be of assistance, where we could, but that we were not prepared to accept additional liabilities.

**Nicol Stephen:** We are talking not about additional liabilities but about the existing liabilities of the company, as they stood on 13 October 2009. You knew about those liabilities.

**Jim Inch:** I knew that there were liabilities, but I did not know the scale of them.

**Nicol Stephen:** So the scale of the liabilities was not disclosed to you at the round-table meeting on 12 October.

**Jim Inch:** It was mentioned in the round; a figure of £300,000 was suggested. However, I had looked at some of the due diligence work that had been done behind that and could not say hand on heart whether the figure was £300,000 or £500,000.

**Nicol Stephen:** Yes, but I am talking about the principle of the discussion that you were having. Norman Springford believed that a deal that would resolve the issue of both the public sector liabilities, which the Scottish Government was to write off, and the private sector liabilities, which were to be handled in another way—he knew not how—had been struck. Can you tell us what agreement was reached between you and the permanent secretary and whether there was clarity on the issue? That is a very important point.

**Jim Inch:** We did not have clarity on the issue.

**Nicol Stephen:** Did you discuss it?

**Jim Inch:** We had a preliminary discussion. The matter was picked up again about a fortnight after the press release, when I wrote to Sir John Elvidge to ask him to initiate a meeting with his civil servants, so that we could understand better how it would be handled. Subsequent meetings took place as a consequence of that. The correspondence—which I am sure has been shown to all members—demonstrates that there was an exchange of suggestions about how the matter could be handled. At the end of the day, the council had to step aside because we could get no comfort from the correspondence.

**Nicol Stephen:** Did you share Norman Springford's view that the matter was not for DEMA and would be sorted out between the council and the Government?

**Jim Inch:** Norman Springford came to a perfectly understandable view. There were other ways in which the council could have assisted DEMA to meet the liabilities, if we had had the necessary resources.

**Nicol Stephen:** So you shared Norman Springford's view that this was a matter for the council and the Government, rather than for DEMA.

**Jim Inch:** I must qualify that in the manner in which I have just done. I understand Norman Springford's view and share it to the extent that DEMA did not have the money to resolve the matter. Given his situation, the position that he took was perfectly legitimate. The problem was that the DEMA board had not met.

11:30

**Nicol Stephen:** What was your view?

**Jim Inch:** My view was always that, if the Scottish Government were to resolve the situation, it would have to find some mechanism of delivering the sums of money that were required to settle with the creditors either directly to the council and then indirectly to DEMA or in some other manner. Some of the discussions were about that.

**Nicol Stephen:** Did you believe that that could happen?

**Jim Inch:** I believed that that was the intention if it could be made to happen in a proper manner.

**Nicol Stephen:** That was in relation to all creditors.

**Jim Inch:** Correct.

**Nicol Stephen:** Thank you.

**The Convener:** George, is your question on the same meeting?

**George Foulkes:** Yes.

**The Convener:** We now have conflicting evidence about what was said at the meeting, and I want to pursue it.

**George Foulkes:** I want just to clarify something. DEMA was set up by the council. Is that right?

**Jim Inch:** Yes.

**George Foulkes:** In effect, it is a creature of the council. You are talking almost as if it were separate from the council.

**Jim Inch:** It is an independent company.

**George Foulkes:** Yes, but Wardrop—what is his name? Norman Wardrop, who is the director, is in effect someone from the council.

**Jim Inch:** He is seconded to that role from the council.

**George Foulkes:** And the chairman is Tom Buchanan, who is a councillor and chair of the committee—sorry, not the chairman. He is a member of DEMA.

**Councillor Dawe:** He is a member of the board.

**George Foulkes:** A member of DEMA is the chair of your appropriate committee.

**Jim Inch:** The economic development committee.

**George Foulkes:** In effect, DEMA is set up by the council. It does not have resources of its own, apart from what you or some of the other people involved can give it. Is that right?

**Jim Inch:** We have set it up as a private company, and consequently it has a different status altogether. It is controlled by a board of directors, and the council is not the majority on that board.

**George Foulkes:** During the crucial week, Norman Wardrop was abroad—

**The Convener:** It is Kenneth Wardrop.

**Jim Inch:** Kenneth Wardrop was on holiday.

**George Foulkes:** Sorry, Kenneth Wardrop—Norman Wardrop is someone else.

Kenneth Wardrop was abroad. Apart from Norman Springford, was it Tom Buchanan who was speaking on behalf of DEMA?

**Jim Inch:** No, I think that it would be more likely to have been the head of economic development, who would have been dealing with these matters and trying to phone round the board members to get a view. We recognised—as I am sure did Mr Ward, who is our head of economic development—that this was a board matter and that the board members had to be satisfied about the direction of travel that was followed.

**George Foulkes:** Were the board members phoned?

**Jim Inch:** As many as could be contacted.

**George Foulkes:** And they agreed that they could not take on the financial responsibility. Is that right?

**Jim Inch:** The upshot was that the board members were concerned and, quite rightly, needed to know more about what they were being asked to do. I believe that a board meeting was held probably later in October—not many days after the press release—at which they determined that they were happy to participate in the gathering event in future but definitely not happy to take on any of the liabilities.

**George Foulkes:** But the press release, which was put out by the council on behalf of DEMA, was put out without DEMA having agreed to take on the responsibility. Is that right?

**Jim Inch:** I think that that is pretty well covered in Norman Springford's evidence.

**The Convener:** We will come to that in a moment. I want to stick to the meeting, because we now have two pieces of evidence from two significant witnesses that, frankly, do not match up. I call Murdo Fraser.

**Murdo Fraser:** I want to pursue this point because it is very important. In the evidence that you have just given us on your meeting with Sir John Elvidge, you said that—I will paraphrase this—you made it clear that the council could not

take on the company's liabilities. I refer back to the evidence that we heard from Sir John Elvidge on 6 October. He said:

"In the discussions that I had with Jim Inch, it was a clear part of the understanding that the council—via either DEMA or some other means; in all honesty, I was not interested in the set of mechanics that the council was going to use to do this—would, by purchasing the company, inherit the liabilities to the private sector creditors."

The convener then asked,

"So Mr Inch was clearly given the impression that the solution would involve protection of the creditors",

to which Sir John replied:

"That was absolutely implicit in the discussions, because it would not have been a solution otherwise."—[*Official Report, Public Audit Committee*, 6 October 2010; c 2002.]

That completely contradicts what you have just told us about that meeting. How do we end up in a situation in which two very senior public servants come away from a meeting with complete disparity between them as to what was discussed? Either someone is not telling the truth, or the memory of events has evolved with time.

**Jim Inch:** The part of the discussion that is missing from Sir John's evidence is the bit about the council not being financially disadvantaged in any way by taking on that role. From my recollection, that was quite clearly stated to Sir John. The discussion about going to the council—the fact that we needed to go through due process—gives partial evidence for that.

There was a clear indication that, if we were to proceed with that, there would need to be some way in which the Scottish Government could pass the levels of funding back to the council. We discussed a number of avenues. Sir John said that he understood that there were various ways in which it could be done, and we discussed some—or at least one—of those ways.

The partiality of the evidence that you have is a cause for concern. The rest is not far away from my understanding, but the crucial bit is that we needed to find a way for the council to be funded for taking part.

**Murdo Fraser:** That is helpful. We may have to recall Sir John Elvidge so that he can give us some clarity. If what you say is correct, it seems that he has given us only a partial picture of what happened at that meeting.

Just so we are absolutely clear, your understanding was that the council was going to take on the gathering only if the Scottish Government provided some solution to the private sector creditors. That was explicitly put on the table at that meeting.

**Jim Inch:** I explicitly suggested to Sir John that one simple way of doing that would be to enhance

the capital city supplement that Edinburgh receives. If the Government was to do that, it would be a way of resolving the difficulty from our perspective. That was part of that conversation. There is no doubt in my mind that we discussed the difficulties of funding. I cannot believe that anyone could suggest that the City of Edinburgh Council was simply going to take on £300,000 or £400,000-worth of debt without some consideration being given to how that would be reconciled.

**Murdo Fraser:** I have just one more question. Do the other members of the panel want to add anything to that? It is a very important point.

**Tom Aitchison:** What has been said is correct. Councillor Dawe made it crystal clear right at the start—you asked earlier about officer-member relationships—that the council could not directly inherit any liability. That was a matter of fact from day one.

In the spirit of trying to recognise the burden that would fall on small businesses, many ideas were explored and tossed around. As my colleague Jim Inch said, we were led to believe that the Scottish Government could not directly write off those debts, because of stated considerations. We understood that. We, the council, did not personally want to meet those debts, so we asked Sir John, in the spirit of partnership, whether there was any creative way in which money could flow from the Scottish Government to the council and from the council to the creditors. That was a perfectly reasonable conversation to have. As Jim Inch said, there was nothing clandestine about it. One mechanism was the capital city supplement. We might then have used the council for a kind of bridging loan, so to speak—we would have paid the creditors in the expectation that the money would be forthcoming from the Scottish Government. Quite emphatically, we were not going to take on directly, at our own hand, the debts associated with the event itself.

**Councillor Dawe:** I affirm that I did indeed say from day one that the council should not spend a single penny on the debts of a private company. I felt that that would be morally wrong as well as financially wrong. I had a lot of sympathy for the local businesses that were creditors to The Gathering 2009 Ltd, and that is why I felt it was appropriate for the council, if it possibly could, to act in some way as a broker for some mechanism by which the creditors would get paid. However, I made it crystal clear both in writing and at council meetings throughout the whole business that we should not pay anything towards that.

Mr Inch's recollection of the meeting with Sir John Elvidge completely coincides with my recollection of what Mr Inch told me after the meeting. Once I had heard of the whole business,

from about 8.30 on the morning of Monday 12 October, I made sure that I was kept fully informed of all meetings and discussions that took place. What Mr Inch recalls is certainly what he relayed to me. I had several concerns. I had the obvious concern that I wanted to be clear that the council would not pay anything. I also had some doubts about the value of the brand itself. I know that a lot of work had been done on that, but I had my own personal doubts. I felt that the value was much nearer the lower end of the scale than what was being discussed.

I also made it clear that I was not prepared to take what we might say was Sir John Elvidge's word that the council would be seen all right, and that I would want that in writing. I was not convinced that what was being suggested did not breach state aid rules. I do not know all the regulations on that, but it seemed to me that what was being suggested was perhaps not proper. Mr Inch's recollection certainly accords with what he told me at the time.

**Councillor Cardownie:** The reason why I wanted to get involved was for future gathering events. At the risk of offending some members of the committee, I say that I did not want the event to go to Glasgow, which is the only other city in Scotland that has the infrastructure to stage such a big event. It was the largest clan gathering in history, so it was a huge event. I attended it. I thought that it was a fantastic event, and I think that everybody who attended it thought it was a great event as well. My concern was how we could retain the event for Edinburgh if we were to have another one in 2012 or 2014 to coincide with the Olympics or the Commonwealth games.

I was also mindful of the fact that many of the creditors were small local companies and the money that they were due might determine whether some of them could continue in business. That was the message that was coming through, so I was mindful of that. However, my main concern was how to keep the gathering in Edinburgh and retain the reputation of the event—rather than its finances—in the city. The tattoo said that the gathering was outwith its core function and that that was why it was not interested. It puts on a military tattoo, and it said that it would always be doing that and nothing more. I served on the board of the tattoo for four years and I could understand why it said that. I was then informed that DEMA might be a vehicle for resolving the issue.

I find it incomprehensible that Jim Inch could have said what he is reputed to have said to Sir John Elvidge. Jim is an official of long standing. I have the utmost confidence in our officials, and you have heard about his background. Mr Fraser quoted what Sir John Elvidge said, but I cannot

understand how he could believe that it was even possible for Mr Inch to give those assurances, because it is just not possible. It could not happen. Jim knew that, and as far as I am aware, in speaking to the permanent secretary, he would never make such a statement, which would undoubtedly be reported elsewhere. As a professional officer, he would not deem that he had the authority to make that kind of statement even in a throwaway remark.

As Jenny Dawe said, the information that we got back was that there were difficulties, but we did not know that the debt was inextricably linked to the company, that they both went together or were wedded, and that they both had to be dealt with together. I was hoping that the issue could be resolved so that we could keep the event in Edinburgh.

11:45

**The Convener:** But, for clarity, the council knew that the debt and the company were inextricably linked. Mr Inch told us earlier that he clearly understood that that was the case. He has been in local government for 37 years, and he understands the finances and the legalities. He has said on record that he understood that those two things were inextricably linked. Councillor Cardownie might not have realised that, but clearly the officials in the council knew it.

**Councillor Cardownie:** I might not have expressed myself properly earlier. I was well aware of that, in fact. One of the main reasons for having the meetings was to satisfy the creditors, and that was possible only through taking on the company. I was mindful of that point, and I was concerned that those people would require to be paid, but my main view was that I wanted to retain the event in Edinburgh, rather than allowing it to go to another city.

**The Convener:** Councillor Dawe, I think that you were extremely wise and that you behaved responsibly in ensuring that the blandishments of Sir John were confirmed in writing, and in not taking at face value what he was saying. Subsequent events have proved the wisdom of that.

We will come on to the matter of the press release later but, even from what we have been hearing in this exchange this morning, we begin to wonder whether there were attempts by people in the Scottish Government to well and truly kipper the City of Edinburgh Council. You were quite right to behave in the way that you did.

**Murdo Fraser:** I am grateful to all the witnesses for answering the questions that I put. I put on record my deep frustration about a previous evidence session. When we pursued this matter

with a witness, we did not get a full picture of the situation. The evidence that you have just given us about discussions concerning a possible supplement to the capital city supplement—whatever it is called—is extremely helpful in giving us a full picture, and I wish that we had had that evidence previously.

**The Convener:** Yes. What we have been hearing clearly shows that there were those in the City of Edinburgh Council who were trying to act in the best interests not only of the city council but of the creditors. You have made the matter clear today, and Murdo Fraser is right. It would appear that only very partial evidence has been given about a very significant meeting, and we need to find out more about it. That raises further questions about the way in which the Scottish Government has behaved in this whole situation. We will need to revisit the matter.

**George Foulkes:** However, although the witnesses have all said that the City of Edinburgh Council and DEMA could not take on the responsibility, the press release was issued by the council.

**The Convener:** We will come to the press release in a minute—I would ask you to leave that one sticking just now.

**Nicol Stephen:** I agree with you about the importance of the meeting. There is now great concern—I put it no stronger than that—that the full truth and the full facts have not been given to us, and that the Scottish Government has been economical with the truth.

Councillor Inch, can you give us some more detail about that conversation with Sir John Elvidge? You have mentioned that various options were considered. You mentioned the possible use of the capital city fund. Could you tell us about the other options that you said were discussed?

**Jim Inch:** At the outset, I described the meeting in general terms. The reason for the meeting was that it was clear that the proposal with the tattoo was not going to proceed. However, that matter had not been completely signed off, as the tattoo board had not met regarding it. There was a discussion about the possibility—albeit that it was an unlikely scenario—that the tattoo might have second thoughts about the prospect of carrying things forward with DEMA. There was a general exploration of the council's ability to address the issue.

As I mentioned earlier, Sir John had the view that we could do things rather differently than we could, as we would certainly have needed to go to the council for the authority to proceed with any of the suggestions that were coming forward. I think that it was a fishing trip on the part of Sir John. I think that he wanted to find out whether we had

any ideas. He maintained that he had some suggestions, but the reality is that I suggested the capital city supplement as a simple way of addressing the matter. I thought that there were other possibilities in other engagements that the council had with the Scottish Government and other ways in which funds could be levered between the two organisations. There is a straightforward way through the ordinary grant arrangements.

**Nicol Stephen:** Did you raise that matter?

**Jim Inch:** Yes. All those matters were discussed.

**Nicol Stephen:** All those options were raised.

**Jim Inch:** Absolutely. That was the substance of the meeting. It was at the tail end of the meeting, as we had not found a solution in the discussion up to that point, that I suggested that we should explore DEMA. I do not know where I got that idea from, but it came from me; I initiated it.

**Nicol Stephen:** I recollect that we were told that the deal between the Scottish Government and the City of Edinburgh Council was that the Scottish Government would arrange the write-off of the public sector debts. The public sector creditors would write off their liabilities, and the council would take on responsibility for the private sector creditors. Was that discussed with you at that meeting?

**Jim Inch:** That was implicit in the discussion, but the bit that I have suggested is missing from your understanding of the discussion is the fact that the council would have to be recompensed for settling any of the private sector debt.

**Nicol Stephen:** Is that not a case of being economical with the truth? You are now saying that it was always understood, right from the first conversation, that funding to allow the council or DEMA to take on that liability would flow from the Scottish Government in some way.

**Jim Inch:** Correct.

**Nicol Stephen:** What was said in subsequent discussions between the council and the Scottish Government? Were you told that there was no such deal, that there was a deal but it could not be delivered on, or that there was still a deal but it could not be delivered on in writing in the way that the council leader would have liked?

**Jim Inch:** Subsequent to the press release—

**Nicol Stephen:** I am not asking about the press release; we will come to that. I am asking about the deal and your clear understanding of its structure on the Tuesday morning.

**Jim Inch:** I did not have a clear understanding of how we would find a solution to that.

**Nicol Stephen:** But you had a clear understanding that the council was not going to fund the deal.

**Jim Inch:** Correct. The principle was very clear. I wrote to Sir John on 30 October to seek a meeting to discuss the basis of the proposed transfer of The Gathering 2009 Ltd. I suggest that the reason for the gap was the press release, which took the pressure off the creditors. There was a gap, but I was beginning to worry about how we were going to progress matters. Therefore, I wrote to Sir John Elvidge on 30 October, and I received a response shortly thereafter. On 4 November, a meeting took place at which the council's head of financial services, a number of Scottish Government officials and I were present. The meeting was to explore how the transfer of funds might be achieved. I recollect that the meeting, which was at Victoria Quay, was lengthy and that we explored the options. As Councillor Dawe mentioned, we were all quite anxious to get something in writing. I received an e-mail from the Scottish Government on the back of the discussions that took place at that time, outlining the options that were available—

**Nicol Stephen:** That was after the 4 November meeting.

**Jim Inch:** Yes. I responded to that, because I was concerned that it did not give us sufficient comfort about how the matter might be dealt with. There was correspondence between the Scottish Government and us that tried to identify how best we could deal with the requirement to transfer money between the two organisations.

**Nicol Stephen:** Have we seen all that correspondence?

**The Convener:** I am not aware that we have.

**Jim Inch:** I am sure that all of that correspondence is in the e-mail traffic.

**The Convener:** Some of it is in the freedom of information material.

We will leave the press release aside for now and talk about it in a minute. All the way along, your understanding was that a deal could be reached because you had suggested to Sir John Elvidge how extra money could be put in to facilitate DEMA taking over the liability for the gathering. Even on 16 October, the council wrote to a creditor to confirm that it was prepared to underwrite the outstanding debt. Is that correct?

**Jim Inch:** Yes. There was some correspondence on 16 October.

**The Convener:** After the press release was issued, the council wrote to a creditor saying that

the council would underwrite the outstanding debt but, on 4 November, you were still having discussions and looking for assurances in writing. Is that correct?

**Jim Inch:** Correct.

**The Convener:** But on 21 October, it was made clear that DEMA could not take on the financial liabilities of The Gathering 2009 Ltd. Why was that?

**Jim Inch:** That was because the Scottish Government had not made clear how we were going to achieve the transfer of money between the two organisations. The finessing of DEMA taking on The Gathering 2009 Ltd was therefore compromised.

**The Convener:** On 21 October, the DEMA board made it clear that it could not take on the responsibility, but you spent two weeks trying to sort the situation out with the Scottish Government and, on 4 November, you were still holding open the possibility of the Scottish Government making that money available to you. Is that correct?

**Jim Inch:** Yes. It was not until later in November that we reached an impasse with the Scottish Government in that exchange of correspondence.

**The Convener:** So, all the way through the period from 15 October, when the press release was issued, to 16 October, when the council wrote a letter to a creditor, to 21 October, when the DEMA board met, to 4 November, the council made it clear that it was willing to come to an agreement if the Scottish Government took on the debt. Your belief that that might be possible was based on the suggestion that you made during the meeting with Sir John Elvidge on 13 October.

**Jim Inch:** That meeting certainly initiated all of that.

**The Convener:** But at no time subsequent to that meeting with Sir John Elvidge did the Scottish Government put in writing to you, or say again, that it would be prepared to make the money available. Is that correct?

**Jim Inch:** The correspondence between the council and the Scottish Government was an attempt to explain how the Scottish Government might deal with that transfer of money. The problem that the council had was that the correspondence was not that explicit. There were a number of caveats, and the risk to the council of accepting the Scottish Government's approach was far too high.

12:00

**The Convener:** Did you feel that it was trying to stitch you up?



**Jim Inch:** No, I genuinely believe that the Scottish Government had the wherewithal to deal with the matter. However, it found itself in a difficult place because it had to find a mechanism that would be sufficiently robust to transfer the moneys. I have no idea why Sir John Elvidge was uncomfortable with the capital city supplement, which always seemed to me to be the simplest way of dealing with the matter. The approach that other civil servants took thereafter was to caveat the transfer of money by suggesting that it needed to be built into a business case and surrounded by a number of other qualifications. Copies of that correspondence are in the FOI pack.

**The Convener:** We need to move on.

**Nicol Stephen:** This is a really important issue. Mr Inch seems to be suggesting that negotiations fizzled out in the exchange of correspondence between the meeting of 4 November and the end of November, and that the council and the Government were unable to reach a final deal. Is that correct?

**Jim Inch:** We hit an impasse towards the middle of November. At that stage, the council changed tack a little, because we determined that we would commission our own evaluation of the brand. We did so because the alternative approach was not to buy the company but to buy the brand and intellectual property rights. If that had been possible, it would have given the creditors something. Our approach was still to try to find a way of helping the creditors in the latter stages. However, we had moved away from the original idea, which was to purchase the company.

**Nicol Stephen:** The future of the gathering and the payment of the private sector creditors rested on the satisfactory resolution of the sequence of correspondence between the council and the Scottish Government with which you were involved. Given that the First Minister and the permanent secretary had been involved previously, why, when everything unravelled towards the end of November, was there not another series of high-level meetings involving you and the permanent secretary or the First Minister and Councillor Cardownie to pull things together and sort them out?

**Jim Inch:** I am certain that a number of meetings to which I was not privy took place in the Scottish Government to deal with matters arising from the correspondence. There were meetings in the City of Edinburgh Council to discuss the adequacy or inadequacy of the assurances that were coming from the Scottish Government. Those were not one-off meetings.

**Nicol Stephen:** The timeline that Audit Scotland has given to us includes only one entry for November, the month in question. It states:

“DEMA issue a press release stating that it is considering the potential of a future event”.

There is nothing about involvement of council officials, councillors, the First Minister, the permanent secretary or Government officials. You say that you believe that a lot was happening, but it has not been disclosed to us.

**Jim Inch:** I referred to the meeting of 4 November between council officers and civil servants, which should be mentioned in your FOI correspondence pack. On 10 and 11 November, there was an e-mail exchange in which the Scottish Government set out its position on how the matter should be taken forward. Our response was that the proposals did not give us adequate assurances about how the matter could be best be dealt with. At that point, we moved to a different position on the purchase of the company.

**The Convener:** We need to move on to the press release, which was issued on 15 October. It stated:

“DEMA will take on The Gathering 2009 Ltd’s remaining private sector obligations”.

You all signed up to that. Your name is mentioned in it, Councillor Cardownie, so you obviously did, but what about the other three?

**Councillor Cardownie:** No, obviously I did not, I am afraid.

**The Convener:** You did not?

**Councillor Cardownie:** No, but you would assume that I did.

**The Convener:** So the council put out a press release that you did not sign up to and quoted you in it.

**Councillor Cardownie:** Yes. The press release was being worked on. I am glad that you asked that, because I see that, during a previous meeting, Jenny Gilmour said that the press release

“was released to the media, and on national news that evening the deputy leader of the council confirmed the agreement. Sadly, someone had forgotten to tell the leader.”—[*Official Report, Public Audit Committee*, 15 September 2010; c1886-7.]

Mr Foulkes then said, “That was Steve Cardownie” and Jenny Gilmour replied, “Yes”.

I knew that that could not have happened. I knew that I could not have said that on television, so I got a transcript of what I said on “Reporting Scotland”. I said:

“They came up with the concept, but the running of the event itself perhaps left something to be desired. It could have been better. We have the people who can do that, the concept is sound, the concept is proven, we have the people who have the ability to ensure there is no loss

making in future, in fact there's a fair bit of potential for profit to be made."

Our stance from the beginning was that, should there be a future gathering, Lord Sempill should be nowhere near it, and that it would have to be run by some other organisation, whether the council or whatever. Jenny Gilmour was wrong: at no time did I confirm that DEMA was taking it over.

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

I constantly get—as you probably did when you were a councillor, convener—press releases drawn up by officials. You get asked whether you are happy with it and whether you want to change it. I understand that the press release was drawn up for me to look at the following day. However, for some reason, somebody issued it at 9.30 that evening. Had I seen it, it would not have gone out in that form, because it was factually incorrect.

**The Convener:** Mr Aitchison, have you disciplined anybody for putting out something that so badly treats one of your leading councillors?

**Tom Aitchison:** No.

**The Convener:** No? Why not?

**Tom Aitchison:** This whole thing is shrouded in a bit of uncertainty. I explained in my letter to you some time ago the sequence of events and how we tried to pull it together. We were responding initially to a Scottish Government press release. Is that understood?

**The Convener:** No, no. This is a press release issued by the City of Edinburgh Council.

**George Foulkes:** On behalf of DEMA.

**The Convener:** We will come to the issue of who drew it up, but your organisation released it. Is that correct?

**Tom Aitchison:** Yes.

**The Convener:** And someone in your organisation badly misquoted the deputy leader of the council and put out the press release without his endorsement or agreement. Is that correct?

**Tom Aitchison:** That appears to be correct. Councillor Cardownie made that point to me coming down the road to meet you here this

morning, so clearly I want further to establish the basic facts behind that.

**The Convener:** So, it is only because Steve Cardownie mentioned it to you on the way down the road this morning that you realised that there was something untoward with the press release. That was your first inkling.

**Tom Aitchison:** On that specific point, yes.

**The Convener:** That is astonishing. We have an organisation that is releasing press releases quoting a number of individuals, including the chair of DEMA and the deputy leader of the council. The deputy leader did not agree to it, but your officials released it. We also find that your officials not only treated your deputy leader badly but had a press release prepared for them by the Scottish Government. Is that normal practice?

**Tom Aitchison:** No, it is not normal practice.

**The Convener:** Has it happened before?

**Tom Aitchison:** I do not think that we had the press release prepared for us; we were given a press release to comment on. As I think I explained in my correspondence to you, that led to various meetings taking place within the council to understand all that. Some, or most, of us will recollect—this does not help my case in any way—that we were still discussing the content of the press release when we were told that parts of it had been issued.

**The Convener:** This is truly unbelievable. We are talking about an event in which the First Minister has taken a personal interest and about which the permanent secretary meets Mr Inch two days before the press release is issued; there are clearly top-level discussions going on; and the Scottish Government prepares on behalf of the City of Edinburgh a draft press release that quotes Councillor Cardownie without the councillor having given his approval to what has been said. Someone then releases that draft. It beggars belief. Who is going to take responsibility for any of this?

**Tom Aitchison:** I am not setting out to defend that. If mistakes are made, they are made and you have to be big enough to admit them.

**The Convener:** That is a very casual approach, is it not?

**Tom Aitchison:** No, it is not.

**The Convener:** It is like saying, "If mistakes are made, they're made. Let's forget them and move on". No—we want to know.

**Tom Aitchison:** Over the past two hours, I have tried to explain that, in my view, the council's motivation was perfectly honourable. We are talking about a loss of £300,000-plus to small

businesses; an economic benefit to the City of Edinburgh Council; and the prospect of a future gathering event. We were up against the clock. If action had not been taken or a signal not given to those small businesses, the whole thing could have been plunged into chaos. The timescales were squeezed; a large number of people in the council and the Scottish Government were involved—and you have already asked about the contact with DEMA; and people came together to go through draft after draft of press releases. I am not setting out to say that the process was perfect—far from it—and given my time again I would have done things differently. An error was made in relation to this, but I think that as far as the City of Edinburgh Council is concerned the basic context was honourable.

**The Convener:** Before I bring in Murdo Fraser and George Foulkes, I want to be absolutely clear about this. The press release was issued on 15 October, but no one sitting before us today agreed with the inclusion of the statement:

“DEMA will take on The Gathering 2009 Ltd’s remaining private sector obligations”.

**Tom Aitchison:** Jim will go first.

**The Convener:** Just a simple yes or no will do.

**Jim Inch:** I do not think that it will. The implicit logic is that none of us could have agreed to that, because DEMA, which is an independent company, had not met to discuss the matter. If any of us had reviewed the press release, we would have said, “No, that’s not right”.

**The Convener:** So what you are saying is that the City of Edinburgh Council put out a pile of nonsense. You could not have agreed to it, because it was about DEMA. It is nonsense, isn’t it?

**Jim Inch:** I do not regard it as nonsense. I will make one other—

**The Convener:** But it is not factually correct.

**Jim Inch:** I will make one other point that the chief executive has not picked up on. The initial draft of the release came from the Scottish Government because, as I now understand it, a number of creditors had made threats and were in the process of taking The Gathering 2009 Ltd down. The timescale was extremely tight and the Scottish Government pushed the timing of the press release very hard because it knew what was going on. We did not know that at the time, and it was not until a few days later that we understood the criticality of getting something out to give some relief to the creditors and allow them to sit back and see what would happen.

**The Convener:** So we have four people sitting in front of us today who did not—or, more

accurately, could not, to use Mr Inch’s words—agree with the statement:

“DEMA will take on The Gathering 2009 Ltd’s remaining private sector obligations”.

Even though it was drafted by the Scottish Government and issued by your officials, the release is factually inaccurate.

**Murdo Fraser:** This is not an abstract discussion because, as we have heard in previous evidence sessions, the issuing of the press release meant that action that creditors could have taken to protect their position was postponed in the belief that they would be paid. The matter is vital because it directly affected people’s jobs and businesses.

Who is Mr Stewart Argo?

**Tom Aitchison:** He is one of our press officers.

**Murdo Fraser:** And you were aware that he was intrinsically involved in working on this press release.

**Tom Aitchison:** Yes.

**Murdo Fraser:** And he is still in post.

**Tom Aitchison:** Yes.

**Murdo Fraser:** Has any disciplinary action been taken against him?

**Tom Aitchison:** No.

12:15

**Murdo Fraser:** We have just heard from you that none of you approved the press release. Under freedom of information legislation, as a committee we have obtained a number of e-mails that were sent on the afternoon of 14 October. The circulation list for the e-mails includes Stewart Argo, who is the press officer, Jane Robson, who is a press officer at the Scottish Government, Councillor Dawe, Councillor Cardownie, Mr Dave Anderson, Isabell Reid, Mr Inch and Councillor Tom Buchanan.

There were various drafts of the press release. A draft was circulated to all of you on 14 October at 15:57 and again at 16:57. The final version was circulated at 21:27 that day, with a comment from Mr Argo saying:

“The release will be issued generally around 10am tomorrow.”

All of you saw that release in its draft and final versions. There is nothing to suggest that any of you questioned it. What is going on?

**Councillor Dawe:** I point out that I did not see the final press release until the morning when, as Councillor Cardownie mentioned, we were told that it had already gone out.

**Murdo Fraser:** Did you see the drafts?

**Councillor Dawe:** A draft press release was discussed in my office with, I think, everybody here present. That was by no means a finalised press release.

**Murdo Fraser:** What time did you discuss the draft press release?

**Councillor Dawe:** Quite honestly, I cannot—

**Murdo Fraser:** All the drafts that we have seen, which we obtained under freedom of information, contain the vital information that says that DEMA will take over the private sector liabilities. There is not a single draft that does not contain that information. If you are telling me that you saw a draft that did not contain that vital information, I question that evidence.

**Councillor Dawe:** I cannot say precisely what was in the draft that I saw at that time.

**The Convener:** It is here.

**Murdo Fraser:** It is here.

**Councillor Dawe:** Right. All that I know is that I saw the finalised version when it went out, and Councillor Cardownie has commented on exactly what my reaction was when I saw it.

**Murdo Fraser:** This is shocking evidence, convener.

**Councillor Dawe:** Because of the importance of the matter, I would have certainly expected to give a final sign-off to such a press release, albeit that I was not quoted in it. When I am quoted in a press release, I obviously make absolutely sure that nothing goes out with my name on it that I have not signed off. In this case—

**The Convener:** But Councillor Cardownie did not, and his name is quoted.

**Councillor Dawe:** Yes, but I was not quoted in it. Nevertheless, I was absolutely horrified when I saw that the press release had gone out before I had seen the finalised version.

Let me just explain. On 15 October—the day that the press release went out—there was a full council meeting. The day before a council meeting, there is obviously an enormous amount of preparation to do. From 4 o'clock on a pre-council meeting day, there are group meetings, joint group meetings and a series of other meetings. On most occasions, I would probably be checking my e-mails at home and would have seen an e-mail that had come in at 9.30 pm. On the night before a full council meeting, however, I am fully involved in preparing for the next day. As you can imagine, I have to prepare a lot of stuff that I do not use, and it takes until—I can assure you—3 or 4 in the morning. Therefore, I did not

see the press release on the evening of 14 October. If the press release went out around the time that we were told, it was certainly not signed off by me. I did not see it until the following morning.

**The Convener:** Can I be clear? On 14 October, you convened a meeting in your office that involved Councillor Cardownie and Councillor Buchanan. Mr Inch, were you there as well?

**Jim Inch:** Yes.

**The Convener:** Mr Aitchison confirmed to us that, at that meeting, the general thrust of the changes that the council would require to the draft press release were agreed. Is that correct?

**Tom Aitchison:** Yes.

**The Convener:** Therefore, you agreed changes, yet we see no evidence in the e-mail trail that anything ever went back to your press officers. Mr Aitchison, did you articulate to your press people that changes were agreed?

**Tom Aitchison:** The press people were present at the meeting.

**The Convener:** So they were present. What changes were agreed?

**Tom Aitchison:** I cannot recall all the specifics.

**The Convener:** Were changes agreed about DEMA taking on the remaining private sector obligations?

**Tom Aitchison:** No, that is exactly the point. From day one—day one being the morning of Monday, 12 October—we were all adamant that the council could not assume financial liability. We have been over this matter before—

**The Convener:** Yes, but—

**Tom Aitchison:** I am trying to answer the question. We were therefore clear that DEMA could not take on any liability unless there was, behind that, a supplementary agreement to enable money to be moved between organisations. Therefore, we could not have said categorically, “DEMA will take it over”, because, as Jim Inch explained, that was a decision for the DEMA board.

**The Convener:** I understand that. Mr Inch has made the perfectly reasonable point, I think, that it was not that you did not agree but that you “could not” agree to the press release. We have a high-powered meeting that involved the most senior officials and a wealth of local government experience—God knows how many years in aggregate between you all and God knows what you all earn—and you have your press people there. Between you, you agreed, as Mr Inch has said, that DEMA could not take on the liability, so

you could not agree to the words in the press release. You agreed that changes would have to be made, but you do not know whether you agreed the words that would take the existing wording out or whether you left it in. Did you leave it in or not?

**Tom Aitchison:** I think that we are saying to you that the press officers were present at the meeting so that they could hear what was being said. That is better than passing it on second hand.

**The Convener:** Absolutely.

**Tom Aitchison:** I think that you understand that. Press officers were then given authority—well, they were given not authority but the task of reflecting in that press release the wishes of the political and managerial leadership of the council, if you like.

**The Convener:** Was it clear to them that those words had to come out?

**Tom Aitchison:** Yes, that is my recollection of the meeting. I was in with Councillor Dawe—this happened late that afternoon—and I did not see the final version again until the press release had gone out the following day. I answered your question earlier about what action came from all of that.

**The Convener:** You said that you became aware of there being an issue only when Councillor Cardownie told you on the way down here, but you have now told us that you saw the final version the following day and you knew that the offending words had to be changed. You agree that your press people were at the meeting, yet your press people put out that press release. You saw the final version and you noticed the wording, yet you did nothing to correct it: no disciplinary action, no correction and no apology—nothing. Is that correct?

**Tom Aitchison:** I do not think that it is fair to say that we have done nothing. A number of reports have been submitted to the council explaining the whole background and we have given that information to you, on behalf of the committee, as evidence from the City of Edinburgh Council. There are clearly internal matters that we will deal with in due course.

**George Foulkes:** I find it very confusing. Why are you all disowning the press release, given that Mr Inch has told us that he understood from his discussion with Sir John Elvidge that the Scottish Government was going to underwrite the gathering in some way through an addition to the capital city supplement? I presume that, when you agreed the press release, you thought that discussions were under way and that the Scottish Government was going to come up with the money.

**Councillor Dawe:** No. I was never satisfied with that, as I hope I have made clear.

**George Foulkes:** I can see why you are disowning it.

**Councillor Dawe:** I wanted something in writing that gave absolute assurances that the council was not going to be liable for the debts of the Gathering 2009 Ltd. That never appeared so, as far as I was concerned, I did not accept—

**George Foulkes:** Why are the rest of you disowning the press release?

**Councillor Cardownie:** I am disowning it because I knew that things had not been concluded—I knew that discussions were taking place but had not been concluded. What I think happened is that a certain official jumped the gun. I think that Mr Fraser said that, originally, the press release was not supposed to go out until 10 am the following day, but it went out at 9.31 pm—is that correct?

**George Foulkes:** No. It went out at 9.24 the following morning.

**Councillor Cardownie:** We would have been embroiled in meetings prior to the full council meeting. I did not see the press release go out and, as Mr Inch says, I could not possibly have agreed to it, because I knew that what it said could not possibly be the case.

**George Foulkes:** Councillor Cardownie, you are now disowning the press release. However, when you found out that Norman Springford had disowned the press release the following day, you said to Councillor Buchanan, “I’m going to get him,” at a dinner later on Friday evening. Why did you say that?

**Councillor Cardownie:** That is absolute nonsense. I have known Norman Springford for a number of years. If I had any issues with him, I would pick up the telephone and arrange to meet him—probably over a pint—and talk to him. I had no issue with Norman Springford—I was not interested in who was or was not chair of DEMA.

At the end of the day, I was at a function in the Edinburgh International Conference Centre and Tom Buchanan told me that Norman Springford was there, because I did not know who was on the guest list. I said, “Is he? Tell me where he is—I’m looking for him.” When I saw Norman, I went over to him and exchanged pleasantries. I made a couple of jocular remarks, which he returned, and we went to our respective tables. Since then, I have done a festivals breakfast with him—that was last August. There is no acrimony between me and Norman. I was not out to get him.

**George Foulkes:** That is not the point. I think that you are missing the point.

**Councillor Cardownie:** Well, you are wrong. That is not the evidence that I understand that Norman Springford gave, but even if he gave that evidence, I understand that Tom Buchanan is in the process of writing to the committee, if he has not already done so, asking that he be invited to give evidence so that he can give his side of the affair. I did not say that I was out to get Norman Springford in any way, shape or form. I know Norman. If I had an issue with him, I would have discussed it directly with him, but I did not.

**The Convener:** I think that the words that were used were that you were “looking out” for him.

**Councillor Cardownie:** I was looking out for him that night to talk to him.

**George Foulkes:** But that is not the point—I am not talking about the exact wording. I am saying that Norman Springford disowned the press release the following day. Is that right?

**Councillor Cardownie:** I do not know. I will take your word for it.

**George Foulkes:** But you have read the evidence that he gave.

**Councillor Cardownie:** I have had a look.

**George Foulkes:** And you know that he said that there was no way that DEMA could take on the responsibilities, because it did not have the money for it. So he was right.

**Councillor Cardownie:** Yes.

**George Foulkes:** You have just agreed with everything that he said.

**Councillor Cardownie:** Yes.

**George Foulkes:** So why were you searching him out to tell him that he was wrong in relation to that?

**Councillor Cardownie:** You do not know why I was searching him out, Mr Foulkes. I was not searching him out to tell him that he was wrong; I was searching him out because I knew that a lot of things had happened and I know Norman personally. He was at the same function as me. I was not going to tell him that he was wrong, because he was absolutely right. DEMA had not decided to take on the debt. What Norman said was absolutely correct.

**The Convener:** Before I bring in Nicol Stephen and Anne McLaughlin, I point out that I am aware that Councillor Dawe is opening a conference and has to go. Do members have any questions to address to her before she leaves? Does Councillor Dawe wish to say anything?

**Tom Aitchison:** Convener, I think that Councillor Dawe is going to stay. I was just trying to get a message to the conference organiser.

**Councillor Dawe:** Yes. I am too late now, anyway. I was supposed to be opening a conference. I am just trying to get a message to my office to get a message to Tynecastle—although the conference is not about football.

**The Convener:** Sorry about that. I apologise.

**Nicol Stephen:** When you discovered that the press release had gone out in a form with which you were horrified, what did you do?

**Tom Aitchison:** Convener, could you just give us 30 seconds to get the telephone number?

**Councillor Dawe:** Yes, it is just to get a message out.

**The Convener:** Okay. I will suspend the meeting for a couple of minutes.

12:27

*Meeting suspended.*

12:33

*On resuming—*

**The Convener:** I thank Councillor Dawe for making alternative arrangements. Nicol Stephen and Anne McLaughlin have questions, but Murdo Fraser just wants to clarify something on the e-mail exchange.

**Murdo Fraser:** I want to go back to the evidence that Councillor Dawe gave about the e-mails. I pointed out earlier that Councillor Dawe, Councillor Cardownie and Mr Inch were copied in to the various e-mails of which we have copies, with the various draft releases. Mr Aitchison appears on the circulation list later. I ask all the witnesses whether it is correct that none of you saw the draft press releases that were circulated by e-mail on 14 October between 15:57 and 21:27, when the final version was circulated.

**Councillor Dawe:** You will recall that, within that set of e-mails, there is correspondence with the Scottish Government and e-mails going to and fro. I was not aware of all of that. I know that I was copied into some of those e-mails, but I did not have access to my inbox to see those versions, because of various meetings that I was in.

There certainly was a meeting in my office, but I cannot recall whether we had a piece of paper in front of us or whether we merely had a discussion. However, I am absolutely sure that I was not expecting a press release to go out on the Wednesday evening or the morning of Thursday 15 October. Had I been aware that an e-mail of that importance was going out, I would undoubtedly have checked it and there is no way that I could have sanctioned that paragraph about DEMA taking on the liabilities going out.

**Councillor Cardownie:** It is conceivable that I did not see the e-mails, given the timing of them, late on the Wednesday afternoon. I may not even have been in the office at that time. As Councillor Dawe points out, there was a full council meeting the following morning. Being part of a coalition with the Liberal Democrats, we not only have to worry about what the Opposition are doing; we also worry about what our coalition partners are doing.

**Councillor Dawe:** Ditto.

**Councillor Cardownie:** And vice versa. A lot of to-ing and fro-ing went on that morning, with motions, amendments and different reports. It was frenetic on the Wednesday morning. I do not recall seeing the e-mails, possibly because I was caught up in the events that were going to take place at 10 o'clock that morning at the full council meeting. My silence on the press release, because I had not seen it, should not have been taken as compliance. It should not have been assumed from the fact that we did not respond to the e-mail that we had agreed to its going out. We were aghast when we found out that the press release had gone out, as it should never have gone out.

**Jim Inch:** I did not see the press release throughout that afternoon or, indeed, the next day. As a senior officer, I have quite a lot of work to do prior to a council meeting. It was unfortunate that the coincidence of the council meeting at that time got in the way of people picking up e-mail traffic of that sort.

**Tom Aitchison:** I am in the same position as my colleagues. The press release may have hit my e-mail inbox sometime in the early part of the evening, but I have a management team meeting on Thursday morning and then it is straight into a full council meeting. I do not recall approving the press release in that way. You have heard us say emphatically for two and a half hours that we understood the position that DEMA was in and would not have done that knowingly or lightly.

**Murdo Fraser:** Does none of you possess a BlackBerry?

**Tom Aitchison:** I do, yes.

**Murdo Fraser:** Do you not check your e-mails on your BlackBerry, from time to time, in case something important is issued, such as a press release on behalf of the council that you should know about?

**Tom Aitchison:** No, I do not make a habit of checking hundreds of e-mails on a BlackBerry during the course of the working day. I have staff who support me in that.

**Murdo Fraser:** They obviously do not read them either, by the sound of it.

**Councillor Cardownie:** When it comes to technology, I regard a mobile phone as a telephone. I was given a horrible bit of apparatus, which I eventually managed to change, although the council initially refused to replace it on the basis that there was still six months of the contract to go. Fortunately, I got an iPhone on trial—I am the only person on the council who has one—and I now check my e-mails on it. The previous thing that I had was horrendous and it was very difficult to open attachments on it. I did not read e-mails on it, but I read them now.

**Councillor Dawe:** I have the council version of a BlackBerry—a sort of cheap gizmo—and I check my e-mails regularly. The one time when I do not check them is on the day before a full council meeting and on the day of the meeting itself, because I am fully occupied.

**The Convener:** I sympathise entirely with the difficulty in coping with the volume of e-mails, which are sometimes overlooked. Given the volume that comes in, there but for the grace of God goes any one of us. However, we are talking about an unusual situation. The Scottish Government prepared the press release for the council—Mr Aitchison said that that does not normally happen. Does he recall other examples of the Government preparing a press release for the council?

**Tom Aitchison:** I certainly cannot recall one off the top of my head.

**The Convener:** So, the situation was unique. The Government produced a press release for you. You knew that it contained something that was dynamite—something explosive—with which none of you agreed. You were all at the meeting in Councillor Dawe's office and all agreed that the press release could not go out in the proposed form. To avoid the exchange of e-mails, Mr Aitchison ensured that his tried and trusted press advisers were there, so that they would hear what the leading officials and councillors said. You are all clear about your position.

The poor saps from the press team were sitting there. They did not receive written instructions, but all of you made it clear that the press release could not be issued in its proposed form. Conveniently, none of you saw or bothered to follow up the final draft, although you knew its significance. None of you bothered to say, "Can I see the final draft?" The final draft was prepared and released and it still contained the explosive statement with which each of you said that you did not or could not agree. Is that right?

**Councillor Dawe:** We did not know that the press release would be issued when it was. It came as a horrible surprise when we found that the press release had gone and when we saw

precisely what was in it. We did not know that it would be issued.

**The Convener:** Did you say to your press people, “We want to see the final draft before it goes”?

**Councillor Dawe:** That would be the normal situation.

**Councillor Cardownie:** Our press people would know that. I understand what the convener says—we might be regarded as having been rather complacent. We were reassured—albeit incorrectly—by our knowledge that the press release could not possibly go out without our say-so but, lo and behold, that happened. In all my time, that is the only press release that I can recall being issued without our say-so. Had it not gone out, we would not be being subjected to the discussion that we are having now, although that is fair and fine.

We have all been councillors and officials for a long time. We were confident in the knowledge that, no matter what was written in the press release—it could have been full of complete gobbledegook—it would not see the light of day until it came to us. However, it did not come to us before it was finally issued. Perhaps we were a bit too reassured by the procedures that should have been followed. We were let down in that regard.

**The Convener:** Mr Aitchison said that this was the only issue that he could think of on which his press people had not written the press release. Why was that the case?

**Tom Aitchison:** This is a memory test for me. I think that the initiative—the first draft of the press release—came from the Scottish Government. We were invited to comment on that, as the evidence trail shows.

**The Convener:** That is normally the case if the Scottish Government is to issue a press release and a quote from Mr Aitchison, the council’s chief executive, or from Councillor Dawe, the council’s leader, is needed on what they think. However, we are not talking about that. We are talking about something that was issued in the council’s name. Why did the council not draft the press release?

**Tom Aitchison:** With the benefit of hindsight, I wish in a sense that we had done so. As I have tried to explain all through our discussion today, we were in a critical time. The company could have gone into liquidation overnight. The words in relation to DEMA might be ambiguous and we have tried to explain that. It is categorically clear that DEMA would not take on the liability, because it had no funds so to do. If a supplementary financial mechanism had been in place, that might have changed the equation.

I am not trying to sugarcoat or defend the position. In support of my press officers, I am just saying that they were sitting and listening to the situation cold, they were trying to understand the issues that were being debated, they were up against the clock for putting things out and they did their best.

We have all said that we were surprised. When we all left the office on the Wednesday evening, we thought that we would see a final version for approval the following morning. By that time, the press release had gone.

Looking back, perhaps we should have issued a rejoinder to say that the press release was incorrect, but every time we said anything all the way through this situation, we were acutely aware of the effect that it might have on The Gathering 2009 Ltd, and in turn, the effect that it might have on small businesses in our city and surrounding area.

12:45

**Jim Inch:** The council would never have initiated the press release, because it was not aware of the criticality of the position with the creditors, who were on the brink of taking down The Gathering 2009 Ltd. We were not aware of that at the time, so the initiative for the press release and the pressure to get something out was driven from a different place.

**Nicol Stephen:** Councillor Dawe said that she was horrified, and Councillor Cardownie was “aghast” that the press release had been issued. What action was taken as soon as you discovered that the press release had gone out in a form that was so astonishing to you?

**Councillor Dawe:** We found out that the press release had gone out just before the full council meeting. My immediate reaction was that it should not have gone out, and I certainly had a discussion with Councillor Cardownie about it. We both took the view that it should never have gone out.

We were then embroiled in another of our fairly long council meetings that go on into the evening, so no direct action was taken on the press release that day. I was at the council meeting. We have a leader’s question time, and I made a comment at that point to repeat what I had said about the council not being liable for the debts of a private company, and I was asked several questions about the situation. However, we did not take any direct action immediately following the press release because we went straight into a council meeting.

**Nicol Stephen:** What happened on the following day?



**Councillor Dawe:** I cannot recall what action was—

**Nicol Stephen:** Perhaps I should also put the question to Mr Aitchison and Mr Inch, because the press release that was put out had profound and legal consequences. What action did you take?

**Tom Aitchison:** I think that I have explained that. We were trying to—

**Nicol Stephen:** No. With respect, I do not think that you have explained it. I repeat: I would like to know what actions were taken when you discovered that a press release containing a fundamentally misleading statement had gone out from your local authority. What action did you take?

**Tom Aitchison:** If your question is the same as the one that the convener asked earlier a propos staff, the answer is that no action has been taken.

**Nicol Stephen:** I am asking about the staff, and whether you launched an investigation. Did you do anything publicly or in relation to DEMA? Did you do anything in relation to the Scottish Government? Anyone around the committee table would be able to suggest any number of pretty easy, basic, simple or straightforward actions that you could have taken if such an important press release had gone out in such a misleading form, Mr Aitchison.

**Tom Aitchison:** My colleague is going to try and deal with the question.

**Jim Inch:** A number of actions were taken. For example, the leader asked for a detailed interrogation of how the press release came to be issued without her say-so. An audit trail was delivered to the leader to explain the hither and thither of that.

**Nicol Stephen:** So an internal investigation was triggered.

**Jim Inch:** Yes, that was an internal investigation. Norman Springford made a press release correcting the view that DEMA was going to be able to support the gathering, on the basis that it did not have the resources to do so.

**Nicol Stephen:** That press release was not made at the council's behest.

**Jim Inch:** It was done in discussion with the council.

**Nicol Stephen:** Norman Springford made it clear to the committee in evidence that, from the point at which he issued the clarification—you are right that he is the only one who appears to have done anything public to clarify the situation—he felt unpopular, if that is an appropriate summary of what he said to the committee.

He felt vulnerable for having done it and within three weeks he was, in effect, pushed out of his position as chair of DEMA. He had gone beyond what the City of Edinburgh Council and the Government expected of him because he felt that they had stitched up a deal on all that.

**Jim Inch:** No. It was quite the reverse in my view. He did absolutely the right thing, because all of us accepted that due process had not been followed.

**Nicol Stephen:** You have read his evidence and have seen how he felt very vulnerable at that time.

**Jim Inch:** It is regrettable that he felt like that. I am not sure why he felt like that, but he clearly did. However, I have to say that we were grateful to him. His intervention was not done in isolation from the council; it was done with the council's co-operation to try to correct something that was clearly misleading.

**Councillor Cardownie:** Norman Springford must have made those feelings known to other people, because it came back to me that he thought that he was being pushed out because of his opposition to DEMA taking over The Gathering 2009 Ltd. Nothing could be further from the truth, as far as I was concerned, which is one of the reasons why I wanted to talk to him. In fact, when Norman tendered his resignation, I think that I asked Tom Buchanan to contact him to ask him to reconsider, to tell him that there was no hidden agenda and to say that we would love for him to continue as chair.

Norman accepted those assurances from Tom Buchanan. He agreed that perhaps he had just thought that he was being pushed out, but he had made up his mind to resign and was the kind of person who, once he said that he would do something, wanted to do it. There was no hidden agenda to ask him to resign, because he did absolutely the right thing. If he felt that something was happening behind the scenes, he was wrong.

I wanted to see him at the conference centre to reassure and cajole him. I said something along the lines of, "What are you causing trouble for? Surely you're not going to continue to resign," and he laughed. It was along those lines.

**Nicol Stephen:** I think that the issue is those words—"What are you causing trouble for?"—when he had done absolutely the right thing.

**Councillor Cardownie:** It may have been, "What are you causing trouble for?" but it was a poke in the ribs and a laugh. Two men meet—

**Nicol Stephen:** Can I put an alternative explanation to you? It is the one that George Foulkes put to you. Although the erroneous press release had gone out, you were reasonably

comfortable with the impression that was being given because you believed that you had a deal with the Scottish Government that it would deliver on.

**Councillor Cardownie:** No.

**Nicol Stephen:** You believed that the Scottish Government would give you something in writing—you were pressing for that. You were reasonably relaxed and did not take any action to clarify the incorrect press release because discussions were still continuing—indeed, they went on until the end of November—with a view to DEMA taking over the liabilities provided that there was a transfer of funds from the capital city supplement or some other source.

**Councillor Dawe:** I am fairly sure that I had a letter in *The Scotsman* or the *Evening News* not long after that in which I made it absolutely clear that my view remained that the council would not take on the debts of a private company. I would need to check to get the precise timings of it but, as I have said repeatedly, in no way did I sanction the press release. The fact that there was nothing in writing from the Government was one of the reasons why I could not have sanctioned it. It would not have been enough for me for us just to have been awaiting something; it would have to have been right there at the time.

**The Convener:** Mr Aitchison, will you tell us why you took no steps to issue a correction to the press release that none of you thought should have gone out?

**Tom Aitchison:** I have tried to explain that, convener. It was in the context of the course of events over those few days. There was an inherent ambiguity about whether DEMA was taking over The Gathering 2009 Ltd. It was clear that it would not take it over without some financial compensation or some financial mechanism to transfer funds.

I am glad that my colleague Jim Inch clarified the point that Norman Springford issued a clarification as well, because I had forgotten temporarily that that happened. All the energy was being applied to try to find a solution to the main problem.

**The Convener:** Yes. However, he issued a clear statement, but the organisation that issued the erroneous statement did nothing to correct the error. Is that correct?

**Tom Aitchison:** That is correct. I think that I said in response to one of your earlier questions that, looking back, it would have been wise or appropriate to have issued a rejoinder or supplementary press release. The correct wording would have been that the council was in discussion with DEMA to attempt to find a solution;

the statement should not have implied that a solution had been found. Had words along those lines been used, the situation would have been entirely different. Clearly, they were not. I am not trying to defend that; I am merely describing what happened over the two to four days in question.

**Councillor Cardownie:** I would like to correct one point for Mr Stephen. If I asked Norman Springford why he was causing trouble, I did so because I had heard that he thought that there was some hidden agenda. I could not believe that he would think that without speaking to me. All of us were at a dinner-suit event and waiting to go to the tables when I saw Norman come through the front door. Both of us were laughing; I made the comment jocularly, because I wanted Norman to remain in his position. I did not want him to resign because he thought that something that was not happening was happening.

**Nicol Stephen:** However, within two or three weeks of that, Councillor Tom Buchanan sent a letter to him—inappropriately, in Mr Springford's view, because the councillor had no authority to remove him from his position as chair of DEMA—making it clear that he expected Mr Springford to stand down. That letter precipitated Mr Springford's immediate resignation. All of that happened within two or three weeks of the single most significant public event affecting DEMA since its formation.

**Councillor Cardownie:** I did not mention the letter, because I thought that the convener said at the start of the meeting that he would raise the issue.

**The Convener:** We will come to it at the end.

**Councillor Cardownie:** Are you happy for me to answer the question?

**The Convener:** By all means.

**Councillor Cardownie:** I understand that Norman Springford had always maintained that his chairing of DEMA was an interim measure and that he did not want to remain in the position. Unbeknown to me—the point has been minuted—the DEMA board asked Tom Buchanan to approach someone from Standard Life to see whether she would come on to the board. Wrongly—although he thought that he was carrying out the board's wishes—Tom also asked her whether she would consider taking over the chair at some point, because the board knew that Norman Springford was in an interim position. An e-mail draft of that request was given to Kenneth Wardrop who, as acting chief executive, was asked to check it.

**Nicol Stephen:** Who drafted that request?

**Councillor Cardownie:** Tom Buchanan.

**Nicol Stephen:** Did he do so off his own bat?

**Councillor Cardownie:** Yes. The board asked Tom Buchanan, as a director, to make an approach to the woman in question, who was Marcia Campbell.

**Nicol Stephen:** That is not Norman Springford's evidence. He indicated his clear belief that the e-mail was not drafted by Tom Buchanan, and described Tom Buchanan as an honourable man.

**Councillor Cardownie:** It is an honourable letter. The board asked Tom Buchanan, who is perfectly capable of writing his own letters, to write to Marcia Campbell to ask her whether she would be prepared to come on to the board. He did so, as the board had instructed him. Tom also thought that he had been asked to sound her out on whether she would take over the chair at a future point, because Norman Springford's was an interim position. He submitted the letter to Kenneth Wardrop and asked him to check it. For some reason, Kenneth Wardrop showed that draft to Norman Springford.

When I found out what had happened, I asked Tom Buchanan why he had offered the chair to Marcia Campbell when he had been asked only to offer her a board position. Genuinely, I think, Tom said that he knew that Norman Springford's was an interim position and that DEMA needed to find a chair, so he wanted to sound out Marcia Campbell on whether she would take over the position. It is entirely unfortunate—sometimes there are unfortunate coincidences—that someone should have put two and two together and made five, and should have thought that we were attempting to unseat Norman Springford because we were unhappy about his position on The Gathering 2009 Ltd. Nothing could be further from the truth. I was unaware that Tom Buchanan had sent the letter until he told me that Kenneth Wardrop had shown it to Norman Springford. I was unaware that Norman Springford had said that he was tendering his resignation until Tom Buchanan came into my office and told me. My immediate reaction was to say, "Can we talk him out of it?" There was no hidden agenda.

Tom Buchanan can answer for himself—he will be more than happy to come here to do that—but I think that he overstepped the mark in sounding out Marcia Campbell for the chair so early. I understand that he should have sounded her out only for a position on the board. Perhaps he was trying to kill two birds with one stone by looking for a potential chair for the time when Norman Springford demitted office, because Norman had made it clear that his was an interim position. However, Tom can come here to give evidence on what he meant by the letter.

13:00

**The Convener:** It was an unfortunate error—he overstepped the mark. The issuing of the press release was an unfortunate error—the person who released it overstepped the mark. The whole saga is littered with such errors and no one is responsible. They have all been genuine mistakes.

**Councillor Cardownie:** I said that Tom Buchanan was responsible. He drafted the letter and he will be able to explain why he put in the bit about Marcia Campbell taking over as chair. He submitted the draft to the acting chief executive to clear it, but he did not send the letter to Norman Springford. If the chief executive had come back to Tom Buchanan and said that his recollection of the board was that he was supposed to sound out Marcia Campbell only for a board position, I am sure that Tom would have omitted any reference to the post of chair. Unfortunately, the e-mail was shown to Norman Springford before he had that opportunity.

**The Convener:** We can find that out.

**Nicol Stephen:** Of the fact that he had made it clear that DEMA could not take on the private sector liabilities, Norman Springford said:

"I have absolutely no doubt that that had caused embarrassment. Councillor Tom Buchanan is, in my view, a very honourable man. He would not have taken those actions without interference from or the involvement of someone else. I am certain in my own mind that I had embarrassed somebody—whether the Government or the local authority—and I was being replaced, and that was fine."—[*Official Report, Public Audit Committee, 27 October 2010; c 2049.*]

**Councillor Cardownie:** If Norman Springford thought that I was in some way behind what happened, he is wrong. I will tell him that. I think he now knows it, which is why I wanted him to retain his position as the chair of DEMA. I think that it was a genuine error on the part of Tom Buchanan to offer Marcia Campbell the possibility of taking on the role of chair at some point. I think that Tom recognises that. He submitted the e-mail to the acting chief executive for him to give it the once-over. If the chief executive had checked the board minutes and told Tom that the board wanted to sound out Marcia Campbell only for a board position, as would have happened under the normal course of events, Tom would have omitted any reference to the post of chair.

It was clear, as Norman Springford has confirmed, that his taking over as chair of DEMA was an interim measure—he did not want to continue in that position for very long. Unfortunately, probably in the belief that he was doing some good, Tom found himself, because of the other things that happened, embroiled in what people regard as some form of conspiracy. There was no conspiracy. I understand how, if all the

facts are put together, it could be assumed that something was going on, but nothing was going on.

**Councillor Dawe:** I would like to go back to the issue of Norman Springford feeling that he had caused embarrassment. Any embarrassment that he caused was certainly not to the political leadership of the council, because what he said corresponded entirely with my view of the situation.

**Anne McLaughlin:** It is worth saying that the fact that someone said in the *Official Report* that they had “no doubt” about something does not mean that they had any evidence for that belief.

I think that it was Nicol Stephen who asked Councillor Cardownie about Norman Springford’s evidence on the two of them bumping into each other in the EICC. It is important to clarify that when Norman Springford was invited by George Foulkes to indicate whether he felt threatened by Councillor Cardownie in some way, he said that he did not feel threatened in the slightest. I think that he said that it was a jocular meeting involving a quick exchange of words and that he had a professional relationship with Councillor Cardownie that extended back a number of years. It is important that we clear that up.

**Councillor Cardownie:** I am glad to hear that he has the same recollection that I have. It is no less than I would expect from Norman.

**Anne McLaughlin:** There is something that I want to clarify in relation to the press release. I asked Mr Springford whether he saw the draft press release. He saw the statement that DEMA would take on the debts, but he did not say anything in his response because he assumed that something had been worked up between the council and the Government. At the time, I did not really understand why he did not take more care, but now that I have listened to today’s evidence about all the discussions that were taking place, I have a lot more sympathy with his position. However, I am glad to hear that it is not your position that you just assumed that someone had done something.

I want to return to the issue of BlackBerrys and mobile internet access. We have been in this meeting since half past 9. I have another meeting at 1 o’clock that I will obviously not be able to go to. We all have another meeting at 2 o’clock that will go on until after 5 o’clock, and I have another two meetings after that. A degree of panic is building up inside me about the hundreds of e-mails that are coming through. Therefore, I think that it is perfectly conceivable that none of you saw the e-mails on your BlackBerrys until the next day.

In my office, we receive draft press releases from members of my team and I do not like them to go out without my having seen them. I would not expect them to be sent out on the basis that I had not responded to them. You seem to be saying that you had a meeting, looked at the draft press release that the Scottish Government suggested and said, in the presence of the press officers who subsequently sent it out, that you could not say that DEMA would take on the liabilities—that was made clear. One of those press officers subsequently sent out the press release without your knowing about it. I feel uncomfortable in saying this, but if somebody in my office had done that I would want to have a discussion with them afterwards about how they could possibly have misconstrued what was said at that meeting and why they had changed the local authority’s standard practice and done something that they did not normally do, that is, sent out a press release without the say-so of the council leader and others.

I understand and can conceive of all that you are saying today, but that is the important point for me. I feel uncomfortable in saying this, as we are talking about an individual worker, but I would feel more comfortable if I knew that there had been a follow-up to that and that you, at least, had received reassurances that that would never happen again. At the very least, there was a series of unfortunate coincidences.

**Councillor Cardownie:** My quote in the press release was a standard quote that, as the festivals and events champion, I regularly get put in front of me: “We welcome this event. It is fantastic for Edinburgh and fantastic for Scotland,” and that type of thing—just what you would expect. Journalists like to have somebody from the council provide that sort of quote. The quote that was written for me must have been based on the fact that whoever wrote it believed that the matter had been resolved. If the matter had been resolved, I would have given the okay for that quote to be used—it would have been perfectly acceptable and would have ticked all the right boxes, as they say.

**Nicol Stephen:** Your quote was not the problem.

**Councillor Cardownie:** Okay.

**Tom Aitchison:** You make a fair set of remarks in relation to all that. We have explained—both here and in our written evidence—that the council has clear procedures for signing things off press-wise. Clearly, the process went wrong on this occasion. As for the individual concerned, Mr Inch has, through other managers, line responsibility for the corporate communications function and we will put our heads together to think about what to do. Without prejudging any facts, I would like us to

approach the matter on a lessons-learned basis to find out what happened. Was the fault on our part? Did we not convey correctly to the press officer the nature of the points that we were trying to make? That is possible. Given the criticality of the issues under review, should the matter have been double checked first thing on the Thursday morning, as the convener suggested earlier? There is then Mr Stephen's question about what further action could or should have been taken to issue a correction once it was acknowledged that things were not correct. I understand those questions and we will reflect on them.

**Murdo Fraser:** I would like a bit more clarity on the press release. There are a couple more names on it. I assume that Isabell Reid is another press officer at the council.

**Tom Aitchison:** She is our head of corporate communications.

**Murdo Fraser:** And Dave Anderson?

**Tom Aitchison:** He is our director of city development.

**Murdo Fraser:** All those people are on the e-mail circulation list. In fact, we have an e-mail from Dave Anderson to Isabell Reid, copied to Stewart Argo, dated 14 October and timed at 18:30. It says:

"Isabell Great work by you and Stewart to turn this around. Much more positive and better balanced. Thanks Dave".

Obviously, Mr Anderson had seen and approved the press release at 18:30.

**Jim Inch:** We have mentioned the director of city development and the head of economic development being pretty critical in the discussions with DEMA. Without wishing to be an apologist for the press officer who approved the release, I acknowledge that what was happening in parallel—what he was having to deal with—was a great deal of correspondence between the Scottish Government, ourselves, the directors of The Gathering 2009 Ltd and DEMA. The critical element was DEMA, as the press release implicated DEMA in a way that was unsatisfactory in our terms and in Norman Springford's terms.

You will understand that Norman approved the press release, but he understood that there was some side action by which the council and the Scottish Government were resolving what would otherwise be the difficulties that he would have had with the press release.

I suspect, though I cannot be certain, that the press officer and the director of city development, Dave Anderson, who would have been most involved in dealing with the DEMA issue, would have got together. The press officer would have

been advised, potentially, that DEMA approved of the release, without any clarification as to exactly what lay behind that approval.

Norman Springford advised you, quite correctly, that his understanding was that there were things going on in the background that he did not know anything about. He was, representing DEMA, still very keen to participate in the future development of the gathering.

I suspect—I cannot be categorical about this and nor can I evidence it—that the confusion between those individuals was at the heart of the issuing of the press release. There was no doubt that Stewart Argo, who was in the meeting that we had, heard very clearly that we were very unrelaxed about the wording around DEMA.

**Murdo Fraser:** And Mr Anderson's role in that as head of city development was what, precisely? Why was he involved in the discussions?

**Jim Inch:** Dave Anderson is the director of city development and he has a responsibility for the economic development function. The economic development team was instrumental in developing and forming DEMA, which is very much a marketing tool for the city. It is an econ dev type of activity, and Dave Anderson has overarching responsibility in that area.

**Murdo Fraser:** Will Mr Anderson have been aware of the concerns that you all say that you raised about the offending line in the press release about taking on the liability of the company?

**Jim Inch:** He was acutely aware of that, because it was clearly something that none of us were relaxed about without there being further clarification. We come back to the fact that the press release was issued under pressure without due process having been completed. There is no denying that. We needed to reflect on that and we have done so: it is not something that we would repeat in any way, because there was a very unfortunate outcome.

**Murdo Fraser:** I understand what you are saying, but it is one thing to blame press officers for getting it wrong, and quite another to blame a senior council officer. Mr Anderson had clearly seen the press release at that point and, notwithstanding what you have just told me about his being aware of the concern in the council about taking on the liability of the private company, he signed it off—in fact, he said in an e-mail that it was "Great work". What we have heard this morning makes me wonder what sort of organisation the City of Edinburgh Council is running that such activity goes on in its headquarters. I do not expect you to answer that; it is an observation.

**Jim Inch:** I obviously cannot answer that, and I do not wish to attempt to do so. I can, however, understand the possibility of confusion between two individuals, and that one felt that there was an agenda running that the other did not know anything about. That is at the heart of what happened in this situation.

**Murdo Fraser:** Okay. I will change tack a little bit and ask Councillor Cardownie a question.

You told us earlier that you had had a phone call from the First Minister at the start of the period in which we are interested. Did you have any subsequent conversations with the First Minister on any of this?

**Councillor Cardownie:** Only on the Monday afternoon.

**Murdo Fraser:** At the meeting.

**Councillor Cardownie:** At the meeting, yes.

**Murdo Fraser:** You have not spoken to him since about this at all.

**Councillor Cardownie:** No.

**The Convener:** What about his advisers?

**Councillor Cardownie:** No.

**The Convener:** Or officials?

**Councillor Cardownie:** I spoke to Geoff Aberdeen, but just in general, about what was happening. I knew that our officials were having discussions or something like that, but with nobody at—dare I say it—any senior level. I do not know what Geoff's position is—I hope that, if he is in the room, he will forgive me if I am not describing his job properly. He was at the meeting on the Monday afternoon and he was in contact to ask me whether there had been any developments and that type of thing. I just said that our officials were working on it.

13:15

**Murdo Fraser:** And nobody from the Scottish Government told you to put the black spot on Norman Springford.

**Councillor Cardownie:** There was no black spot on Norman Springford. I would be amazed if members of the Scottish Government knew anything about Norman Springford. It was just an unfortunate coincidence that the new board member coming in was asked to look at the position of chair.

I earnestly wish that Norman had picked up the telephone to me to ask what was going on and whether somebody in the council or the Scottish Government wanted him out. I would have disabused him of the notion, he would have been in position now, and I would have been delighted.

**Willie Coffey:** I have listened to this for two and a half hours, during which I have heard in astonishment about a concoction of kippers, mushrooms and black spots.

I take from today's session that the public would probably expect a bit of a hands-up and for the four senior officials and elected members who are before us to say, "We collectively got something wrong here." I do not think that anyone is blaming an individual within the organisation. If anything, it looks like there has been a failure in the systems and processes to spot a problem and prevent a press release from going out in someone's name without them seeing it.

I well understand, as an elected member not only in the Scottish Parliament but in my local authority, the pressure that we are under to read everything that comes before us diligently and on time. However, this is a lesson that points to the need to examine the systems to ensure that such things cannot happen and that the great reputation of Edinburgh city in delivering a really successful festival is maintained. I hope that lessons have been learned and that Edinburgh city can go on to deliver further gatherings very successfully.

**The Convener:** We have heard this morning, and into the afternoon, admissions of errors, mistakes and things that will not be repeated, and we have heard about people who were not aware of events or comments. It is a combination of hear no evil, see no evil and speak no evil. Ultimately, something has happened, and we want to get to the bottom of it.

I thank you for your forbearance in what has been an exceptionally long session. We will hear from other witnesses on the matter. Given what Mr Inch said today, we may have to reflect on whether to revisit Sir John Elvidge's evidence, as it is clear that there is a contradiction, or at the very least a significant omission, and we need to get to the bottom of that.

I thank you for your attendance and your time, and I apologise to Councillor Dawe for the fact that she missed her other event.

### **"National concessionary travel"**

**The Convener:** Given the time, I do not think that we will have the opportunity today to give adequate consideration to the report on "National concessionary travel". The issue deserves our proper attention and I am loth to rush it. I suggest that we leave it until a future meeting.

13:18

*Meeting continued in private until 13:21.*

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